

SCRep. 601 Consumer Protection and Commerce on H.B. No. 519

The purpose of this bill is to allow the Governor to stagger the terms of future members of the Hawaii Teacher Standards Board beginning in 2001, to provide for the expiration of an equal number of terms at intervals of one year as nearly as possible.

Your Committee finds that the terms of present members of the Hawaii Teacher Standards Board, excluding the ex officio members, will all expire in 2001. Although this current period of stability (in terms of membership) has allowed the Hawaii Teachers Standards Board to make remarkable progress in the short time that it has been in existence, your Committee recognizes the importance of tempering the desire for short-term gains and results against the need for long-term stability and consistency. In the long-term, staggering the terms of board and commission members can result in more stable and consistent decision making as it permits new members to draw on the institutional knowledge and experience of veteran members.

Your Committee received testimony in support of this bill from the Department of Education and the Hawaii State Teachers Association.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 602 Health on H.B. No. 1274

The purpose of this bill is to provide a well-planned and coordinated system of services and supports for persons with traumatic brain injury (TBI) by appropriating funds to the Department of Health (DOH) to develop a statewide public health strategy for the treatment and rehabilitation for the survivors of TBI.

The Hawaii Medical Service Association, the TBI State Advisory Board, the Department of Education, the Brain Injury Association of Hawaii, and several individuals submitted testimony in support of this measure. DOH submitted testimony in support of the intent of this measure as long as the appropriations do not adversely impact the executive budget priorities.

Your Committee believes that a coordinated system of services and supports created through the process of assessment and planning is in the best interest of individuals with a brain injury and the community at large. The system would provide services through a continuum of care, from trauma and acute care, to reintegration into the community, to individuals of all ages who have an acquired brain injury.

Furthermore, your Committee finds that TBI is one of two categories most recently added by the federal Individuals with Disabilities Education Act to the list of possible disabilities a student can have, making the student eligible for special education services. And, depending on the location of the brain injury, the student may be in need of mental health and other services in addition to specialized educational programs.

Your Committee has amended this measure by:

- (1) Replacing the \$63,000 to fund the activities coordinator with the sum of \$50,000; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1274, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1274, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 603 Health on H.B. No. 331

The purpose of this bill is to protect consumers by:

- (1) Changing the scope of social worker licensing to include "bachelor's social worker" (BSW);
- (2) Carving out the ability for certified clinical social workers to provide psychotherapy services; and
- (3) Allowing individuals who have passed the Diplomate in Clinical Social Work (DCSW) exam or Board Certified Diplomate (BCD) exam prior to June 30, 1995, to be considered as having satisfied the examination component of the licensing requirements for Master of Social Work (MSW) level workers.

The National Association of Social Workers, the Hawaii Nurses' Association, Brigham Young University Hawaii Social Work Department, the University of Hawaii School of Social Work, the Bachelor of Social Work Student Organization at the University of Hawaii at Manoa, the University of Hawaii School of Social Work Graduate Student Organization, and many individuals submitted

testimony in support of this measure. The Federation of Clinical Social Workers and many individuals submitted testimony in opposition of this measure.

The Department of Commerce and Consumer Affairs submitted comments. The Board of Psychology and the Hawaii Psychological Association submitted comments only in the areas which addressed the practice of psychotherapy and mental health services.

Your Committee finds that the inclusion of BSW level workers protects consumers by providing for the regulation of the BSW level, MSW level, and clinical social worker level practitioners who are qualified to provide social work services.

However, your Committee is concerned that due to the public's acceptance of a social worker as an MSW, consumers will not be able to differentiate between BSW level and MSW level practitioners and services. Your Committee respectfully requests the Committee on Commerce and Consumer Protection to examine this issue.

Your Committee has amended this measure by:

- (1) Deleting from the scope of social work practice:
 - (A) The supervision of nonprofessional staff and other BSW workers; and
 - (B) Psychosocial assessment and diagnosis impressions of clients under the supervision of a clinical social worker, DCSW, or BCD;
- (2) Adding clinical diagnosis to the scope of clinical social work;
- (3) Exempting licensure of any person obtaining post master's degree supervised experience in clinical social work to fulfill the requirements of obtaining certification as a Qualified Clinical Social Worker, DCSW, or BCD;
- (4) Deleting "counseling" from the services that a social worker should not perform; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 331, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 604 Health on H.B. No. 324

The purpose of this bill is to implement Act 9, Session Laws of Hawaii (SLH) 1997, authorizing dental hygienists to administer intra-oral block anesthesia, by establishing:

- (1) Educational requirements for the administration of intra-oral infiltration local anesthesia and intra-oral block anesthesia; and
- (2) Documentation required for dental board certification of a hygienist to administer these types of anesthesia.

The Department of Commerce and Consumer Affairs, the Hawaii Dental Hygienists' Association, the Hawaii Dental Association, the Hawaii Institute for Wellness in Dentistry, and many individuals submitted testimony in support of this measure. Many individuals submitted testimony in opposition of this measure. The Board of Dental Examiners (Board) and several individuals submitted comments.

Your Committee finds that since the enactment of Act 9, SLH 1997, administrative rules have not been established by the Board to implement the law. Although the rule's promulgation process has commenced, it is anticipated that, subject to no substantive changes, the official adoption will be in another year. Therefore, your Committee has amended this bill by sunseting this measure on June 30, 2000, to:

- (1) Give the Board enough time to officially adopt administrative rules; and
- (2) Restore rulemaking authority to the Board on this subject matter.

In the interest of consumer protection and safety, your Committee raised the question as to the criteria for proficiency. Your Committee respectfully requests the Committee on Consumer Protection and Commerce to examine the sufficiency of the proposed educational requirements.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 324, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.
(Representatives Kawakami, Leong and McDermott voted no.)

SCRep. 605 Health and Public Safety and Military Affairs on H.B. No. 1157

The purpose of this bill, as received by your Committees, is to allow for the medical use of marijuana by ensuring that:

- (1) Severely ill or terminally ill patients will not be penalized by the State for obtaining and using marijuana strictly for medical purposes when the patient's physician provides a written professional opinion, corroborated by a second physician that marijuana is medically beneficial to the patient;
- (2) Physicians are not penalized by the State for providing their written professional opinions to their patients on the benefits of medical use of marijuana to treat severely ill or terminally ill patients;
- (3) Compliance with this measure does not put the State in violation of federal law; and
- (4) Patients and physicians cannot procure marijuana for nonmedical purposes, endanger the public, or enable minors to use marijuana for medicinal purposes without the written permission of their parents or legal guardians.

Numerous testimonies both for and against this measure were received by your Committees. The Life Foundation, Malama Pono, the Big Island AIDS Project, the Libertarian Party of Hawaii, and many individuals submitted testimony in support of this measure. The American Civil Liberties Union of Hawaii and a few individuals submitted testimony in support of the intent of this measure.

The Honolulu Police Department, the Hawaii Ophthalmological Society, Citizens Advocating Responsible Education, the American Cancer Society, the Coalition for a Drug-Free Hawaii, the Hawaii Medical Association, the Hawaii Catholic Conference, the Hawaii County Police Department, and several individuals submitted testimony in opposition to this measure. The Department of Health submitted comments.

Your Committees find a compelling health need for the medicinal use of marijuana to alleviate pain, reduce nausea, and enhance appetite, all to advance the simple goal of staying alive.

Your Committees have amended this bill by deleting its substance and inserting language reflected in a similar measure, H.B. No. 1341. As amended, the purpose of this bill is to allow for the acquisition, possession, cultivation, distribution, transportation, administration, and use of marijuana for medical purposes.

Your Committees respectfully request subsequent committees to discuss how to control and legislate the supply of marijuana and, in the spirit of self-sufficiency, enable patients to grow their own medicine.

As affirmed by the records of votes of the members of your Committees on Health and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1157, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1157, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committees.
(Representatives Stegmaier, Leong and McDermott voted no.)

SCRep. 606 Economic Development and Business Concerns on H.B. No. 119

The purpose of this bill is to encourage investment in Hawaii businesses by increasing the four percent tax credit for the purchase of capital goods.

Specifically, this measure renames the "capital goods excise tax credit" the "capital goods investment tax credit" and provides a tax credit of:

- (1) 10 percent from December 31, 1998, to January 1, 2002;
- (2) 8 percent from December 31, 2001, to January 1, 2004; and
- (3) 4.5 percent for December 31, 2003.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long-term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) | H.B. No. 119: | Capital goods investment tax credit; |
| (2) | H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) | H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) | H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) | H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) | H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

Your Committee has amended this measure to clarify that the capital goods investment tax credit will be provided as follows:

- (1) 10 percent for taxable years beginning after December 31, 1998;
- (2) 8 percent for taxable years beginning after December 31, 2001; and
- (3) 4.5 percent for taxable years beginning after December 31, 2003, and thereafter.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 119, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 119, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 607 Economic Development and Business Concerns on H.B. No. 188

The purpose of this bill, as received, is to exempt from general excise tax:

- (1) Goods and services exported out of the state; and
- (2) Amounts prohibited from state taxation by the Constitution of the United States or federal law.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long-term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) | H.B. No. 119: | Capital goods investment tax credit; |
| (2) | H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) | H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) | H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) | H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) | H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

Your Committee has amended this bill by deleting its contents and adding provisions to restructure the tax system over a five year period. Specifically, this bill will establish a retail sales tax in place of the general excise and income taxes which will be repealed. The bill also requires the state departments and agencies to analyze methods to provide their own funding through fees for goods and services.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 188, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 188, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 608 Economic Development and Business Concerns on H.B. No. 838

The purpose of this bill is to exempt from the general excise tax amounts received by employee leasing companies that are passed through as leased employees' compensation, so long as the employee leasing company does not deprive the leased employee of rights or benefits through contract negotiations between the employee leasing company and the leasing employer.

Your Committee finds that exempting passed through leased employee's compensation from the general excise tax is a fair treatment of employee leasing companies. Your Committee further finds that such an exemption promises to assist small business by promoting flexible hiring arrangements through the services of employee leasing companies.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long-term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) | H.B. No. 119: | Capital goods investment tax credit; |
| (2) | H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) | H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) | H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) | H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) | H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 838 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 609 Economic Development and Business Concerns on H.B. No. 231

The purpose of this bill is to reduce the tax imposed on certain business taxpayers by:

- (1) Reducing the income tax rate for corporations, regulated investment companies, and real estate investment trusts by fifty per cent and changing the tax brackets to reflect a lowest tax bracket for incomes of \$50,000 and less;
- (2) Reducing the alternative tax for corporations by fifty per cent;
- (3) Reducing the franchise tax by fifty per cent; and
- (4) Reducing the alternative tax under the franchise tax by fifty per cent.

Your Committee finds that reducing the taxes paid by certain business taxpayers will help to ease the tax burden of local businesses as well as attract business to the State.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long-term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) | H.B. No. 119: | Capital goods investment tax credit; |
| (2) | H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) | H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) | H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) | H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) | H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

Your Committee has amended this bill by:

- (1) Reducing the franchise tax rate to four and seventy-two one hundredths per cent, rather than three and ninety-six one hundredths per cent to reflect a decrease only in that portion of the tax that serves as a substitute for the income tax; and
- (2) Adjusting the calculation of the alternative tax for corporations so that the reduced rate applies only to income from the portion of the taxable year falling after the bill's effective date.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 231, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 231, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 610 Economic Development and Business Concerns on H.B. No. 232

The purpose of this bill is to establish a general excise tax structure for services similar to the structure currently in place for goods, and thereby alleviating the "pyramiding" of the general excise tax.

Your Committee finds that under current general excise tax provisions, very few services can qualify for the .5 per cent intermediary rate. As a result, the cost of end-products and end-services is increased by the taxation of intermediary services at the full general excise tax rate of 4 per cent. This is often referred to as the "pyramiding" of the general excise tax. Your Committee further finds that alleviating the problem of "pyramiding" will help lower the cost of doing business in Hawaii.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long-term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) | H.B. No. 119: | Capital goods investment tax credit; |
| (2) | H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) | H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) | H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) | H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) | H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

Your Committee has amended this bill by:

- (1) Providing for the gradual implementation of the decrease in general excise tax on intermediary services over a four-year period; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 232, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 611 Economic Development and Business Concerns on H.B. No. 741

The purpose of this bill is to restructure various tax provisions to promote fairness to taxpayers. Specifically, this bill will:

- (1) Exempt food and drugs from the general excise tax;
- (2) Remove the pyramiding of the general excise tax on services;
- (3) Exempt export services from the general excise tax; and
- (4) Hasten the removal of pyramiding on subleased real property.

To offset the cost of these measures, this bill will raise the general excise tax rate from four to five percent.

Your Committee has amended this bill by deleting the provisions relating to:

- (1) Exempting food and drugs from the general excise tax;
- (2) Hastening the removal of pyramiding on subleased real property; and
- (3) Raising the general excise tax to five percent.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 741, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 612 Economic Development and Business Concerns on H.B. No. 375

The purpose of this bill is to foster Hawaii's economic growth by exempting the exportation of professional services from the general excise tax.

Your Committee has considered numerous tax proposals, including this bill. Of these proposals, your Committee intends to report out a package of bills for further discussion and consideration by the Committee on Finance. These bills along with H.B. No. 377, H.D. 1 (Relating to Economic Development), and H.B. No. 136, H.D. 1 (Relating to Taxation), comprise the House Tax Package for Economic Development. The aim of this package is to improve Hawaii's long term economic viability.

Your Committee has examined these proposals from the standpoint of economic development and finds that the following proposals are most promising for the industries targeted, benefits offered, and long-term investment strategies they hope to promote:

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| (1) H.B. No. 119: | Capital goods investment tax credit; |
| (2) H.B. No. 188, H.D. 1: | Tax restructuring to establish a sales tax; |
| (3) H.B. No. 231, H.D. 1: | Corporate tax reduction; |
| (4) H.B. No. 232, H.D. 1: | Wholesale services tax reduction; |
| (5) H.B. No. 375, H.D. 1: | GET exemption for exported professional services; and |
| (6) H.B. No. 838: | GET waiver for employee leasing companies. |

Your Committee, however, recognizes that these proposals may have negative short-term revenue consequences. Therefore, in this economic climate, adoption of some or all of the proposals may not be feasible. Although the proposals are promising long-term strategies, the State may not now be in a position to shoulder the burden of the short-term effects.

Your Committee respectfully defers to the Committee on Finance on the fiscal impact of these measures as it develops a fiscal policy that unites appropriate tax policies with viable government efficiency reforms in preparing the State Budget.

Under current law, section 237-29.5, Hawaii Revised Statutes, provides a general excise tax exemption for sales of goods, but not services, that are shipped out of the State. Your Committee finds that exempting exported services from the general excise tax would allow Hawaii service providers to be more competitive in the global market as they will not have to pass on the four percent tax to their out-of-state customers.

Upon further consideration, your Committee has amended this bill by deleting its substance and inserting the contents of H.B. No. 1199, a similar administration bill that was also heard by your Committee. As amended, this measure:

- (1) Exempts exported services from the GET; and
- (2) Imposes a use tax on imported services to not only level the playing field between the local service providers and out-of-state providers, but compensates for the revenue loss caused by the GET exemption.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 375, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 375, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa and Saiki.

SCRep. 613 Economic Development and Business Concerns on H.B. No. 1620

The purpose of this bill is to strengthen the provision of health care and services to the community in the State by authorizing:

- (1) The Housing and Community Development Corporation of Hawaii (HCDCH) to work in partnership with private sector entities to develop health care communities in the State; and
- (2) The issuance of general obligation bonds to finance the cost of acquiring, developing, improving, and constructing infrastructure for a health care community as provided in the bill.

The Wahiawa Hospital Association, the Oahu Physician Hospital Organization, the International Brotherhood of Electrical Workers, Local Union 1186, the Mililani-Mauka Neighborhood Board, Zane Development Group, Inc., Mahinui Eldercare, LLC, Hawaii Eldercare, LLC, and several individuals submitted testimony in support of the measure. The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of the measure. Comments on the measure were submitted by HCDCH and the Department of Planning and Permitting, City and County of Honolulu.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1620 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 614 Economic Development and Business Concerns on H.B. No. 1222

The purpose of this bill is to support the reintegration of paroled felons into society by providing tax incentives for employers who hire paroled felons or those in a work release program.

The Tax Foundation of Hawaii submitted comments on the measure. The Department of Taxation submitted testimony in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1222, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Ito and Saiki.
(Representative Rath voted no.)

SCRep. 615 Economic Development and Business Concerns on H.B. No. 873

The purpose of this bill is to encourage the development of amusement and theme parks by providing assistance to developers of such parks including negotiation of land leases and providing economic and tax incentives.

The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority submitted testimony in support of the intent of the measure. The Department of Taxation and an individual submitted testimony in opposition to the measure. Comments were received from the Department of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 873, H.D. 1, and recommends that it be referred to the Committee on Finance.

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

SCRep. 616 Transportation and Education on H.B. No. 1637

The purpose of this bill is to allow the use of vehicles other than school vehicles when transporting student groups to and from school-related events and activities.

Your Committees find that this bill will help schools to coordinate their school-related functions more efficiently by making it more convenient for schools to arrange their students' transportation. When in search of transportation to and from school-related events, schools must call all school bus companies and inquire about the availability of their vehicles before they are permitted to employ the services of tour bus companies. This bill helps to eliminate such an inconvenience.

This bill proposes to permit the use of tour buses when transporting student groups, but excluding school athletes, to and from school events and activities.

Testimonies in support of this bill were received from Prevent Child Abuse, Polynesian Hospitality, Public Schools of Hawaii Foundation, and numerous private citizens, many of whom are teachers and concerned parents. Testimonies in opposition to this bill were received from the Department of Transportation, the Department of Education, Gomes School Bus Service, Ltd., Hawaii Association of Independent Schools, as well as numerous private citizens, many of whom are teachers and concerned parents.

Your Committees have amended this bill by removing section 3, as the effective date has not been determined.

As affirmed by the records of votes of the members of your Committees on Transportation and Education that are attached to this report, your Committees is in accord with the intent and purpose of H.B. No. 1637, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1637, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Arakaki, Santiago, Stegmaier, Yoshinaga and McDermott.

(Representative Catalani voted no.)

SCRep. 617 Education on H.B. No. 841

The purpose of this bill is to appropriate funds for a Parent-Community Networking Center district coordinator position for Kauai.

Your Committee finds that the Parent-Community Networking Center (PCNC) program has become an important link between parents, schools, and the community. In light of the recognition of the vital role of parents as their children's first and foremost teachers and the overwhelming evidence that parents' qualitative involvement in schools is critical to the success of their children, the PCNC's emphasis on family support services has become an integral part of the Department of Education's Comprehensive Student Support System.

PCNC facilitators also play a vital role in the implementation of the State's Action Plan for the Provision of Services to Children with Disabilities to ensure the State's full compliance with the Felix Consent Decree. Your Committee further finds that the district coordinator is an essential element of the Parent-Community Networking Center program, providing critical training and assistance to the PCNC school facilitators, and that funding for the district coordinator position is necessary to maintain the effectiveness of the Parent-Community Networking Center program on Kauai.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 841 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santiago.

SCRep. 618 Education on H.B. No. 855

The purpose of this bill is to appropriate funds to establish an additional one hundred seventy, full-time equivalent, permanent teacher positions in the Department of Education during the 1999-2001 fiscal biennium to improve services to special education students.

Your Committee finds that the State is obligated under the Felix consent decree to improve services to special education students. The Felix management and accountability study recommended a change in the formula for allocating regular education teachers so that each special education student would be counted as one whole regular education student.

Your Committee finds that a major concern with the allocation system for special education students is that the current system provides a disincentive for mainstreaming or inclusion of students with disabilities within the general education classroom. Specifically, staffing weights are not assigned for students with disabilities receiving special education supports in the general education classroom. As an example, if a general education classroom has thirty-two students and eight of these students are special education students, only twenty-four students are calculated in general education funding even though the eight students spend the majority of their time in the regular education classroom and the regular education classroom teacher has to manage and provide for all thirty-two students.

Your Committee received testimony in support of this bill from the Department of Education and the Hawaii State Teachers Association.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 855 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santiago.

SCRep. 619 Education on H.B. No. 1750

The purpose of this bill is to fund three business specialist positions within the Department of Education for the districts of Hawaii, Kauai, and Maui.

Specifically, this bill appropriates blank amounts for fiscal year 1999-2000 and 2000-2001 for these three positions.

Your Committee received testimony in support of this bill from the superintendent of education, the principals of three schools on Kauai, and the interim district superintendents of the Hawaii district and the Maui district.

Your Committee finds that the Legislature eliminated these positions three years ago as the Department of Education consolidated its Office of Business Services. However, this downsizing action has proven unproductive as business and budgeting operations previously handled by the business specialists became the responsibility of school principals, taking away from them valuable time that would be better devoted to educational and other administrative tasks.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1750 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santiago.

SCRep. 620 Education on H.B. No. 390

The purpose of this bill is to provide funding to maintain and expand the funding for staff and program needs for Hawaii's Department of Education's (DOE) community schools for adults.

DOE testified in support of the intent to appropriate funds to maintain and expand the staff and programs in the 11 adult and community education schools, but stated that such assistance should supplement, not supplant, the current Board of Education's budget priorities.

Your Committee finds that DOE's community schools for adults were not able to address all the demand and interest for classes in adult basic education in fiscal year 1998-1999. Your Committee feels that the demand and interest in such classes could be met if the community schools were able to become self-funding.

Accordingly, your Committee respectfully requests the Committee on Finance to consider the possibility of creating a revolving fund for DOE's adult and community education schools with a ceiling that is high enough to allow them to become self-funding.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 390, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 621 Education on H.B. No. 259

The purpose of this bill is to require parents or guardians of a child to have the child screened for psychological and physiological development 90 days prior to or following the child's third birthday. The bill also makes an appropriation therefor.

Testimony in support of the bill was received from the Hawaii Chapter of the American Academy of Pediatrics, the Hawaii Chapter of the American Physical Therapy Association, and the Hawaii State Teachers Association. Testimony in support of the intent of the bill was received from the Department of Health (DOH), the Department of Education (DOE), the Hawaii Early Intervention Coordinating Council, and the Center for Disabilities Studies.

The Department of Human Services testified that it understood the intent of the bill and requested that any additional funding not replace the Executive Budget request.

The Good Beginnings Alliance testified that while it did not support requiring statewide assessment of every three year-old child, it did support the intent of providing information on child development and increasing the availability of early childhood community resources prior to a child's entering kindergarten.

Your Committee finds that many children do not receive timely and comprehensive screening, follow-up evaluation, and indicated referrals and treatment. Your Committee further finds that universal access to early childhood screening should be available to all children by their third birthday, regardless of a parent or guardian's ability to pay. Early screening, identification, and intervention for developmental delays and psychosocial problems can help to improve children's outcomes and influence school success and family function.

Accordingly, your Committee has amended the bill by:

- (1) Deleting language in the findings section that could have been interpreted as implying that parents are uncaring or irresponsible and replacing it with more "family-friendly" language;
- (2) Providing that the purpose of this Act is to provide universal access to early childhood screening before a child reaches the age of three;
- (3) Deleting language that required early childhood screenings for children within ninety days prior to or following their third birthday and replacing it with language that requires screening between a child's second and third birthdays;
- (4) Providing that children will be screened for psychological and cognitive, language, motor, and behavioral or social-emotional development;
- (5) Providing that screening and certification of screening may be provided by, in order of preference, the child's pediatrician, any primary health care provider, DOH, or DOE;
- (6) Providing that the University of Hawaii (UH) will assist in the planning and development of a standardized screening instrument and referral protocol;
- (7) Providing that DOH, DOE, the Department of Human Services, and UH, in conjunction with the American Academy of Pediatrics, shall also plan and develop access to screening, means to certify if a child has been screened, and a plan that includes benchmarking and time limits to achieve universal screening; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 259, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 259, H.D. 2.

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

SCRep. 622 Education on H.B. No. 264

The purpose of this bill is to promote access to health care to adolescents by requiring the Director of Health to establish at least one school-based health center in each departmental school district of the Department of Education.

Testimony in support of the bill was received from the Healthy Mothers Healthy Babies Coalition of Hawaii, the Hawaii Nurses Association, the project director of the school health service center at Kapaa High School, three students at Kahuku High School, and two individuals.

The Department of Health testified in support of the intent of the bill. The Department of Education testified that it would welcome support for school-based centers.

The Office of Information Practices testified that a potential problem exists because the language used to provide for the confidentiality of student medical records may be construed to prohibit students, as well as their parents, from obtaining access to these records.

Your Committee finds that access to health care for many adolescents can be significantly improved with the establishment of school-based health centers. The school-based health center model has been shown to be an effective intervention among adolescents on critical wellness issues. Teens who are healthy learn better and are better prepared to become productive citizens.

Moreover, since a broad array of health care services is typically provided at a school-based health center, students who utilize certain services that would otherwise be stigmatizing are not stigmatized. The potential for providing services to satisfy the Felix v. Cayetano consent decree is particularly encouraging.

Your Committee has addressed the concern expressed by the Office of Information Practices in amending the bill as follows:

- (1) Added a purpose section;
- (2) Specified the types of referrals that may be considered for a center;

- (3) Required the principal of the school and its school/community-based management council, in consultation with at least one health care professional, rather than a board appointed by the principal, to determine the services to be offered by the center and the policies to be established for its operation;
- (4) Clarified that the approval of the student's parent is required for the student's medical records to be considered confidential; and
- (5) Made technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 264, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 264, H.D. 2.

Signed by all members of the Committee except Representatives Morihara and Santiago.
(Representative McDermott voted no.)

SCRep. 623 Economic Development and Business Concerns on H.B. No. 203

The purpose of this bill is to develop a neuroscience industry in the State by:

- (1) Appropriating funds for this purpose; and
- (2) Requiring the Department of Business, Economic Development, and Tourism (DBEDT) to facilitate a public-private partnership with the Hawaii Neuropsychology Community Research Bureau, the University of Hawaii (UH) School of Public Health, the Commission on the Status of Women, and representatives from the business community.

The UH, the Hawaii State Commission on the Status of Women, the Hawaii Neuropsychology Community Research Bureau, and three individuals submitted testimony in support of the measure. The DBEDT submitted testimony in support of the intent of the measure.

Due to the specific nature of the bill relating to issues such as research, public health, medicine, and technology transfer, your Committee believes that a more appropriate and qualified entity such as the UH should take the lead in the effort to develop a neuroscience industry in the State at this time.

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

- (1) Changing the expending agency to UH rather than DBEDT;
- (2) Making UH the lead coordinator in facilitating a public-private partnership with regard to developing neuroscience in the State; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 203, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 203, H.D. 2.

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

SCRep. 624 Economic Development and Business Concerns on H.B. No. 1338

The purpose of this bill is to provide that:

- (1) The amount that a contractor retains from a subcontractor cannot exceed 5% of the subcontractor's contract price; and
- (2) This provision shall also apply to a subcontractor who sub-subcontracts work.

Testimony in support of this bill was submitted by the Plumbing and Mechanical Contractors Association of Hawaii, Alakai Mechanical Corporation, the Painting and Decorating Contractors Association of Hawaii, the Subcontractors Association of Hawaii, Honolulu Plumbing Co., Ltd., and the Sheet Metal Contractors Association.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1338 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 625 Economic Development and Business Concerns on H.B. No. 1681

The purpose of this bill is to provide an incentive for the remodeling of visitor facilities in Waikiki by establishing a qualified improvement tax credit for capitalized costs of construction and equipment related to an existing or new facility located in Waikiki.

Your Committee received testimony in support of the measure from the Building Industry Association of Hawaii. The Department of Business, Economic Development, and Tourism, the Department of Taxation, the Hawaii Hotel Association, and the Managing Director of Hilton Hawaiian Village submitted testimony in support of the intent of the measure. Comments were submitted by the Tax Foundation of Hawaii.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1681 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 626 Economic Development and Business Concerns on H.B. No. 1566

The purpose of this bill is to appropriate funds for a community mapping project for Waialua, Oahu.

Testimony in support of this bill was submitted by the Office of Planning, the Friends for Waialua Town, and the Waialua Technology Ho'olako Ana project of Waialua Elementary School.

Your Committee has amended this bill by changing the authorization sum of the project to \$1 to facilitate further discussion on the financial aspects of the bill.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1566, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1566, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 627 Labor and Public Employment on H.B. No. 202

The purpose of this bill is to require employee-beneficiaries who retire after June 30, 2000, and their spouses, if eligible, to enroll in the federal Medicare plan for voluntary medical insurance coverage.

The bill also makes employee- and dependent-beneficiaries ineligible to participate in any benefit plan or receive any contribution offered by the Public Employees Health Fund for failure to enroll in the federal plan.

The Department of Budget and Finance submitted testimony in support of the intent of the measure. The Hawaii State Teachers Association submitted testimony in opposition to the measure.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 202, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 628 Labor and Public Employment on H.B. No. 359

The purpose of this bill is to:

- (1) Provide that total employer contribution shall not exceed the actual cost of a health benefits plan, including any overpayment refunds;
- (2) Ensure that a public employer pays the same percentage of the health benefits plan of an employee, regardless of whether the employee participates in a Health Fund or union-sponsored plan; and
- (3) Clarify that the Board of Trustees of the Health Fund owe a fiduciary duty to the State to ensure employer contributors to the Health Fund are receiving a fair return for their contribution.

The Hawaii Government Employees Association opposed the intent and purpose of this measure stating that contributions for health benefit plans are negotiable under the collective bargaining statute and should be determined by negotiations between employer and the union.

The Hawaii State Teachers Association opposed this measure stating that the union-sponsored plans already in place have a better experience rating than the state health fund and any savings from union-sponsored plans are used to expand benefits for members,

The University of Hawaii Professional Assembly opposed this measure stating that the measure destroys any incentive for the union to become involved in attempting to purchase better benefits for members.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 359, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 629 Labor and Public Employment on H.B. No. 1041

The purpose of this bill is to authorize the Board of Trustees of the Hawaii Public Employees Health Fund (Health Fund) to:

- (1) Use rate credits and reimbursements to improve plan benefits;
- (2) Reimburse identifiable employee-beneficiaries; or
- (3) Reduce employee-beneficiary's monthly contribution.

The Board of Trustees of the Health Fund and the Hawaii State Teachers Association testified in support of the bill. United Public Workers supported the intent of the bill.

Your Committee finds that crediting reimbursements and rate credits to identifiable employee-beneficiaries promotes fairness in the distribution of benefits.

Your Committee has amended the bill to require the Health Fund to reimburse employee-beneficiaries their proportionate share of premiums reimbursed by an insurance carrier, including any amounts contributed by the employer in lieu of a wage increase.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1041, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 630 Labor and Public Employment on H.B. No. 1048

The purpose of this bill is to require all retired employee-beneficiaries and their spouses to enroll in the federal Medicare Part B medical insurance plan, if eligible.

The Board of Trustees of the Hawaii Public Employees Health Fund submitted testimony in support of this measure, noting that approximately 540 retired employees, including spouses, may be eligible for, but are not enrolled in the federal Medicare plan, which results in higher monthly non-Medicare health insurance premiums for them.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1048, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 631 Labor and Public Employment on H.B. No. 1060

The purpose of this bill is to make changes to employer contributions to the Hawaii Public Employees Health Fund by:

- (1) Eliminating state and county employer contributions for health benefits of employees hired after June 30, 1999; and
- (2) Limiting employer contributions to a single plan at a percentage based on the employee's years of service.

The Department of Budget and Finance testified in support of the bill. The Board of Trustees of the Hawaii Public Employees Health Fund submitted comments on the measure. United Public Workers, the Hawaii State Teachers Association, the University of Hawaii Professional Assembly, the Police Department of the City and County of Honolulu, the State of Hawaii Organization of Police Officers, and Hawaii Government Employees Association opposed the bill.

Your Committee notes that all public employee benefits are in need of a comprehensive review. Such a review should encompass both the direct effects of broad changes to public employee benefits, as well as the indirect effects, such as the effect on efforts to recruit new personnel. In addition, your Committee has passed this bill with the understanding that rights under collective bargaining agreements will not be affected.

Your Committee has amended the bill by:

- (1) Delaying its effect until July 1, 2000 to provide more opportunity for discussion and review; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1060, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1060, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.
(Representatives Catalani, Takai and Moses voted no.)

SCRep. 632 Labor and Public Employment on H.B. No. 1047

The purpose of this measure is to limit the maximum retirement allowances of members of the Employees' Retirement System as follows:

- (1) 80 percent of the average final compensation (AFC) for contributory members;
- (2) 70 percent of the AFC for ordinary disability for contribution members; and
- (3) 50 percent of the AFC for service, ordinary disability, and service-connected disability for all noncontributory members.

The Department of Budget and Finance testified in support of this measure with suggested technical amendments. The Employees' Retirement System commented on this measure. The United Public Workers opposed this measure.

Your Committee finds that section 88-74, Hawaii Revised Statutes, currently limits the retirement allowance for fire fighters, police officers, corrections officers, certain investigator positions and water safety officers to 80 percent of their AFC. Your Committee further finds that judges, elective officers, and legislative officers are also statutorily limited to 75 percent of their AFC. However, there are no limits on the maximum retirement allowance for most of the other state or county employees.

Your Committee finds that as a result, there have been cases where retired employees have received pensions that exceed 100 percent of their average final compensation. This measure establishes comparable limits for contributory and non-contributory members for service, ordinary disability, and service-connected retirements, as applicable. Your Committee further finds that this measure calculates benefits more equitably while reducing Hawaii's taxpayer burdens.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1047, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 633 Labor and Public Employment on H.B. No. 146

The purpose of this bill is to establish a defined contribution retirement plan for public employees.

The Department of Budget and Finance testified in support of the concept of the proposed bill.

The Hawaii State Teachers Association testified in opposition to the proposed bill. The Employees' Retirement System testified in opposition to the bill and recommended that a legislative resolution be introduced instead, directing the Legislative Reference Bureau to conduct a comprehensive study on the subject.

Your Committee finds that by establishing a defined contribution retirement plan for all new public employees, the State and counties will have the opportunity to develop a retirement plan with a shorter vesting period and more portability than is available in the retirement system.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 146, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 634 Labor and Public Employment on H.B. No. 499

The purpose of this bill is to provide conservation and resources law enforcement officers with the same retirement benefits as police officers and firefighters.

The Hawaii Hunting Association and two conservation and resources law enforcement officers testified in support of the bill. The Department of Land and Natural Resources (DLNR) supported the bill with suggested amendments. The Libertarian Party of Hawaii opposed the measure. The Employees' Retirement System submitted comments.

Your Committee finds that conservation and resources law enforcement officers are commissioned with full police powers, and therefore are entitled to the same retirement benefits as other law enforcement officials.

Your Committee has incorporated the suggested amendments from DLNR making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 499, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 635 Labor and Public Employment on H.B. No. 1416

The purpose of this bill is to:

- (1) Give current deputy sheriffs of the Department of Public Safety the option to become class A contributory members of the Employees' Retirement System (ERS); and
- (2) Provide that all deputy sheriffs hired after July 1, 1999, will be class C noncontributory ERS members.

Two deputy sheriffs of the Department of Public Safety verbally testified on this measure. The Employees' Retirement System commented on this measure by suggesting clarifying language.

Police officers, firefighters, and water safety officers are currently designated as contributory class A ERS members in recognition of the hazardous job conditions and critical public safety responsibilities attached to these positions. Your Committee finds that deputy sheriffs perform similar functions and face similar on-the-job dangers and thus, should be accorded the same kind of retirement benefits.

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

- (1) Requiring current deputy sheriffs to convert to contributory ERS membership; provided that their membership up to July 1, 1999, remains at class C noncontributory level;
- (2) Requiring deputy sheriffs to file with the ERS Board of Trustees an election form by December 1, 1999, and arrange for additional deductions or lump sum payments to commence by January 1, 2000;
- (3) Designating all deputy sheriffs hired after July 1, 1999, class A ERS members;
- (4) Changing the effective date to July 1, 1999; and
- (5) Making technical amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1416, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 636 Labor and Public Employment on H.B. No. 1335

The purpose of this bill is to implement a cafeteria plan with flex credits or flex dollars that qualifies under section 125 of the Internal Revenue Code as a pre-tax plan for all public employees in Hawaii.

The Department of Human Resources Development (DHRD) submitted testimony in support of the intent of this measure, but stated that due to reductions in staff and budget, DHRD will be unable to administer a full cafeteria plan for all State and county jurisdictions. DHRD suggested the alternative of tasking the Hawaii Public Employees Health Fund with undertaking the lead role in implementing cafeteria plans.

The Hawaii State Teachers Association submitted testimony supporting the intent of this measure and offering a proviso that the retirement calculations be done on unadjusted gross incomes.

The Hawaii Government Employees Association submitted comments on this measure expressing the following concerns:

- (1) The items in the measure are negotiable according to the statute governing collective bargaining for public employees;
- (2) The measure does not contain language directing the DHRD to ensure a credible and fair process is implemented to determine how or when to increase flex credits or dollars as medical costs rise; and
- (3) Requesting clear language concerning the ability of an employee to continue to choose a union plan over the employer plan.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1335, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1335, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 637 Labor and Public Employment on H.B. No. 1128

The purpose of this bill is to permit testing and demonstration of new approaches to selected aspects of human resource management within the Civil Service System.

The Department of Human Resources Development submitted testimony in support of this measure, noting that the State must modernize, streamline, and reinvent itself.

The Public Employees Management Association of Hawaii submitted testimony in opposition to this measure, noting that the effect of this bill would be to remove legislatively imposed entitlements granted a tenured civil service employee in good standing under Hawaii law.

The Hawaii Government Employees Association submitted comments stating that the proposal is unnecessary at this time.

The United Public Workers opposed this measure.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1128, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 638 Labor and Public Employment on H.B. No. 1162

The purpose of this measure is to:

- (1) Include amusement rides under the oversight of the Boiler and Elevator Inspection Branch;
- (2) Require the Department of Labor and Industrial Relations (DLIR) to issue a "permit to operate" regarding any boiler, pressure system, amusement ride, or elevator and similar equipment if found to be safe accordance with Chapter 91, Hawaii Revised Statutes;
- (3) Delete the requirement for the DLIR to issue inspection certificates after each inspection;
- (4) Increase the penalty from \$1,000 to \$10,000 per violation; and
- (5) Amend Act 142, Session Laws of Hawaii (SLH) 1998, to ensure that amendments to section 36-27, Hawaii Revised Statutes, are not repealed in 2000.

The DLIR testified in support of this measure.

This measure will increase the civil penalty fine from \$1,000 to \$10,000 per violation. The current penalty ceiling is inadequate to deter violations of safety rules that directly impact public safety. In the past two years, the DLIR has had instances where it was cheaper for the company in violation to deliberately violate the rules and receive a penalty rather than properly fix the equipment or wait for the proper authorizations and safeguards. This measure will provide adequate deterrence to those who choose to violate safety laws and endanger public safety.

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

- (1) Deleting erroneous amendments to Act 142, SLH 1998, and instead amending Act 216, SLH 1997, to keep the exemption for the Boiler and Elevator Safety Revolving Fund from being repealed in 2000 when the repeal and reenactment section of Act 216, SLH 1997, makes section 36-27 revert to the format in which it read on July 1, 1997; and
- (2) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1162, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1162, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 639 Labor and Public Employment on H.B. No. 96

The purpose of this bill is to amend the penalty provisions for violations of Chapter 104, Hawaii Revised Statutes (Chapter 104), regarding wages and hours of employees on public works.

The Hawaii Island Contractors Association, Michael L. Freed, Esq., the Hawaii Chapter of the Associated Builders and Contractors, Inc., the Contractors Association of Hawaii, Carr Gouveia & Associates, CPAs, Inc., QN Electric, Inc., the General Contractors Association of Hawaii, the Construction Industry Legislative Organization, Inc., Jack Wolfe Insurance, and Jas. W. Glover, Ltd., testified in support of the bill. Wahine Builders and the Plumbers and Pipefitters Union Local 675 commented on the bill. The Department of Labor and Industrial Relations (DLIR) submitted testimony outlining its concerns with the bill.

Your Committee finds that strict compliance with Chapter 104 is important to maintaining the integrity of the competitive bidding process for public works. Your Committee further finds, however, that the current penalty provisions can result in excessive and unfair penalties for inadvertent violations.

Your Committee has amended the bill by:

- (1) Establishing a special fund for the enforcement of Chapter 104;
- (2) Restructuring the penalty provisions, so that all penalties are based upon the back wages found due, or a minimum dollar amount;
- (3) Removing the requirement that DLIR first find that a violation is knowingly made before assessing a penalty; and
- (4) Clarifying that in the event of suspension of a contractor for a third violation, suspension will not include suspension from work on current contracts.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 96, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 96, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 640 Labor and Public Employment on H.B. No. 1100

The purpose of this bill is to appropriate \$1,000,000 to create an incumbent worker training program, to be called the Millennium Workforce Training Initiative.

The Department of Labor and Industrial Relations and the Department of Business, Economic Development, and Tourism testified in support of this measure.

Your Committee finds that employee skills are an important and integral part of kick-starting Hawaii's economy. According to the U.S. Department of Labor, the fastest-growing jobs over the next 10 years are projected to be in the fields of:

- (1) Biotechnology;

- (2) Health care;
- (3) Information technology; and
- (4) Telecommunications.

Hawaii certainly has the ability to attract these types of businesses with its geographical position in the Pacific. However, local employee skills have not kept pace with the needs of the workplace and have arguably been keeping those industries and capital from locating here.

Your Committee further finds that currently there are no publicly-funded training program which targets the training needs of existing employees who want to work in these emerging industries. This measure provides funds and opportunities for Hawaii's workforce to gain the necessary skills to attract those emerging and high growth industries.

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

- (1) Changing the appropriation to \$1 for discussion purposes; and
- (2) Making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1100, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 641 Labor and Public Employment on H.B. No. 869

The purpose of this bill is to:

- (1) Clarify the roles of the commission, executive director, and foundation staff of the State Foundation on Culture and the Arts (SFCA); and
- (2) Specify that the agencies receiving capital improvement appropriations are responsible for calculating the percentage amount due to the Works of Art Special Fund.

The Legislative Auditor submitted testimony in support of this measure, noting that the measure deletes by amendment provisions staggering the terms of members of the commission and that those provisions may no longer be necessary. The SFCA submitted testimony in support of this measure.

Your Committee has amended this measure by:

- (1) Removing the penalty provisions allowing the Comptroller to assess penalties against another agency; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 869, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 869, H.D. 1.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 642 Labor and Public Employment on H.B. No. 297

The purpose of this bill is to:

- (1) Prohibit smoking in state workplaces; and
- (2) Require employers with two or more employees to adopt a smoking policy.

The Department of Health testified in strong support of the bill, stating that it would increase protections against involuntary exposure to environmental tobacco smoke at the workplace and extend those protections to a significantly greater number of employees across the State. The American Heart Association of Hawaii also testified in support of the bill.

Your Committee has amended the bill by ensuring that it only applies to public employers by:

- (1) Deleting the new definition "partially enclosed workplaces";

- (2) Deleting the amended definitions of "employer", "enclosed", and "office workplace";
- (3) Deleting the requirement for private employers to adopt the smoking policy prohibiting smoking in all enclosed workplaces;
- (4) Deleting proposed amendments to sections 328K-13 and 328K-14, Hawaii Revised Statutes (HRS);
- (5) Amending chapter 328K, HRS, by adding a new section that prohibits smoking in all areas of state-owned or state-controlled workplaces, including state-owned or leased vehicles; and
- (6) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 297, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Judiciary and Hawaiian Affairs in the form attached hereto as H.B. No. 297, H.D. 2.

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

SCRep. 643 Labor and Public Employment on H.B. No. 102

The purpose of this bill is to eliminate discretion in the amount of penalty assessed against an employer who fails to pay wages in a timely manner.

The Department of Labor and Industrial Relations submitted testimony in support of this measure. The National Employment Lawyers Association and Consumer Lawyers of Hawaii submitted testimony in support of this measure, both requesting that the measure be amended to apply to pending cases.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 102, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 102, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 644 Labor and Public Employment on H.B. No. 720

The purpose of this measure is to classify assaults against an employee of the state or any of its political subdivisions as a class C felony.

The Hawaii Government Employees Association testified in support of this measure.

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

- (1) Deleting assaults against correctional workers and educational workers or volunteers as a class C felony; and
- (2) Expanding existing protection under the law to classify assaults against any state and county employee or volunteer as a class C felony.

Your Committee finds that in this age of government downsizing and streamlining, there are fewer government employees to service and handle increased numbers of the public. At times, members of the public have become impatient, stressed, and in extreme situations, violent, because of perceived government inefficiency and ineffectiveness. Although the media frequently focuses on assaults on correctional and educational workers, your Committee finds that all government employees are at risk. Public employees who have been assaulted in the course of regular work duties, have ranged from white collar, nonsupervisory positions, such as clerks and law enforcement, to professional and scientific positions, such as social workers. This measure deletes the protection carved out for only correctional and educational workers and extends protection to all state and county employees and volunteers.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 720, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hamakawa.
(Representatives Takai and Rath voted no.)

SCRep. 645 Labor and Public Employment on H.B. No. 848

The purpose of this bill is to permit an employer to use substance abuse on-site screening tests that meet the requirements of the United States Food and Drug Administration for commercial distribution.

Hoffman LaRoche Pharmaceuticals testified in support of this bill. The Department of Health opposed the measure.

Your Committee finds that permitting businesses to use on-site screening tests will decrease the cost of pre-employment screening for such businesses.

Your Committee has amended the bill by:

- (1) Clarifying that the on-site tests may be used for pre-employment screening purposes only;
- (2) Requiring employers to adhere to the United States Food and Drug Administration guidelines;
- (3) Deleting the exemption from state substance abuse testing requirements for on-site screening test operators; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 848, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 848, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 646 Labor and Public Employment on H.B. No. 134

The purpose of this measure is to:

- (1) Repeal the provision disallowing claims for compensation for mental stress resulting solely from disciplinary action taken in good faith by the employer; and
- (2) Disallow compensation for physical or mental injury resulting from a disciplinary action or other personnel action taken in good faith by the employer.

The Department of Human Resources of the City and County of Honolulu, the Building Industry Association of Hawaii, the National Federation of Independent Business, the Hawaii Insurers Council, the Hawaii Business League, the Chamber of Commerce of Hawaii, and Liberty House testified in support of this measure. The Hawaii State Teachers Association supported the intent of this measure with suggested amendments. The Department of Labor and Industrial Relations, the Hawaii Nurses Association, the United Public Workers, the International Brotherhood of Electrical Workers, the Hawaii State AFL-CIO, the ILWU Local 142, Unity House, and the State of Hawaii Organization of Police Officers opposed this measure.

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

- (1) Deleting the provision to disallow compensation for physical or mental injury resulting from a disciplinary action or other personnel action taken in good faith by the employer;
- (2) Disallowing compensation for mental stress resulting from other personnel actions taken by the employer in good faith; and
- (3) Making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee finds that Act 166, Session Laws of Hawaii 1998, was enacted only seven months ago and has not yet had time to be tested in real-life situations. It is premature to amend section 386-3, Hawaii Revised Statutes, without any practical applications. Your Committee finds that existing statutory language is a good balance between employer and employee concerns. It is your Committee's intent to pass this measure to encourage further discussion about stress-related workers' compensation.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 134, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 134, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Hamakawa.
(Representatives Catalani and Takai voted no.)

SCRep. 647 Higher Education on H.B. No. 402

The purpose of this bill is to appropriate funds for the cooperative extension service.

Testimony in support of the bill was received from the College of Tropical Agriculture and Human Resources (CTAHR) of the University of Hawaii at Manoa (UHM), the Hawaii Tropical Flower Council, and the Hawaii Export Nursery Association.

Your Committee recognizes that as a unit of a Land-Grant institution, CTAHR is responsible for executing cooperative extension service programs, which are outreach activities in agricultural and community development for the entire state. CTAHR employs extension agents and specialists who develop and execute science-based activities and interpret technological knowledge for practical applications by farmers, businesses, individuals, and communities. Due to federal and state funding cutbacks however, the budget for the cooperative extension service has been severely reduced.

To continue to sustain successful diversified agriculture and healthy communities, CTAHR must maintain a minimum base personnel budget. CTAHR is in need of the following full-time (FTE) positions:

Two 4-H/youth leadership development positions (Oahu and Maui)	\$100,000
One urban horticulturist (Oahu)	50,000
One human resources/community leadership position (Hawaii)	50,000
One ornamental plants/landscape maintenance position (Hawaii)	50,000
One fruit/vegetable position (Hawaii)	50,000
Total of six FTE positions	\$300,000

Nonpersonnel budgets of cooperative extension agents and specialists have also been reduced to such a level that CTAHR cannot support necessary intrastate travel, project supplies, and program activities. CTAHR needs to increase the operating funds of each of the 45 county-based extension agents and specialists by \$1,500 each or a total of \$67,500.

The bill has been amended by:

- (1) Deleting the specific appropriation amounts and the number of positions requested and leaving them blank for further discussion; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 402, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 402, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santiago.

SCRep. 648 Higher Education and Education on H.B. No. 261

The purpose of this bill is to establish standards for measuring child development outcomes and for tracking the State's children in achieving these outcomes.

Written testimony in support of the bill was received from the Center on the Family and Hawaii Kids Count of the College of Tropical Agriculture and Human Resources of the University of Hawaii. In oral testimony the Center on the Family recommended an amendment. The Department of Education and the Department of Health testified in support of the intent of the bill.

Your Committees find that child development data are required to get an accurate representation of the status of children in Hawaii. Only then can priorities be wisely established and resources targeted to address the greatest needs.

Your Committees agree with the recommendation of the Center on the Family. The bill has been amended by:

- (1) Deleting that the appropriation shall be used to purchase services to collect data, so that the University of Hawaii itself shall measure child development outcomes; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 261, as amended herein, and recommend that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 261, H.D. 1.

Signed by all members of the Committees except Representative Santiago.

SCRep. 649 Public Safety and Military Affairs on H.B. No. 645

The purpose of this bill is to:

- (1) Require the Comptroller, at the request of a deceased Filipino veterans' survivor or an interested party, to make payment directly to a mortuary or crematory for:
 - (a) Funeral and burial services for a deceased WWII Filipino veteran; and
 - (b) Transportation of the veteran's remains to the Philippines; and
- (2) Specify procedures by which the Comptroller and the Office of Veteran's Service (OVS) may disburse burial grant funds.

The Office of Veterans' Services and a member of the public testified in support of this measure.

Your Committee finds that because of the tremendous up-front costs associated with funeral and burial services and transportation to the Philippines, some World War II Filipino veterans, including the families and friends of these veterans, cannot afford to pay for these activities in advance. Consequently, some World War II Filipino veterans will not be able to qualify for these burial grants from the OVS on account of their being too poor. This measure provides an alternative to current OVS procedures for such individuals.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 645 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 650 Public Safety and Military Affairs on H.B. No. 1298

The purpose of this bill is to appropriate funds to provide financial assistance for the proper burial of Filipino soldiers who served honorably in active duty:

- (1) Under the command of the U.S. Army Forces in the Far East;
- (2) Within the Philippine Army;
- (3) With the Philippine Scouts; or
- (4) With a recognized Philippine guerilla unit.

The Office of Veterans' Services, the Hawaii Chapter of WWII Fil-Am Veterans, and members of the public submitted testimony in support of this measure.

Your Committee finds that although many Filipino soldiers courageously risked their lives to protect and promote American democratic values, some of these veterans are still denied the honor of being buried with their comrades in arms. Currently, only veterans who served in the armed forces of the United States or joined the Philippine Scouts before October 6, 1945, are entitled to be buried in a national or state veterans cemetery. This measure addresses this injustice by appropriating funds to provide financial assistance for the proper burial of these veterans.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1298 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 651 Public Safety and Military Affairs on H.B. No. 905

The purpose of this bill is to:

- (1) Require the Hawaii Paroling Authority to expeditiously proceed with the deportation of prisoners in accordance with the Illegal Immigration Reform and Immigrant Responsibility Act of 1996; and
- (2) Specify that parole will not be granted to a prisoner unless the Hawaii Paroling Authority acts by a majority of all its members.

The Department of Public Safety submitted testimony in support of this measure. The Hawaii Paroling Authority and the Hawaii Parole Board verbally testified in support of the intent of this measure with reservations. The Office of the Public Defender verbally testified in support with a suggested technical amendment.

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

- (1) Clarifying that a prisoner ready to be deported should not have any impending appeal in the 9th Circuit Court; and

- (2) Specifying that if a prisoner with a pending appeal in the 9th Circuit Court is ready to be deported, then the prisoner will be taken into custody by federal authorities to be incarcerated in a federal correctional facility.

Your Committee finds that any effort to address the State's critical prison overpopulation issue is worthwhile and beneficial. Your Committee further finds that there is a significant number of sentenced inmates within the State's correctional facilities that are eligible for deportation by the United States Immigration and Naturalization Service. This measure will:

- (1) Expedite the deportation process by which convicted immigrants are transferred from state to federal custody; and
- (2) Alleviate current prison overpopulation problem.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 905, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 905, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 652 Human Services and Housing and Labor and Public Employment on H.B. No. 629

The purpose of this bill is to support the successful transition from public assistance to self-sufficiency by establishing a transitional benefits program, to be known as the Bridge to Hope Program (Program), for public assistance recipients to attend school.

The Hawaii State Commission on the Status of Women, the Honolulu Community Action Program, the Legal Aid Society of Hawaii, the Women's Center at the University of Hawaii at Manoa, the Hawaii Area Program of the American Friends Service Committee, the Welfare and Employment Rights Coalition, the Hawaii Chapter of the National Association of Social Workers, the Affordable Housing and Homeless Alliance, and several individuals submitted testimony in support of this measure. The Department of Human Services (DHS) submitted testimony in opposition of this measure.

Your Committees believe that it is essential to support heads of public assistance households, whom are mostly women, to successfully achieve postsecondary education. Research shows that women who earn a college degree spend less time on welfare, and are less likely to need assistance again. Unfortunately, the hardships experienced by those who try to balance parenting, work requirements, and education are overwhelming. Under these conditions, individuals too often must choose to forego an education to meet strict work requirements and parenting responsibilities.

Your Committees further find that in years past, the Legislature set sound social policy by funding immigrants and two-parent families with general funds. It is not the intent of your Committees to jeopardize access and receipt of federal funds, and therefore, suggests that general funds be used to help public assistance recipients attend school through the Temporary Assistance to Other Needy Families Program (TAONF). Furthermore, your Committees encourage the University of Hawaii to develop work opportunities for TAONF recipients attending school.

Your Committees have amended this measure by:

- (1) Setting participation criteria for the Program to those recipients deemed as experiencing "substantial hardship";
- (2) Defining "substantial hardship" as a situation where an individual is incapable of simultaneously meeting public assistance requirements, educational commitments, and parenting responsibilities to remain or become self-sufficient;
- (3) Removing housing assistance as a support service for eligible participants of the Program, but requiring referrals to housing subsidies;
- (4) Requiring the Housing and Community Development Corporation of Hawaii to work with DHS to assist Program participants with housing issues;
- (5) Stating that the Program will be exempt from TAONF maintenance of efforts;
- (6) Appropriating funds for the Program;
- (7) Deleting child care, long-term learning, and work preparation initiatives; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 629, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 629, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Hiraki, McDermott, Moses and Pendleton.
(Representative Rath voted no.)

SCRep. 653 Human Services and Housing and Health on H.B. No. 1413

The purpose of this bill is to require the Department of Human Services (DHS) to compensate health centers treating QUEST patients based on risk factors for serious medical conditions.

Testimony in opposition to the bill was received from DHS. DHS stated that the bill is not consistent with the current manner in which DHS contracts for QUEST services. In addition, if a special risk factor adjustment is made, additional DHS resources in staffing, consultants, and funding to create another funding mechanism will be required.

Testimony in strong support of the bill was received from Bay Clinic, Inc., the Hawaii State Primary Care Association, and Healthy Mothers, Healthy Babies Coalition of Hawaii. Testimony in support of the bill with amendments was received from Papa Ola Lokahi, AlohaCare, the Waikiki Health Center, and the Waianae Coast Comprehensive Health Center.

Your Committees find that undercompensated QUEST providers tend to be community health centers that serve patients in the greatest need of medical care, and that these centers are in need of adequate compensation from QUEST in order to survive. Your Committees also find, however, that the proposal to establish a risk factor adjustment system as a basis for compensation is in need of more information and discussion.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1413 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Kawakami, Yamane and McDermott.

SCRep. 654 Human Services and Housing and Health on H.B. No. 1726

The purpose of this bill, as received by your Committees, is to make health services and programs available to certain persons on limited incomes by:

- (1) Enabling these persons to receive such services without having to meet any spend-down requirements; and
- (2) Providing for an annual appropriation to carry out the purposes of the bill.

Life Foundation and two individuals submitted testimony in support of the measure. The Department of Health submitted testimony in support of the intent of this measure. The Department of Human Services (DHS) submitted comments.

Upon further consideration, your Committees have amended this bill by deleting the substance and inserting new material which appropriates funds to enable DHS to raise the income eligibility level for the medically needy program to one hundred thirty-three percent of the assistance allowance, thereby enabling qualified persons on limited incomes to receive necessary health services and programs.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1726, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1726, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Yamane and Pendleton.

SCRep. 655 Human Services and Housing on H.B. No. 543

The purpose of this bill is to extend foster board allowances to persons up to twenty-one years of age for meals and shelter.

The Department of Human Services testified that it would support the measure so long as it does not displace priorities in the Executive Budget.

Your Committee finds that many foster children face difficulties when they age out of foster care and do not pursue the higher education option. By providing a foster board allowance to persons who have reached the age of majority but is less than 21 years of age, your Committee hopes that some of these difficulties will be relieved.

Your Committee has amended this bill by:

- (1) Setting a benefit cap at the rate of fifty percent of foster board rates;
- (2) Providing that any allocation may be used for enrollment in a transitional program;
- (3) Setting a two-year cap on eligibility; and

- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 543, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 543, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 656 Human Services and Housing on H.B. No. 1437

The purpose of this bill is to implement two of the recommendations that were made by the Legislative Auditor in Report No. 99-5, "Audit of the Child Protective Services System," by requiring:

- (1) The Department of Human Services (DHS) to notify police or the Prosecutor's Office of all reports received by DHS with regard to child abuse; and
- (2) The Court to hold a permanency plan hearing within twelve months of a child's placement in foster care.

The Legislative Auditor submitted testimony in support of this measure. The Department of the Prosecuting Attorney of the City and County of Honolulu submitted testimony in support of the intent of this measure. DHS and the Office of Information Practices submitted comments.

Your Committee finds that, as written, the provisions on reporting and the need to release all reported cases of abuse to the Prosecutor's Office is unnecessary. To assure that all child abuse or neglect cases are attended to by the police departments, your Committee has amended this measure by requiring mandatory reporters to report child abuse to both DHS and the police departments. Your Committee has also amended this measure by making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1437, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1437, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 657 Human Services and Housing on H.B. No. 1484

The purpose of this bill is to create a classification so that any "abuse of a family or household member" offense subsequent to a second conviction for such an offense, or two prior assault or terroristic threatening convictions, to the same victim would be classified as a Class C felony.

The Department of Health, Child and Family Service, Hawaii State Coalition Against Domestic Violence, Hawaii Catholic Conference, Hawaii Lawyers Care, Domestic Violence Clearinghouse and Legal Hotline, Hawaii Family Forum, and the Department of the Prosecuting Attorney of the City and County of Honolulu submitted testimony in support of this measure. The amendments suggested by the Prosecuting Attorney have been incorporated into the measure.

The Office of the Public Defender of Hawaii submitted testimony in opposition to the measure.

Your Committee has amended this measure by:

- (1) Adding "kidnapping" to the list of offenses predicated enhanced classification under the measure; and
- (2) Changing "victim" to "family or household member" for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1484, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1484, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 658 Health on H.B. No. 635

The purpose of this measure is to authorize the issuance of \$15,000,000 in special purpose revenue bonds for the Hilo Residency Training Program, Inc.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 635, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 659 Health on H.B. No. 1008

The purposes of this bill are to 1) require tobacco manufacturers who determine not to enter into the November 23, 1998 "Master Settlement Agreement" with the State, to establish a reserve fund to guarantee a source of compensation and 2) to prevent such manufacturers from deriving large, short-term profits and then becoming judgement-proof before liability may arise.

The Department of the Attorney General testified in strong support of the bill and presented important facts on this matter. Indeed, should Hawaii fails to pass this legislation, its share of the national settlement will be reduced in accordance with a market share factor for sales by non-settling tobacco manufacturers. Under this provision of the national settlement, it is possible for Hawaii to lose its entire allocation.

Taking this compelling argument into account, your Committee has determined that the passage of this measure is absolutely essential to assure that Hawaii's receive its share of the Master Tobacco Settlement.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1008 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 660 Health on H.B. No. 1207

The purpose of this measure is to cure a technical defect in the cigarette and tobacco tax law to restore the tax exemption for sales of cigarettes and tobacco products to the United States of any instrumentality thereof.

The Department of Taxation, the Hawaii Food Industry Association, and S&K Sales Company testified in support of this measure. The Tax Foundation of Hawaii also submitted testimony.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1207 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 661 Health on H.B. No. 1153

The purpose of this measure is to allow persons under twenty-one years of age to participate in authorized studies or enforcement of statutory provisions relating to the sale of liquor to minors.

The Department of Health testified in strong support of this measure which would ensure another means to enforce existing liquor laws.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1153 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 662 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1270

The purpose of this bill is to give unincorporated nonprofit associations legal status for purposes including the transfer of real and personal property, and tort and contractual liability.

Your Committees received testimony supporting this bill from the Commission to Promote Uniform Legislation (Commission), the Aloha Society of Association Executives, and the Business Law Section of the Hawaii State Bar Association. The Business Registration Division of the Department of Commerce and Consumer Affairs (DCCA) submitted testimony.

The Commission testified that this bill would support community associations such as little league baseball clubs or church clubs, by giving the association legal status for the purpose of receiving and conveying contributions of property, and shielding members from contractual or tort liability.

DCCA suggested an amendment, stating that if the unincorporated association files its statement appointing an agent to receive service of process with DCCA, then the record would be kept in the Business Registration Division's system. The public might then

confuse the association with a registered entity. DCCA suggested the notice be filed with the Bureau of Conveyances along with any other documentation giving the association its separate identity and required by the Bureau.

Upon consideration, your Committees have amended this measure by:

- (1) Incorporating the recommendations of the DCCA; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1270, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1270, H.D. 1.

Signed by all members of the Committees except Representatives Chang, Hiraki, Morita, Takumi, Yoshinaga, Pendleton, and Thielen.

SCRep. 663 Consumer Protection and Commerce on H.B. No. 354

The purpose of this bill, as received, is to appropriate funds out of the condominium management education fund to conduct a comprehensive review of the condominium property regimes law, in order to update, clarify, organize, deregulate, and provide for consistency and ease of use of chapter 514A, Hawaii Revised Statutes.

The Real Estate Commission (Commission) strongly supported this bill, explaining that, after the initial enactment of the condominium property regimes law in 1961, there have been many piecemeal amendments that have rendered this body of law unorganized and confusing. The Commission continues to receive numerous complaints from condominium apartment owners, boards of directors, managing agents, and attorneys practicing in this field, who find the statutes unorganized and difficult to use. The Commission also submitted the executive summary of its report to the 1996 legislature entitled "A Plan To Recodify Chapter 514A, Hawaii Revised Statutes, Condominium Property Regime." The Commission justified the use of the condominium management education fund for this purpose, explaining that it is a trust fund administered by the Commission that is funded by fees assessed to condominium developers and to condominium association of apartment owners, and this review would fall within the educational purposes defined in section 514A-132, Hawaii Revised Statutes.

The Hawaii Association of Realtors, the Community Associations Institute (CAI) and others offered supporting testimony. The Hawaii Council of Association of Apartment Owners (HCAAO) supported the intent of the bill but objected to the use of the condominium education fund to pay for review, and suggested that any appropriation from the fund to pay for administrative expenses and supplies should be related solely to expenses incurred for the project.

Your Committee concurs with many of the recommendations of the testifiers, and accordingly has amended the measure to:

- (1) Require that the review of the laws shall include consultation with individuals as well as private organizations, and those consulted should represent diverse interests pertaining to condominium property regimes;
- (2) Require the real estate commission to submit draft legislation to the legislature before the convening of the 2000 regular session;
- (3) Require that the final report of the real estate commission include draft legislation, and therefore delete the phrase "if appropriate" on page 3, line 6 of the original bill; and
- (4) Specify that the administrative expenses, office equipment, and supplies paid for out of the appropriated funds be limited to those expenses, equipment, and supplies used for purposes of conducting this review.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 354, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 354, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 664 Consumer Protection and Commerce on H.B. No. 657

The purpose of this bill is to establish a streamlined registration process for time share developers that would allow time share developers to more quickly enter the marketplace, and thereby reduce the cost of doing business in Hawaii. As received by your Committee, this bill would:

- (1) Require acceptance of an out-of-state time share plan which has been previously registered in its situs state;

- (2) Establish an alternative registration procedure for developers seeking to register time share plans located and registered outside the State in jurisdictions with disclosure requirements substantially equivalent to or greater than required under Hawaii law;
- (3) Allow issuance of a six-month preliminary permit under which any developer may offer and sell time share interests during review of its application for registration by DCCA; and
- (4) Provide for acceptance of a time share plan upon the posting of a \$1,000,000 bond or letter of credit.

Your Committee received testimony in support of this bill from the American Resort Development Association and a real estate attorney. The Department of Commerce and Consumer Affairs (DCCA), testified in opposition to this bill, stating many concerns as well as the belief that the bill would compromise the department's ability to protect consumers.

To address the DCCA's concerns, your Committee has adopted modifications suggested by the real estate attorney, amending this measure by:

- (1) Deleting the provision authorizing project registration if the developer posts a bond to cover claims made by purchasers;
- (2) Providing that a developer seeking to register an out-of-state time share plan registered in another state must show how the plan does or does not comply with the State's time share law, and if it does not comply, the measures that will be taken to satisfy State requirements;
- (3) Increasing the amount of information that must be provided by a developer applying for a preliminary permit by requiring:
 - (A) Evidence of title, the declaration of covenants, conditions, and restrictions, and other time share plan condominium law documents; and
 - (B) Evidence that the developer is duly registered to do business in the State;
- (4) Requiring developers to provide purchasers with a copy of the disclosure statement that must be filed when applying for registration;
- (5) Giving purchasers the opportunity to cancel their purchase at any time during the term of the preliminary permit and receive full refund of all moneys paid;
- (6) Mandating that upon expiration without extension of the six-month preliminary permit, the developer must cancel all sales contracts and refund all purchasers' funds; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 657, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 657, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Herkes, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 665 Consumer Protection and Commerce on H.B. No. 1097

The purpose of this bill is to repeal the regulatory boards of certain professions and vocations and provide for their continued regulation under the Department of Commerce and Consumer Affairs.

In particular, the boards that will be eliminated by this bill are the Board of Barbering and Cosmetology, the Board of Dental Examiners, the Board of Speech Pathology and Audiology, the Motor Vehicle Repair Industry Board, the Motor Vehicle Industry Licensing Board, and the Elevator Mechanics Licensing Board.

Your Committee received testimony in favor of this measure from the Department of Commerce and Consumer Affairs, the Department of Health (except for the elimination of the Board of Dental Examiners), the state Auditor, the Hawaii Dental Hygienists' Association, the Hawaii Institute for Wellness in Dentistry, and five dental hygienists.

Testimony in opposition to the measure was received from the Board of Barbering and Cosmetology, the Board of Dental Examiners, the Board of Speech Pathology and Audiology, the Motor Vehicle Repair Industry Board, the Motor Vehicle Industry Licensing Board, the Elevator Mechanics Licensing Board, Local Union No. 126 of the International Union of Elevator Constructors, the Hawaii Master Barber Association, the Hawaii Institute of Hair Design, the Hawaii Dental Association, several licensed dentists and a periodontist, speech-language pathologists and audiologists, and other concerned members of the public.

Your Committee agrees with the intent of this bill to streamline government by reducing bureaucracy and red tape, which will assist in making government more cost effective and efficient. Increasing government efficiency is especially important in light of the

State's stagnant economy. However, your Committee finds that streamlining government should not be undertaken when the public's health, safety, and welfare will be adversely affected, such as when streamlining will present greater opportunities for fraud and incompetence. Moreover, streamlining should not create public distrust in the delivery of services by licensed professionals, nor should it impact adversely on affected groups under mandated government programs.

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

- (1) Deleting all of the provisions of this bill except those relating to motor vehicle industry licensing and the regulation of motor vehicle repairs;
- (2) Making conforming amendments to other Hawaii Revised Statutes sections as appropriate; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1097, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1097, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 666 Consumer Protection and Commerce on H.B. No. 133

The purpose of this bill is to appropriate funds for the small business defender position and other support personnel.

Your Committee finds that the small business defender position was established by section 3 of Act 168, Session Laws of Hawaii 1998, which also established the Hawaii Small Business Regulatory Flexibility Act. However, the position of the small business defender has never been funded. The role of the small business defender is to: represent, defend, or provide legal representation to small businesses in any proceeding involving a civil citation issued by a state or county agency, provided the fines or penalties involved do not exceed \$25,000; advocate or negotiate on matters relating to and promoting the interests of small business; conduct investigations to secure information useful in fulfilling its purposes; and refer matters to the Auditor or the Ombudsman, as appropriate. Your Committee further finds that it is critical to provide such assistance to small businesses through the position of the small business defender.

Your Committee notes that the Office of Hawaiian Affairs, the National Federation of Independent Business Hawaii, and the Hawaii Business League submitted testimony in support of the measure. The Department of Business, Economic Development, and Tourism submitted testimony in support of the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 133 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 667 Consumer Protection and Commerce on H.B. No. 1078

The purpose of this bill is to simplify the business registration process and make some nonsubstantive housekeeping amendments for clarity.

Your Committee received testimony in support of this measure from the Business Registration Division of the Department of Commerce and Consumer Affairs and the Business Law Section of the Hawaii State Bar Association. Your Committee received no testimony in opposition.

Your Committee finds that eliminating the requirement for at least one director of a corporation to be a resident and instead requiring a corporation to maintain a registered office and registered agent in the State will greatly simplify the registration of new business entities in Hawaii. This and other changes in this measure that simplify the registration of new business in Hawaii will enhance Hawaii's business climate and have a significant positive effect on our economy.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1078, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 668 Consumer Protection and Commerce on H.B. No. 644

The purpose of this bill is to optimize the usage of adult residential care homes in the State.

Specifically, this bill requires the Departments of Human Services and Health to do the following:

- (1) Determine the highest and best use of existing licensed Type I adult residential care homes;
- (2) Determine and establish the need for services provided by Type I adult residential care homes by geographic regions in the State by county;
- (3) Develop rating scales with incentive points for Type I adult residential care homes with special features, including space and location, for example, convenience to shopping and recreation and amenities in the home;
- (4) Develop consumer brochures or pamphlets on selecting an appropriate Type I adult residential care home for prospective residents and families; and
- (5) Report findings and recommendations, including any proposed implementing legislation, to the legislature no later than twenty days before the convening of the regular session of 2001.

Your Committee received testimony in support of the intent of the bill from the Departments of Human Services and Health. The Department of Human Services does not have the data for Type I adult residential care homes nor the staff necessary to develop any rank order scheme and further recommends that brochures be developed by the private sector. The Department of Health commented that determination of the best use of these homes and the need for services, and the promotion of appropriate Type I homes are not within the Department's scope of responsibilities as a licensing authority and recommended discussion with the Executive Office on Aging to fulfill these functions.

Upon further review, your Committee has amended this bill by deleting the content of section 2 of the bill, amending the purpose in section 1 accordingly, and replacing it with section 2 in the form in which it existed in the original draft of this bill, requiring a moratorium on the issuance of adult residential care home licenses, but with several modifications.

Specifically, in section 2, rather than designating only homes that have three or fewer residents as underutilized, the bill has been amended to require the Department of Health to identify any vacancy within licensed home capacity. Furthermore, rather than resuming licensing when the percentage of underutilized homes falls below ten per cent of the total number of homes on each island, the trigger to resume licensing has been changed to a resident vacancy basis. The Department of Health is required to determine, on each island, the Type I adult residential care home:

- (1) Total bed capacity;
- (2) Total number of vacancies; and
- (3) Percentage of vacancies,

and resume licensing when the percentage of vacancies on each island falls below ten per cent of the total bed capacity of regular Type I adult residential care homes on each island.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 644, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 644, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford, Rath and Thielen.

SCRep. 669 Consumer Protection and Commerce on H.B. No. 646

The purpose of this bill is to ensure the rights of both adult residential care home residents and home operators by establishing a mechanism to equitably resolve cases of alleged abuse or neglect of residents.

Specifically, this bill creates a two-year adult protective services review panel for involuntary removal of residents from adult residential care homes demonstration project on Oahu within the Department of Human Services. The bill outlines the steps, including investigation, that must be taken when an adult protective services referral is received by the Department regarding alleged abuse or neglect of an adult residential care home resident. The bill also gives the accused home operator the right to request a review of a removal of a resident under certain circumstances and details the request process. The bill further determines the composition of the review panel and its specific duties and functions. In addition, this bill requires review panel proceedings to be audiotaped and distributed to designated individuals. Furthermore, all information presented to the review panel is to be confidential unless required to be disclosed by law and makes any unauthorized disclosure a misdemeanor. Finally, the Department of Human Services, assisted by the Department of Health, is required to evaluate the effectiveness of the project and report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2001.

Your Committee received testimony in support of this bill from the Department of Human Services and from the Big Island ARCH.

Your Committee has amended this bill, upon the suggestion of the Department of Human Services, by adding to the membership of the review panel a representative of the Judiciary, Office of the Public Guardian, in section 2(f) of the bill on page 5.

- (1) Determine the highest and best use of existing licensed Type I adult residential care homes;
- (2) Determine and establish the need for services provided by Type I adult residential care homes by geographic regions in the State by county;
- (3) Develop rating scales with incentive points for Type I adult residential care homes with special features, including space and location, for example, convenience to shopping and recreation and amenities in the home;
- (4) Develop consumer brochures or pamphlets on selecting an appropriate Type I adult residential care home for prospective residents and families; and
- (5) Report findings and recommendations, including any proposed implementing legislation, to the legislature no later than twenty days before the convening of the regular session of 2001.

Your Committee received testimony in support of the intent of the bill from the Departments of Human Services and Health. The Department of Human Services does not have the data for Type I adult residential care homes nor the staff necessary to develop any rank order scheme and further recommends that brochures be developed by the private sector. The Department of Health commented that determination of the best use of these homes and the need for services, and the promotion of appropriate Type I homes are not within the Department's scope of responsibilities as a licensing authority and recommended discussion with the Executive Office on Aging to fulfill these functions.

Upon further review, your Committee has amended this bill by deleting the content of section 2 of the bill, amending the purpose in section 1 accordingly, and replacing it with section 2 in the form in which it existed in the original draft of this bill, requiring a moratorium on the issuance of adult residential care home licenses, but with several modifications.

Specifically, in section 2, rather than designating only homes that have three or fewer residents as underutilized, the bill has been amended to require the Department of Health to identify any vacancy within licensed home capacity. Furthermore, rather than resuming licensing when the percentage of underutilized homes falls below ten per cent of the total number of homes on each island, the trigger to resume licensing has been changed to a resident vacancy basis. The Department of Health is required to determine, on each island, the Type I adult residential care home:

- (1) Total bed capacity;
- (2) Total number of vacancies; and
- (3) Percentage of vacancies,

and resume licensing when the percentage of vacancies on each island falls below ten per cent of the total bed capacity of regular Type I adult residential care homes on each island.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 644, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 644, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford, Rath and Thielen.

SCRep. 669 Consumer Protection and Commerce on H.B. No. 646

The purpose of this bill is to ensure the rights of both adult residential care home residents and home operators by establishing a mechanism to equitably resolve cases of alleged abuse or neglect of residents.

Specifically, this bill creates a two-year adult protective services review panel for involuntary removal of residents from adult residential care homes demonstration project on Oahu within the Department of Human Services. The bill outlines the steps, including investigation, that must be taken when an adult protective services referral is received by the Department regarding alleged abuse or neglect of an adult residential care home resident. The bill also gives the accused home operator the right to request a review of a removal of a resident under certain circumstances and details the request process. The bill further determines the composition of the review panel and its specific duties and functions. In addition, this bill requires review panel proceedings to be audiotaped and distributed to designated individuals. Furthermore, all information presented to the review panel is to be confidential unless required to be disclosed by law and makes any unauthorized disclosure a misdemeanor. Finally, the Department of Human Services, assisted by the Department of Health, is required to evaluate the effectiveness of the project and report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2001.

Your Committee received testimony in support of this bill from the Department of Human Services and from the Big Island ARCH.

Your Committee has amended this bill, upon the suggestion of the Department of Human Services, by adding to the membership of the review panel a representative of the Judiciary, Office of the Public Guardian, in section 2(f) of the bill on page 5.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 646, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 646, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 670 Consumer Protection and Commerce on H.B. No. 665

The purpose of this bill is to provide for the phase-out and repeal of the Hawaii Hurricane Relief Fund (HHRF) on June 30, 2001, by:

- (1) Creating two funds to receive the moneys transferred from the HHRF:
 - (a) The Natural Disaster Loss Mitigation Fund to mitigate losses incurred from natural disasters in the State; and
 - (b) The Hurricane Relief Loan Fund;
- (2) Mitigating the long-term risk posed by hurricanes through a loan program to be administered by the Hurricane Relief Administrative Procedures Loan Committee; and
- (3) Establishing the Hurricane Loss Projection Methodology Commission to assist the Hurricane Relief Administrative Procedures Loan Committee in the loan process.

Hurricane Protection Systems, Inc., and an individual supported this measure with proposed revisions. The Building Industry Association of Hawaii and the Hawaii Association of Realtors supported the intent of this measure.

The HHRF, the Hawaii Insurers Council, the Hawaii Independent Insurance Agents Association, Island Insurance Companies, and the National Association of Independent Insurers opposed this measure.

The Department of Commerce and Consumer Affairs and Department of Budget and Finance submitted comments. State Farm Insurance Companies also submitted comments, suggesting HHRF moneys be returned to prior policyholders instead of the general fund.

Concerns were raised about the phase-out and termination of the HHRF and the establishment of the Hurricane Loss Projection Methodology Commission and Natural Disaster Loss Mitigation Fund. Your Committee finds that the HHRF was meant to be a temporary solution to the unavailability of hurricane insurance. Since HHRF's establishment, the hurricane insurance market has improved markedly. Your Committee finds, however, that terminating the HHRF as of July 1, 2001, may be premature and may disrupt the insurance marketplace.

Upon further consideration, your Committee has amended this bill by deleting its substance, and instead, inserting the following:

- (1) Including a findings and purpose narrative;
- (2) Directing HHRF to stop writing hurricane insurance by December 1, 2004. HHRF policies in force as of that date will be allowed to run off for their one-year terms until December 1, 2005, after which the HHRF will provide no hurricane coverage. HHRF will be allowed to continue generating revenues to pay claims if there is a hurricane before the proposed repeal date;
- (3) Creating the Emergency Natural Disaster Relief Fund on December 15, 2005, to be administered by the Governor and to be used following a natural disaster for disaster relief efforts. If there has been no hurricane before December 1, 2005, and the HHRF stops operations, 99 percent of the net moneys of the HHRF will be transferred to this fund;
- (4) Creating a Natural Disaster Loss Mitigation Fund on December 15, 2005, to be administered by the Department of Commerce and Consumer Affairs and to be used for natural disaster loss mitigation efforts. This fund will provide a long-term solution to hurricane risk. If there has been no hurricane before December 1, 2005, and the HHRF stops operations, one percent of the net moneys of the HHRF will be transferred to this fund. Beginning in 2006, one percent of the moneys available in the Emergency Natural Disaster Relief Fund will be transferred to this fund;
- (5) Providing that if a hurricane has occurred before December 1, 2005, the HHRF will continue to operate until all of its claims and other obligations are paid. In addition, transfer of moneys from the HHRF to the Emergency Natural Disaster Relief Fund and Natural Disaster Loss Mitigation Fund will be deferred until after all of HHRF's claims and other obligations are paid;
- (6) Changing the Hurricane Relief Administrative Procedures Loan Committee (Loan Committee) to be an advisory committee of the HHRF Board of Directors (HHRF Board). With regard to the Loan Committee, provides that:
 - (a) The HHRF Board may transfer up to an unspecified amount annually from the HHRF to the Loan Committee;

- (b) Members of the Loan Committee, other than ex officio members, will be appointed by the HHRF Board;
 - (c) The Loan Committee may request the HHRF Board to employ or contract with technical experts and others on their behalf;
 - (d) Sets forth in greater clarity the duties of the Loan Committee and procedures for applying for a loan or grant; and
 - (e) The Loan Committee will be granted immunity from liability;
- (7) Changing the Hurricane Loss Projection Methodology Commission (Methodology Commission) to be an advisory committee of the HHRF Board. With regard to the Methodology Commission, this amended bill provides that:
- (a) Instead of allowing the Methodology Commission to hire and contract with technical experts and others, allows the Methodology Commission to request the HHRF Board to employ or contract with technical experts and others on their behalf;
 - (b) Makes the HHRF the source of funding for the Methodology Commission;
 - (c) Members will be appointed by the HHRF Board; and
 - (d) Clarifying duties of the Methodology Commission and its interaction with the Loan Committee.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 665, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 665, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford and Rath.

SCRep. 671 Consumer Protection and Commerce on H.B. No. 1664

The purpose of this bill is to implement the recommendations of the Patient Rights and Responsibilities Task Force in order to strengthen the Hawaii Patient Bill of Rights and Responsibilities Act.

The twenty-member Task Force, representing various organizations and agencies with diverse views and interests, was established in 1998 to review various laws affecting patient rights in this State.

Testimony fully supporting this bill was received from The Department of Commerce and Consumer Affairs, Hawaii Health Information Corporation, Healthcare Association of Hawaii, Hawaii Federation of Physicians & Dentists, and Hawaii Nurses' Association. The American Association of Retired Persons, Hawaii Medical Association, Hawaii Medical Services Association (HMSA), University Health Alliance (UHA), the Patient's Rights and Responsibilities Task Force-Access to Services Subcommittee, Hawaii Coalition for Health, Physicians HealthHawaii, Inc., and Kaiser Permanente strongly supported the intent of the bill and most of its provisions, and also proposed various amendments.

HMSA and UHA expressed serious concerns about many shortcomings in the external appeals process mandated by the bill. Section 7 of the bill provides that after all internal appeals have been exhausted, the enrollee may appeal the decision to a three-member review panel consisting of two lay persons (a representative of the health plan not involved in the dispute, and a representative appointed by the Insurance Commissioner) and a physician not involved in the dispute, but not necessarily a physician with the same medical specialty or expertise as the treating physician. Since it is the highly complex medical issues which result in these contested cases, such as those involving "experimental treatment," it is questionable whether such a panel of non-experts could adequately and efficiently address the issues. Timeliness is often crucial to patients in cases of this type, yet the process imposes no measures to assure prompt resolution. The process may also be unnecessarily adversarial, when these cases really require a panel of medical experts using evidence-based, scientific research. Alternative models exist for such dispute resolution, including the voluntary external review process adopted by the California Association of Health Plans.

Your Committee finds that many issues raised by the testifiers are important for the protection of patients and consumers of health care plans. Upon careful consideration, your Committee has incorporated many of the testifiers' recommendations, and has amended the bill as follows:

- (1) Inserted a new subsection (e) to the section entitled "Accreditation of managed care plans," to exempt those managed care health plans that have conducted the Consumer Assessment Health Plan Survey on their own, from assessments by the insurance commissioner for actual expenses in administering that survey.
- (2) In the section entitled "Complaints and Appeal Procedure for enrollees," provided that the notice of final internal determination by the managed care plan shall be sent to the enrollee's treating physician as well as the enrollee, the enrollee's appointed representative, if applicable, and the commissioner. Previously, the bill was silent as to notifying the treating physician.

- (3) In the section entitled "Appeals to the Commissioner," provided that the physician member of the three-member review panel shall have the same or higher level of expertise and experience as the treating physician.
- (4) In the section entitled "Appeals to the commissioner," provided that in an action against the managed care plan, the enrollee may recover attorney's fees and costs of suit only if the enrollee prevails before the review panel.
- (5) Under "Information to enrollee," clarified that any material change in the participating provider agreements, services or benefits shall be brought to an enrollee's notice whenever the change affects the enrollee's services or benefits, regardless of whether the change affects the organization or operation of the managed care plan. Previous language required that both conditions be met in order to trigger the notice.
- (6) Added a new subsection to article 1 and a new subsection to chapter 432D, Hawaii Revised Statutes, under "Emergency medical services," to provide that if a claim or payment for emergency medical service is denied for the reason that it is not medically appropriate to determine the diagnosis or to stabilize the patient, the patient will not be liable for payment to the emergency department and emergency provider.
- (7) Made technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee has made these amendments to foster further discussion of the issues involved and to allow for additional input from the public whose rights and responsibilities are directly affected by this bill. Your Committee respectfully requests that subsequent committees reviewing this measure give serious consideration to adopting amendments that address legitimate concerns over deficiencies in the external review process.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1664, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford and Rath.

SCRep. 672 Education on H.B. No. 522

The purpose of this bill is to convert the Hawaii School-to-Work Opportunities Executive Council (Council) to an advisory body and to transfer its staff to the Department of Education (DOE).

The DOE and the Department of Labor and Industrial Relations supported the concept of the bill, but expressed some concerns. The DOE noted that any modification of the Council without approval from the national School-to-Work Office may jeopardize federal funding. In this light, the DOE recommended maintaining the current form and structure for the Council.

Testifying in support of the concept of the bill, the Council cited several concerns. The Council suggested retaining it as an independent body with its existing powers, but agreed to transfer its staff to the Department of Education. The University of Hawaii testified in support of the Council's recommendations.

In its written testimony, the Hawaii State Teachers Association supported the intent of the bill. In oral testimony it supported the concept of maintaining independence for the Council.

The Chamber of Commerce of Hawaii commented on the measure.

In consideration of the testimony received, your Committee has amended the bill by:

- (1) Retaining the independence and authority of the Council by not transforming it into an advisory body; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

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

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

SCRep. 673 Education on H.B. No. 1663

The purpose of this bill is to help identify environmental contamination by requiring the Department of Education (DOE) to report suspicious clusters of disease or illness to the Department of Health (DOH), which shall investigate the matter.

Life of the Land and ten individuals submitted testimony in support of the bill. DOH testified in support of the intent of the bill.

In their testimony, several residents of Village Park expressed grief over the large proportion of children living in the area who are classified as having severe learning disabilities. Affected children have various health problems, including gastrointestinal and

reproductive problems, heart defects, speech handicaps, and Down syndrome. Tragically, in a number of families several siblings are affected.

According to Life of the Land, the Department of Health studied the matter in 1996. However, according to Life of the Land, the study was not meaningful since it covered the entire Waipahu area, and did not focus on the much smaller Village Park area. As a result, the incidence of special education students in the Village Park area may have been diluted to such a degree that it became statistically insignificant.

Testifiers also noted that there is evidence that similar health problems among children may exist in other areas near Village Park.

In the discussion the matter of transmitting student information from the DOE to DOH was raised. The DOE noted that the confidentiality of students must be protected, and for this reason it may not provide the DOH with names of special education children. The DOE testified that it may, however, provide DOH with the addresses of these children. The DOE's data base allows it to identify these students by school. However, due to limitations of the data base, the DOE may not be able to identify students who live in a certain school district but who have a geographic exemption to attend another school.

Your Committee was moved by the testimony presented by the residents of Village Park and the surrounding area. Their fears and frustrations were evident because they suspect environmental contamination that is invisible and difficult to measure. The relevant government agencies have a responsibility to take action that addresses the concerns of these residents. This bill creates a mechanism for the DOE and DOH to work together to identify environmental contamination.

In light of the testimony, your Committee has amended the bill by:

- (1) Requiring the DOE to provide the addresses of students with diseases or illnesses to the DOH when environmental contamination is suspected;
- (2) Requiring the DOE to provide the DOH with the addresses of special education students at Holomua Elementary School, Kaleiopuu Elementary School, Waipahu Intermediate School, and Waipahu High School, along with other allowable information that may be relevant;
- (3) Requiring the DOH to use the information provided by the DOE to determine whether there is reason to suspect the presence of any environmental health hazard;
- (4) Requiring the DOH to test the drinking water and the soil in the Village Park area and any area suspected of having environmental health hazards;
- (5) Appropriating funds for water and soil testing; and
- (6) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1663, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1663, H.D. 1.

Signed by all members of the Committee except Representative Santiago.

SCRep. 674 Health and Education on H.B. No. 269

The purpose of this measure is to appropriate \$50,000 in general funds to provide additional state community-based gatekeeper training in five high school for 35 participants each.

The Department of Health and the Keiki Injury Prevention Coalition testified in support of the measure.

As affirmed by the records of votes of the members of your Committees on Health and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 269 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Lee, Morihara, Okamura, Stegmaier and Takai.

SCRep. 675 Transportation on H.B. No. 976

The purpose of this bill is to reduce the number of uninsured motorcycle and motor scooter riders on Hawaii's roads by allowing riders with a valid learner's permit who enroll in a certified Motorcycle Safety Foundation education course to qualify for insurance.

Your Committee finds that under the current law, motorcycle and motor scooter riders possessing a valid learner's permit cannot obtain liability coverage unless they have taken and passed a motorcycle education course that has been approved by the Department of Transportation. As some courses on military installations do not have approval from the Department of Transportation, even

though they are certified by the Motorcycle Safety Foundation (MSF), people who enroll in and pass these course still are not eligible to obtain insurance by law.

Your Committee further finds that the Department of Defense (DOD) requires that all military and DOD personnel who wish to operate a motorcycle or motor scooter on military installations must have taken an MSF-approved course, regardless of whether they hold a license or a permit. State-approved courses and courses offered on military installations are similar except for the fact that State courses provide motorcycles to be used throughout the course, while the military courses are authorized to allow the students to use their own motorcycles.

This bill proposes to require persons who possess a valid learner's permit and are seeking motorcycle liability coverage to have enrolled in and/or subsequently passed an education course approved by the Department of Transportation or the installation commander of any branch of the U.S. military that meets the Motorcycle Safety Foundation standards.

Testimonies in support of this bill were received from Street Bikers United, the Honolulu Chapter of the Harley Owners Group, Carr's Insurance Agency, and numerous private citizens. Testimony from the Department of Transportation and the Hawaii Insurers Council supports the intent of this bill. Testimonies in opposition to this bill were received from the Department of Commerce and Consumer Affairs, the University of Hawaii, and two private citizens.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 976 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 676 Judiciary and Hawaiian Affairs on H.B. No. 149

The purpose of this bill is to propose an amendment to the State Constitution to change the Board of Education (BOE) from an elected body to an appointed one.

Testimony in support of this bill was received from the Hawaii Business Roundtable, the United Public Workers, and the Hawaii Government Employees Association. Testimony in opposition to this bill was received from the BOE, Common Cause Hawaii, and the Hawaii State Teachers Association.

Your Committee finds that education provides individuals the means by which they can achieve their greatest potential. Education also establishes the foundation for a community's economic development and prosperity.

Hawaii once developed an admirable public education system that provided equal educational opportunities to students throughout the islands. However, times have changed rapidly, and the public school system is now in need of improvement.

The primary reason for the lack of satisfactory progress in education is the lack of clear accountability in public education. This bill clarifies accountability at the highest level.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 149, as amended herein, and recommends that it be referred to the Committee Finance in the form attached hereto as H.B. No. 149, H.D. 1.

Signed by all members of the Committee except Representatives Morita and Yoshinaga.
(Representatives Auwae, Pendleton, Thielen and Whalen voted no.)

SCRep. 677 Economic Development and Business Concerns on H.B. No. 1020

The purpose of this bill is to:

- (1) Provide an appropriate effective date for the implementation of the business loan guarantee program; and
- (2) Provide an extension of the effective date for the neighbor island preferential business loan interest rate.

Testimony in support of this bill was submitted by the Department of Business, Economic Development, and Tourism.

Your Committee has amended this bill to change the effective date of Act 104, Session Laws of Hawaii 1998, from July 1, 1998, to July 1, 1999.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1020, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 678 Economic Development and Business Concerns on H.B. No. 139

The purpose of this bill is to enable local contractors and laborers to benefit from federal contracts by defining "local resident" in the Hawaii Public Procurement Code.

Testimony in support of this bill was submitted by the Plumbers and Fitters Local 675, the Hawaii Building and Construction Trades Council, AFL-CIO, the International Brotherhood of Electrical Workers, Local Union 1186, the Hawaii Island Contractors Association, and the Hawaii Operating Engineers Industry Stabilization Fund.

Testimony in support of the intent of this bill was submitted by the State Procurement Office and the General Contractors Association of Hawaii. The Department of Taxation, the Department of Business, Economic Development, and Tourism (DBEDT), and the Construction Industry Legislative Organization commented on the measure.

Based on the testimony presented and the concerns expressed, your Committee finds that the definition of "local resident" is important for local construction firms and workers to benefit from federal construction projects. However, your Committee is aware that such a definition might exclude some of the local firms or workers that this bill intends to benefit; and therefore your Committee respectfully requests that the Committee on Finance continue deliberation on this matter and consider amendments to the bill, particularly proposed language by DBEDT.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 139 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 679 Agriculture on H.B. No. 949

The purpose of this Act is to direct the agribusiness development corporation to allot the necessary financial and human resources necessary to plan, design, and construct an agricultural subdivision in the Hamakua district in the island of Hawaii. Appropriates \$1 for that purpose, to be expended by the corporation.

Your Committee finds that hundreds of acres of former sugarcane land throughout the State have laid idle since the closure of the last plantations. Meanwhile, hundreds of displaced sugar workers are searching for jobs and opportunities to enter into agricultural endeavors. In 1994, the Legislature created the Agribusiness Development Corporation to facilitate and promote agriculture in the State through the reuse of former plantation lands, water delivery systems, roadways, and other necessary infrastructure.

Testimonies in support of this measure were received from the Agribusiness Development Corporation, the Hawaii Farm Bureau and the Big Island Farm Bureau.

Your Committee, upon careful consideration, has amended this bill by changing the findings and purpose of the bill by directing the Agribusiness Development Corporation (ADC) to establish agricultural parks/developments in the most expeditious and cost-effective manner. Your Committee further amended this measure by authorizing ADC the actions and specific activities to be considered by ADC in cooperation with and assistance from financial institutions, rather than allotting the necessary financial and human resources necessary to plan, design, and construct an agricultural subdivision in the Hamakua district of the island of Hawaii. Your Committee further amended this bill by stipulating that the Hawaii agricultural development revolving fund shall be the depository for all revenues from assessments, tolls, and appropriations made by the legislature to the fund and interest on investments attributable to agricultural parks/developments and that moneys in this fund be expended by the ADC for necessary expenditures incurred to establish, operate and maintain agricultural parks/developments.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 949, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 949, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki and Ito.

SCRep. 680 Agriculture on H.B. No. 1280

The purpose of this bill is to support the continued redevelopment of the agricultural industry in the State by:

- (1) Extending the current composition of the Agribusiness Development Corporation (ADC) Board for five years, until July 1, 2004; and
- (2) Appropriating funds for the expenses incurred by the ADC Board.

The Big Island Farm Bureau, the Hawaii Farm Bureau Federation, the Hamakua County Farm Bureau, and an individual submitted testimony in support of the measure. The Department of Agriculture testified in opposition to the measure.

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

- (1) Changing the composition of the ADC Board;
- (2) Giving the Governor, rather than the Senate President and the House Speaker, the authority to appoint eight members to the ADC Board;
- (3) Changing the selection requirements for the ADC Board to include knowledge, experience, and expertise in banking, real estate, and promotion;
- (4) Extending the ADC Board under its new composition as specified in the bill for two years until June 30, 2001, rather than extending the ADC Board under its current composition for five years until June 30, 2004;
- (5) Enabling ADC to develop, promote, assist, and market export crops and other crops for local markets without the Board of Agriculture's approval; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1280, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki, Ito and Rath.

SCRep. 681 Agriculture and Labor and Public Employment on H.B. No. 641

The purpose of this bill is to support the Agricultural Back-to-Work Program (Program), which was established under Act 255, Session Laws of Hawaii 1997, by:

- (1) Extending the repeal date of the Program by four years until July 1, 2004; and
- (2) Appropriating funds for the Program.

The Department of Agriculture (DOA) submitted testimony in support of the overall concept of the bill and offered amendments to the bill to address concerns regarding Act 255 as enacted.

Your Committees note testimony in which DOA indicated that the Department of Labor and Industrial Relations (DLIR) and the Department of Human Services (DHS) concur with the amendments to the bill as provided by DOA.

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

- (1) Extending the repeal date of the Program for two years to July 1, 2002, instead of for four years to July 1, 2004;
- (2) Inserting appropriation amounts of \$1 for each year of the 1999-2001 fiscal biennium to facilitate further deliberation on the financial aspects of the bill;
- (3) Amending the administration and purpose of the Program under section 4 of Act 255; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 641, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 641, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Saiki, Goodenow, Hiraki, Ito, Kaho'ohalahala, Morihara, Okamura and Moses.

SCRep. 682 Agriculture and Economic Development and Business Concerns and Ocean Recreation and Marine Resources on H.B. No. 984

The purpose of this bill is to facilitate and support research and development of open ocean aquaculture or mariculture by, among other things:

- (1) Exempting economic units as defined in chapter 190D, Hawaii Revised Statutes from the definition of public lands;

- (2) Allowing the processing of ocean leases under chapter 190D without gubernatorial and legislative approval;
- (3) Allowing commercial mariculture as a permitted use under chapter 190D;
- (4) Removing size restrictions on mariculture leases; and
- (5) Depositing revenues obtained from the leasing of state marine waters into the Special Land and Development Fund for aquaculture planning, research, and development.

The Department of Agriculture (DOA), the Department of Business, Economic Development, and Tourism, the Director of the Sea Grant College Program of the University of Hawaii, Black Pearls, Inc., the Hawaii Aquaculture Association, and Pacific Pearl Appraisal Service submitted testimony in support of this measure. The Department of Land and Natural Resources (DLNR) also testified in support of the measure, provided the amendments and recommendations of DOA are incorporated into the measure. The Board of Trustees of the Office of Hawaiian Affairs and several individuals submitted testimony in opposition to the measure.

Your Committees find that no application or leases have been processed under chapter 190D (Ocean and Submerged Lands Leasing) since its inception in 1986. While your Committees recognize that streamlining and clarifying the law is critical to encourage investment in the research and development of aquaculture and mariculture in the State, your Committees are aware that due consideration must be made to the following factors, including rights of tenure to ocean space, ocean use, and other environmental and community concerns.

After lengthy deliberation and upon careful consideration, your Committees have amended this bill by deleting its substance and inserting new provisions that facilitate research and development of open ocean aquaculture or mariculture in the State. As amended, this bill:

- (1) Provides funds to establish two pilot projects relating to open aquaculture in Hawaii, and to identify two pilot ocean aquaculture project zones, which are to be determined by detailed environmental and operational assessments after consultation with the appropriate and affected members of the community;
- (2) Requires DLNR, in cooperation with DOA, the University of Hawaii, and the private sector, to establish two pilot ocean aquaculture project zones for research or commercial projects for open ocean aquaculture;
- (3) Specifies that the pilot projects are to address the submerged hanging bag culture of endemic black pearl oysters for pearls and wild stock recovery, and utilize a native fish species for cage culture in surface waters;
- (4) Authorizes DLNR to grant a lease of state marine waters and submerged lands for the two zones; and
- (5) Requires DLNR, in conjunction with DOA, to submit a report of the actions and progress undertaken with regard to this bill, to the Legislature prior to the 2000 Regular Session.

As affirmed by the records of votes of the members of your Committees on Agriculture and Economic Development and Business Concerns and Ocean Recreation and Marine Resources that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 984, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 984, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representative Morihara.

SCRep. 683 Judiciary and Hawaiian Affairs on H.B. No. 235

The purpose of this bill is to authorize the election of the members of the Hawaiian Homes Commission (Commission) by Hawaiian voters.

Testimony in support of the measure was submitted by the State Council of Hawaiian Homestead Associations, the Nanakuli Hawaiian Homestead Community Association, the Waianae Kai Homestead Association, the Ahupuaa O Molokai, State Council of Hawaiian Homestead Association, and a number of private citizens.

Testimony in general support of the intent of the measure but expressing concerns with respect to certain provisions was submitted by the Office of Hawaiian Affairs, the Department of Hawaiian Home Lands, the Native Hawaiian Legal Corporation, and the Waimea Hawaiian Homesteaders' Association, Inc.

Testimony in opposition to the portion of the measure which authorizes the hiring of counsel was submitted by the Attorney General. Testimony in opposition to the measure was submitted by a private citizen.

Comments on the measure were submitted by the Office of Elections and the Kawaihae Hawaiian Homes Community Association.

Your Committee finds that an elected Commission would, by its very nature, support the concept of self-determination with respect to this solemn and important trust.

Your Committee has amended this measure by:

- (1) Changing to nine the number of members of the Commission;
- (2) Redefining the geographical areas from which voters may choose their commissioners;
- (3) Changing the method of determining the commissioners' compensation;
- (4) Requiring the advice and consent of the Commission to the appointment of the director of the Hawaiian Home Lands;
- (5) Giving the commissioners the authority to approve employment contracts for terms longer than six years;
- (6) Redefining eligibility requirements for candidates for the Commission;
- (7) Redefining eligibility requirements for voters in the election;
- (8) Modifying the method for determining the initial terms of the Commissioners elected in 2000;
- (9) Changing the method of filling a vacancy in the Commission;
- (10) Making the Department of Hawaiian Home Lands the responsible agency for verifying all qualifications imposed on candidates and voters;
- (11) Allowing the Commission, as opposed to the Department of Hawaiian Home Lands, to retain attorneys;
- (12) Providing an appropriation of \$200,000 to defray the salaries, costs and expenses of the Commission; and
- (13) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 235, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 684 Judiciary and Hawaiian Affairs on H.B. No. 1193

The purpose of this bill is to make several amendments to Hawaii's Uniform Controlled Substance Act to be consistent with changes in federal and state law.

Testimony in support of the measure was received from the Department of Public Safety, the Honolulu Police Department, the Dietary Supplement Safety and Science Coalition, the Pharmacy Association of Hawaii, Inc., and Longs Drugs. Testimony in opposition to this bill was received from the Nonprescription Drug Manufacturers Association and the Legislative Information Services of Hawaii, Inc. Additional testimony was received from the Office of the Public Defender, the Hawaii Nurses' Association, and the Hawaii Medical Association.

Your Committee finds that:

- (1) There is a need to standardize the size of all controlled substance prescriptions. Currently, schedule II controlled substance prescription forms are restricted to a size no larger than four and one-half inches by six and one-half inches while other controlled substance prescription forms vary in size. The varying sizes of prescription forms makes it difficult for pharmacies to adequately file and store these prescriptions which must be kept for a period of five years;
- (2) Problem exists when interns, residents, or foreign-trained physicians or physicians on the staff of a Department of Veterans Affairs facility prescribe controlled substances to be filled outside of the hospital or institution at which the person is employed. Presently, these individuals are allowed to prescribe controlled substances using the controlled substance registration number of the hospital or institution. However, retail pharmacies have difficulty verifying that the person writing the prescription is authorized to do so. Your Committee believes that this measure will assist in preventing the diversion of controlled substances by persons posing as interns, residents, or other authorized persons; and
- (3) Physicians have difficulty when reconciling ethical concerns for confidentiality with public safety and legal considerations regarding the disclosure of abuses of controlled substances. This measure clarifies that information communicated to a physician in an effort to unlawfully procure a controlled substance is not a privileged communication.

With respect to the scheduling of controlled substances, your Committee finds that:

- (1) The chemicals Red Phosphorus, Iodine Crystals, and Gamma Butyrolactone should be added as "List 1 Chemicals" since their use in the manufacture of Crystal Methamphetamine and Gamma Hydroxybutyrate has significantly increased in this State; and
- (2) A new schedule for "List 2 Chemicals" should be added to be consistent with federal law.

Lastly, your Committee believes that the additional elements of this measure are necessary for consistency with federal law and for general housekeeping purposes.

Your Committee has amended this bill by:

- (1) Deleting the definitions of mid-level practitioner and supervising physician;
- (2) Deleting language to make it unlawful to knowingly or intentionally furnish false information to a physician or pharmacy for the purpose of illegally obtaining a controlled substance, since this is already provided for in existing law;
- (3) Deleting the disclosure requirement with respect to prescriptions received from multiple practitioners;
- (4) Adding a requirement that persons who sell or otherwise transfer into the state encapsulating or tableting machines keep records of each transaction for a period of two years; and
- (5) Clarifying that reporting requirements do not apply to manufacturers, wholesalers, retailers, or other persons who sell or transfer into the State any over-the-counter drug product containing pseudoephedrine, norpseudoephedrine, phenylpropranolamine, or an ephedrine combination product below the cumulative threshold of one kilogram.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1193, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 685 Education on H.B. No. 403

The purpose of this bill is to provide a tax credit for the purchase of laptop computers for educational purposes.

Your Committee received testimony in favor of this measure from the Superintendent of Education, the Hawaii State Teachers Association, the principals of Moanalua High School and Shafter Elementary School, and a parent of a fifth grade student. Informational testimony was received from the Tax Foundation of Hawaii.

Your Committee agrees with the intent of this bill to establish a tax incentive to provide increased access to technological tools for all students. Your Committee finds that early studies have shown that students using laptop computers generally improve their research and analytical skills, write more frequently and in greater depth, and participate in more project-based instruction and oral presentations. Your Committee finds that greater access to laptop computers for all students will help to prepare them for the technological challenges they will face as adults in the twenty-first century.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 403, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 686 Education on H.B. No. 1698

The purpose of this bill is to authorize the issuance of general obligation bonds of an unspecified amount to design a Hawaii Kai Performing Arts and Technology Center at Kaiser High School.

Your Committee finds that the East Honolulu area lacks an adequate arts center that can provide a site for opportunities to encourage creative expression for students and residents. Several supporters indicated the social and psychological benefits to youngsters who learn verbal skills from voice lessons and music appreciation from instrumental classes. There are also opportunities for developing work skills in the performing arts ranging from costuming, lighting, and makeup application that could transfer to jobs in the entertainment industry. This bill will start the process for establishing a center.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1698, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Santiago.

SCRep. 687 Education on H.B. No. 1171

The purpose of this bill is to allow the Board of Education to:

- (1) Remove the State Librarian by a majority vote of its members;
- (2) Exempt the position of State Librarian from state residency requirements contained in section 78-1(b), Hawaii Revised Statutes;
- (3) Appoint the State Librarian for a term of up to four years; and
- (4) Set the salary of the State Librarian.

The Board of Education and Information Services testified in support of this bill. The United Public Workers supported the intent of the bill.

Your Committee finds that this bill will ensure consistency and continuity in leadership in the Hawaii State Public Library System, and will prevent any repetition of the perception of inequity in treatment between the Superintendent of Education and the State Librarian.

Technical, nonsubstantive changes have been made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1171, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1171, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Okamura.

SCRep. 688 Education on H.B. No. 287

The purpose of this bill is to appropriate funds to the Department of Health for the continued operation of peer education programs in twenty-six secondary schools during the 1999-2001 fiscal biennium and for the establishment of peer education programs in ten additional schools during the biennium.

Your Committee finds that the mission of the peer education program is to assist students in developing a healthy lifestyle by fostering positive self-esteem and responsible decision making. The peer education program is based on the philosophy that peers learn from peers; given adequate tools and information, peers can help peers make positive decisions about living a healthy lifestyle.

Your Committee also finds that peer educators are trained students who help other students as a first line of contact dealing with teen health issues. Peer educators are listeners, providing information or referral as needed, and help their peers to look at alternatives in the life long decision making process. Peer educators provide presentations, group discussions, demonstrations, and modeling activities both to peers and to feeder schools. Peer educators do not replace professional counselors and are trained to spot risky situations and refer students to appropriate resources.

Your Committee received testimony in support of this bill from the Hawaii State Teachers Association; the American Lung Association; the Healthy Mothers Healthy Babies Coalition of Hawaii; the Keiki Injury Prevention Coalition; the Principal of Kailua Intermediate School; the Peer Education Program Coordinators at Kailua Intermediate School, Ilima Intermediate School, and Lahainaluna High School; four teachers; five high school graduates formerly enrolled in peer education programs, the parent of a student currently enrolled in a peer education program; and more than fifty students currently enrolled in peer education programs or serving as peer educators.

Your Committee also received testimony in support of the intent of this bill from the Department of Health and the Department of Education.

Your Committee believes that prevention-based programs, such as peer education programs, are more effective and efficient than crisis management programs, such as alcohol and drug abuse treatment centers. Until the State begins to put more resources into preventing health problems rather than responding to them, social service agencies will always find themselves short of funds to deal with the next health crisis--whether it be crystal methamphetamine, crack cocaine, AIDS, or domestic violence.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 287 and recommends that it be referred to the Committee on Finance.

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

SCRep. 689 Energy and Environmental Protection on H.B. No. 1248

The purpose of this bill is to establish both the Hawaii environmental authority (HEA) and an environmental protection special fund (Fund). The HEA would oversee the State's environmental protection policies and strategies and would utilize monies from the Fund, which would be partially funded by a portion of the Transit Accommodation Tax (TAT).

The intent of this bill is to implement the governor's recommendations to devise an executive board, to better manage the state's natural and cultural resources for the tourism industry.

Testimony in support of this measure was submitted by: Hawaii Thousand Friends, Vegetarian Society of Honolulu, Hawaii Green Party, University of Hawaii Environmental Center, Hawaii Audubon Society, Sierra Club, the No Name Coalition, Na Leo Pohai and one individual. The Department of Land and Natural Resources supports the intent of the bill, but has reservations regarding the dollar-for-dollar TAT allocation between the Hawaii Tourism Authority and the HEA. The Department of Taxation had no position on this measure.

The State Auditor notes that linkage does occur between tourists paying for environmental protection and the benefits received. However, at present, it is still unclear whether the Fund will be self-sustaining, due to undetermined costs for some HEA activities.

Your Committee acknowledges the interrelationship between the health of the natural environment and the visitor industry. The future state of the visitor industry is dependent upon how well managed the "product" is; in this case the product is our natural resources and native culture. To garner available private and federal grant monies for natural resource management, the state must increase its funding share. Your Committee would like discussion on this measure to continue, and such discussion will involve many diverse interests and concerns.

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

Signed by all members of the Committee except Representative Kanoho.

SCRep. 690 Energy and Environmental Protection on H.B. No. 900

The purpose of this bill is to ensure the proper disposal of lead batteries and tires by requiring a \$10 core charge at the point of purchase if no old battery or tire is exchanged by the consumer.

An individual testified in support of this bill. The Department of Health (DOH) supported the intent of this measure but had reservations about its impact. The Department of Commerce and Consumer Affairs also expressed concerns. The Hawaii Automotive Repair and Gasoline Dealers Association opposed this measure, and the Representative from the 21st District (Waikiki, Ala Wai) offered comments.

During the discussion, some testifiers indicated the need to track the proper disposal of tires. It was also pointed out that customers tend to be more diligent about exchanging their tires rather than their batteries, because special equipment is needed to install new tires. Finally, testifiers indicated that a disposal fee already exists for tires but that there is no disposal fee for batteries.

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

- (1) Deleting the core charge requirement for old tires;
- (2) Mandating a tracking system for used tires by requiring:
 - (a) Scrap tire haulers to provide evidence to the retailer of the proper disposal of used tires to a permitted tire processor or recycler;
 - (b) Motor vehicle tire retailers to require from scrap tire haulers evidence that their used tires are being disposed of through a permitted tire processor or recycler; and
 - (c) Motor vehicle tire retailers to maintain records of the disposal or recycling of their used tires for a minimum of three years, and to make the records available for review by DOH on request; and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 900, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 691 Energy and Environmental Protection on H.B. No. 1665

The purpose of this bill is to make an appropriation for the Maui Invasive Species Committee Action Plan (MISCAP).

The MISCAP is a voluntary partnership of government, private and nonprofit organizations aimed at eradicating established invasive species, which can significantly impact native plant and animal communities and ecosystems. The MISCAP has applied for

funds which require non-federal matching funds. An appropriation of \$293,594 would provide cost-sharing funding to match \$206,000 in requested federal funds and a portion of \$175,000 contributed by the County of Maui.

Testimony in favor of this measure was submitted by: TRI-ISLE RC & D, three members of the Maui County Council, The Nature Conservancy of Hawaii, University of Hawaii Environmental Center, and one individual. The Department of Land and Natural Resources supports the intent of the bill but does not support the bill as proposed, as it would detract from the Administration's current priorities as outlined in the Executive Budget.

Your Committee finds that the public-private partnership developed through MISCAP is cost-effective, as well as a valuable tool for maximizing and leveraging taxpayers dollars. The negative impacts to communities, ecosystems, watersheds, agriculture and tourism industries will cost the state more money in the long-run should we choose not to combat the problem of invasive species now.

Upon consideration, Your Committee has amended this bill by reducing the appropriation to \$1.00 for continued discussion in the Committee on Finance.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1665, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1665, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 692 Human Services and Housing on H.B. No. 487

The purpose of this bill, as received, is to promote entrepreneurship, education, and self-sufficiency for welfare recipients and low-income individuals by establishing Individual Development Accounts (IDAs).

The Hawaii State Commission on the Status of Women, the Department of Community Services of the City and County of Honolulu, Maui Economic Opportunity, Parents and Children Together, Legal Aid Society of Hawaii, and the Bank of Hawaii submitted testimony in support of this measure. American Friends Service Committee, the National Association of Social Workers, and the Waimanalo Community Development Corporation submitted testimony in support of the intent of this measure. The Department of Human Services (DHS) was unable to give its support, as implementation would require staff resources that go beyond DHS' capability.

Your Committee finds that IDAs are a powerful tool to help people escape poverty by providing incentives to save income. IDAs provide families a healthy economic alternative that breaks generations of dependence on public assistance, and promotes life-long habits to save.

Your Committee finds that this measure, as written, is just one alternative towards establishing an IDA within the State.

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

- (1) Deleting its substance and replacing it with an IDA program that provides tax incentives to encourage private sector support of an IDA match;
- (2) Making an appropriation for matching funds; and
- (3) Making technical amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 487, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 693 Human Services and Housing on H.B. No. 1568

The purpose of this bill is to exempt nonprofit child-placing organizations with gross annual revenues of less than \$50,000 from financial audits that may be required for licensure by the Department of Human Services (DHS).

Crown Child Placement International and numerous adopting parents submitted testimony in support of this measure. The Department of Human Services submitted testimony in opposition to this measure while expressing sympathy for financial difficulties faced by small business.

Supporting testimony showed that requiring an audit of smaller organizations would raise the cost of adoptive services to families by at 15 to 25 percent. The DHS expressed concern about removing any child placement agency from administrative oversight. Allowing a financial review by the Department of Commerce and Consumer Affairs rather than requiring an audit by the DHS addresses both the cost concerns of adoptive families and administrative concerns.

Your Committee has amended this measure by:

- (1) Allowing the DHS to require a financial review by the DCCA of the nonprofit organization; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1568, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami and Pendleton.

SCRep. 694 Human Services and Housing on H.B. No. 1596

The purpose of this bill is to initiate revitalization and redevelopment of the historic Oahu Railway and Land (OR&L) Building site in Iwilei by appropriating funds to:

- (1) Renovate the OR&L Building; and
- (2) Construct low- and moderate-income housing.

The Housing and Community Development Corporation of Hawaii (Corporation) submitted testimony in support of this measure. An individual submitted testimony in support of the intent of this measure, but suggested that funds be used for state offices instead.

Your Committee finds that the community agreed that the OR&L Building site was due for revitalization and an image change. However, there were differing views on its vision for the site. Nevertheless, the community largely supported:

- (1) Residential development at diversified income levels;
- (2) Mix use options such as office or retail use; and
- (3) Retaining the historic character of the OR&L Building.

To proceed with the project, your Committee has amended this measure by:

- (1) Specifying that the appropriation will be used to design the renovation of building and constructing the OR&L Building for state offices as well as for low- and moderate-income housing;
- (2) Deleting the construction and equipment components of the capital improvement project request because these requests are premature;
- (3) Appropriating \$178,500 to design the project;
- (4) Naming the expending agency as the Corporation instead of the Department of Accounting and General Services; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1596, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lee, Stegmaier and Pendleton.

SCRep. 695 Human Services and Housing on H.B. No. 544

The purpose of this bill is to protect access to health care for Hawaii's poor and underserved populations by establishing a Safety Net Health Plan program within the Department of Human Services (DHS).

The Hawaii State Primary Care Association, AlohaCare, the Legal Aid Society of Hawaii, Healthy Mothers Health Babies Coalition of Hawaii, the Waianae Coast Comprehensive Health Center, the Bay Clinic, the Waikiki Health Center, the Health Care for the Homeless Project, and the Waimanalo Health Center submitted testimony in support of this measure. DHS submitted testimony in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 544 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Lee, Stegmaier and Pendleton.

SCRep. 696 Human Services and Housing and Health on H.B. No. 1061

The purpose of this bill is to:

- (1) Require contracts for grants and subsidies to include provisions for the recovery of the grant or subsidy if the recipient is unable or no longer willing to provide the service for which the grant or subsidy was appropriated; and
- (2) Apply this requirement to both operating and capital improvement project appropriations.

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

This measure will clarify that the State can recover funds appropriated as grants or subsidies should the recipient become unwilling or unable to provide the services for which the funds were appropriated.

Your Committees find that requirements could have been adopted via rule. However, Chapter 42F, Hawaii Revised Statutes, does not provide for the adoption of administrative rules. Therefore, although departments have been including language relating to recoveries in their contracts for grants and subsidies, there is no specific statutory authorization which requires the departments to do so.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1061, H.D. 1, and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 697 Education and Labor and Public Employment on H.B. No. 1110

The purpose of this bill is to create a system of new century schools that would be free from statutory and regulatory requirements that tend to inhibit or restrict a school's ability to make decisions relating to the provision of educational services to students attending the school.

Specifically, this bill:

- (1) Allows the Governor to designate Kapolei Middle School, Kapolei High School, and future public schools as new century schools by executive order;
- (2) Requires the Governor's executive order to set forth the provisions by which each new century school's governing board must manage the operations and administration of the school;
- (3) Exempts new century schools from the laws relating to civil service, compensation, public service, leaves of absence, the allotment system, the executive budget, and procurement;
- (4) Permits each new century school to transfer and expend all allocated funds in accordance with the priorities and for the purposes determined by the school;
- (5) Allows the employees of new century schools to exclude themselves from the law relating to collective bargaining in public employment;
- (6) Requires each new century school to have a governing board comprised of nine individuals, of which three must be parents of students attending the new century school, three must be members of the community, and three must be at-large members;
- (7) Places the affairs of a new century school under the general management and control of a new century school board, the members of which are to be appointed by the Governor for four-year terms;
- (8) Gives a new century school board management and control over the general affairs, and exclusive jurisdiction over the internal organization and management, of the new century school for which the school board has been appointed;
- (9) Allows a new century school board to authorize any officer to:
 - (A) Approve and sign on its behalf any voucher or otherwise acquire appliances, services, and property for the purposes of the new century school; and
 - (B) Expend such sums of money as may be placed at the disposal of the new century school;

- (10) Requires all appliances, services, and property purchased or acquired for the purposes of a new century school to be and to remain the property of the new century school, and to be used in perpetuity for the benefit of the new century school; and
- (11) Requires a new century school board to manage the inventory, equipment, surplus property, and expenditures of the new century school for which the school board has been appointed; and allows the new century school board to adopt rules further controlling and regulating the same.

Your Committees received testimony in support of this bill, or key portions thereof, from the Department of Budget and Finance, the Department of Human Resources Development, the Principal of Lanikai Elementary School, the Hawaii Business Roundtable, the former chairperson of the Hawaii Business Roundtable, and several private individuals.

Your Committees received testimony in opposition to this bill, or key portions thereof, from the Principal of Kapolei Middle School, the Hawaii State Teachers Association, the Hawaii Government Employees Association, the Hawaii State Parent, Teacher, Student Association, Common Cause Hawaii, and several private individuals. Several members of the Kapolei community, including the Department of Education and the Makakilo/Kapolei/Honokai Hale Neighborhood Board No. 34, expressed concerns about this bill or key portions thereof.

Your Committees note that the Director of Human Resources Development has agreed to discuss collective bargaining issues with the public employees unions representing school staff, with the intent of developing alternatives to existing collective bargaining (master) agreements. Your Committees believe that the results of these discussions can be incorporated into this bill by your Committee on Finance when time permits.

Your Committees have amended this bill by:

- (1) Creating a new chapter in the Hawaii Revised Statutes entitled "New Century Schools" rather than amending chapter 296, Hawaii Revised Statutes, which has been repealed;
- (2) Deleting those provisions:
 - (A) Exempting new century schools from the laws relating to civil service, compensation, public service, leaves of absence, the allotment system, the executive budget, and procurement;
 - (B) Permitting each new century school to transfer and expend all allocated funds in accordance with the priorities and for the purposes determined by the school; and
 - (B) Allowing the employees of new century schools to exclude themselves from the law relating to collective bargaining in public employment;
- (3) Requiring each new century school board to consist of one member of the school's community, the school's parent-community networking center coordinator, two members of the school's licensed faculty, one member of the school's support staff, and the school's principal, in addition to three parents of students attending the new century school;
- (4) Requiring the Governor to appoint the members of an initial new century school board for terms of one year; and requiring the members of the initial new century school board to initiate a mechanism providing for the election of subsequent school board members by the school's community for terms of two years, but excluding those members serving in an ex officio capacity;
- (5) Adding provisions concerning the allocation of state, federal, and other funds to new century schools, the reimbursement of administrative services provided to new century schools by the Department of Education, the assessment and evaluation of new century schools, and the discontinuance of new century schools by the Department of Education;
- (6) Clarifying that a new century school board may hire a principal to serve as the chief executive officer of the new century school; and
- (7) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1110, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1110, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Stegmaier, Goodenow and Hiraki.

SCRep. 698 Consumer Protection and Commerce on H.B. No. 1080

The purpose of this bill is to provide administrative relief for name disputes between legal entities.

Presently, if the name of a corporation, partnership, limited liability partnership or limited liability company was substantially or confusingly similar to the name of another legal entity, the only relief available to the aggrieved party is through the courts. The legal costs of resolving the dispute could be substantial in both time and money.

This bill establishes an alternative procedure whereby a business entity aggrieved by the business name of another business entity could seek relief administratively. The bill provides for an administrative hearing process and the authority to order the abatement of a name. Your Committee finds that the process is expeditious, convenient and a relatively inexpensive method of resolving name disputes.

Your Committee received favorable testimony from the Business Registration Division of the Department of Commerce and Consumer Affairs.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1080, H.D. 1, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 699 Consumer Protection and Commerce on H.B. No. 326

The purpose of this bill is to require health insurance coverage for medical foods and low-protein modified food products for the treatment of inherited metabolic diseases.

Your Committee received testimony in favor of this measure from the Director of Health and Kaiser Permanente, both of whom offered amendments. Testimony in opposition to the measure was received from the American Council of Life Insurance.

Your Committee finds that the Newborn Metabolic Screening Program in Hawaii currently screens over ninety-nine per cent of newborns for seven disorders including phenylketonuria and maple syrup urine disease. Without timely diagnosis and effective treatment with medical foods and low-protein modified food products, phenylketonuria and maple syrup urine disease culminate in severe mental retardation or death. Other complications related to poor medical and dietary management include coma, stroke, seizures, psychomotor delays, and metabolic crises. There are currently twenty-two individuals with inherited metabolic diseases in Hawaii who require low-protein modified food products or medical foods to treat their disease. Your Committee finds, however, that it is crucial that the State's commitment to screening is accompanied by a commitment to treatment of affected newborns that are discovered through screening.

Your Committee agrees with the intent of this measure, and finds that as of January, 1999, twenty-one states have enacted legislation relating to coverage of low-protein modified food products or medical foods for individuals with inborn errors of metabolism. Your Committee finds that this bill is a cost-saving measure that will help to ensure optimal treatment and improved health outcomes among these individuals in Hawaii.

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

- (1) Changing the term "inherited metabolic disease" to "inborn error of metabolism", and amending the definition of that term to provide that the disease is one which is characterized by deficient metabolism originating from congenital defects or defects arising shortly after birth, of amino acid, organic acid, carbohydrate, or fat;
- (2) Amending the definition of "low-protein modified food product" by providing that the food is one that is prescribed or ordered by a physician as medically necessary, rather than one that is intended to be used under the direction of a physician;
- (3) Adding a third condition to the coverage of medical foods and low-protein modified food products such that the food or food product is "not a commonly available commercial preparation". The concern of your Committee is that without this language, the bill might be interpreted to require health plans to pay for routine soy formulas or predigested formulas, which are generally available under the WIC program for families in need;
- (4) Excluding life insurance, disability income insurance, and long-term care insurance from the bill's requirement that each policy of accident and sickness insurance issued or renewed in Hawaii contain a provision for coverage of medical foods and low-protein modified food products for the treatment of inborn error of metabolism; and
- (5) Making technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 326, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 326, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 700 Consumer Protection and Commerce on H.B. No. 1029

The purpose of this bill is to make improvements to the consolidated application process.

In particular, this bill changes the name of that process to the "facilitated application process"; expands the membership of the permit process task force from eleven to sixteen members, including one representative from each of the four counties; limits the task force's purpose of facilitating the state permit approval process to county building permit applications requiring state agency approval; and adds a sunset date of the task force to June 30, 2002.

Your Committee received testimony in favor of this measure from the Office of Planning of the Department of Business, Economic Development, and Tourism.

Your Committee finds that changing the name of the consolidated application process to the facilitated application process more accurately describes what the process does, namely, to assist applicants for state permits, facilitate applications for and tracking of these permits, and make the often complicated permit application and approval process more predictable and efficient.

In addition, your Committee finds that focusing the purpose of the task force on county building permit applications requiring state agency approval restores the original legislative intent of the task force as provided in section 1 of Act 127, Session Laws of Hawaii 1997. Your Committee finds that reducing the processing time for obtaining county building permits will help to stimulate Hawaii's construction industry which, in turn, will assist in improving the State's overall economy.

Your Committee has amended the bill to make technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1029, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1029, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 701 Consumer Protection and Commerce on H.B. No. 1079

The purpose of this bill is to allow corporations, partnerships, limited liability partnerships, and limited liability companies to convert easily to another form of business entity.

Current Hawaii law is unclear on how to convert between these different types of business entities. Generally, a business entity would have to dissolve its present form and reform by complying with the registration requirements of another type of entity. This can be a time-consuming and expensive process.

Your Committee finds that the process of converting between these types of business entities should be able to be done reasonably and expeditiously. The adoption of a standard conversion procedure would assist current and future businesses in the State, and help to improve the State's business climate.

Testimony in favor of this bill was received from the Department of Commerce and Consumer Affairs and the Hawaii Business League.

Your Committee has amended this bill by making technical and stylistic nonsubstantive changes.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1079, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1079, H.D. 2.

Signed by all members of the Committee except Representatives Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 702 Consumer Protection and Commerce on H.B. No. 117

The purpose of this bill is to exempt certain transfers from the application of the conveyance tax.

Specifically, this bill amends section 247-3, Hawaii Revised Statutes, to exempt an instrument that merely changes the identity or form of ownership of real property without changing the beneficial ownership or interest, or conveys realty to a corporation or partnership which is wholly owned by the transferor and specified family members.

Informational comments were received from the Department of Taxation and the Tax Foundation of Hawaii.

Your Committee finds that these limited exemptions are favorable to small business in general, and family-owned businesses in particular, and would have a minimal impact on revenues.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 117 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 703 Consumer Protection and Commerce on H.B. No. 791

The purpose of this bill is to:

- (1) Change the requirement for continuing education of real estate brokers and salespersons from ten hours every two years to five hours each year; and
- (2) Give the Real Estate Commission greater authority over continuing education courses.

Testimony in support of the measure was submitted by the Hawaii Association of Realtors. Testimony supporting portions of the measure but requesting amendments was submitted by the Real Estate Commission.

Your Committee finds that the Real Estate Commission should be given additional authority over continuing education courses. Further, your Committee believes that the responsibilities of real estate brokers should be codified.

At the same time, your Committee recognizes that additional study over the issues that affect both consumers and licensees with respect to the sale of real estate would be desirable.

For these reasons, your Committee has amended the measure by:

- (1) Adding a purpose clause to the measure;
- (2) Codifying the responsibilities of principal brokers;
- (3) Clarifying and expanding the authority of the Real Estate Commission over continuing education courses, providers, and instructors and setting appropriate standards to be followed;
- (4) Adding language to ensure that continuing education is provided based upon current information, laws, and rules;
- (5) Eliminating the proposed change with respect to the hours of instruction; and
- (6) Requiring the Department of Commerce and Consumer Affairs, in consultation with the Hawaii Association of Realtors, to initiate a work study group to discuss continuing education and administration issues and report back to the next Legislature.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 791, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 791, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford, Rath and Thielen.

SCRep. 704 Consumer Protection and Commerce on H.B. No. 1096

The purpose of this bill is to deregulate certain professions and vocations.

In particular, this bill repeals the laws relating to the practice of barbering (chapter 438, Hawaii Revised Statutes), beauty culture (chapter 439), electrologists (chapter 448F), hearing aid dealers and fitters (chapter 451A), real estate collection servicing agencies (chapter 454D), dispensing opticians (chapter 458), and speech pathologists and audiologists (chapter 468E).

Your Committee received testimony in favor of this measure from the Department of Commerce and Consumer Affairs and the state Auditor. Testimony in opposition to the measure was received from the Board of Barbering and Cosmetology, the Dispensing Optician Advisory Committee, the Board of Speech Pathology and Audiology, and numerous concerned practitioners in the fields under consideration for repeal and consumers of those services.

Your Committee finds that deregulation has the potential for reducing government bureaucracy and red tape. Streamlining government operations by terminating unnecessary programs will help to make government more cost effective and efficient, which your Committee finds to be extremely important given the weakened condition of the State's economy.

Nevertheless, your Committee finds that streamlining government services should not be undertaken when the public's health and safety will be adversely affected; when elimination of licensing will open the door for fraud, incompetence, and public distrust in professionals; or when terminating a program will adversely impact the provision of services to affected groups under mandated government programs, such as under the Felix consent decree.

Accordingly, your Committee finds that only three of the seven professions specified in the bill should be repealed directly, namely, electrologists, hearing aid dealers and fitters, and real estate collection servicing agencies. Your Committee finds that

compelling reasons have not been offered to demonstrate that the continued regulation of these professions is necessary to protect the public health, safety, and welfare.

Your Committee further finds that the Auditor has conducted a number of sunset reports in the past that recommended repealing several regulatory programs that the Auditor considered to be unnecessary to protect the public health, safety, and welfare under the principles set forth in the Hawaii Regulatory Licensing Reform Act (chapter 26H, Hawaii Revised Statutes).

In other cases, the Auditor has found that a regulatory program that the Legislature has found to be necessary may be better administered by the Director of Commerce and Consumer Affairs rather than a regulatory board. Because many of the sunset studies conducted by the Auditor are not up to date, however, your Committee finds that there is a need for the Auditor to conduct a further review of other professions and vocations to determine whether they should be eliminated or continued and, if continued, whether regulation should be by a board or the Department of Commerce and Consumer Affairs.

Accordingly, your Committee has amended this bill to specify that with respect to the remaining four professions in the bill (barbering, beauty culture, dispensing opticians, and speech pathologists and audiologists), together with respect to the regulation of dental hygienists (chapter 447), dentistry (chapter 448), and elevator mechanics (chapter 448H), the Auditor shall conduct a study, or a series of studies as appropriate, to determine:

- (1) Whether, under existing sunset law criteria, the regulation of these professions or vocations should be sunsetted or continued; and
- (2) Assuming that regulation of one or more of these professions and vocations should continue, whether regulation is handled more efficiently and cost effectively by a regulatory board or commission, or by the Department of Commerce and Consumer Affairs.

In addition, your Committee has amended this bill to add language requiring the Legislative Reference Bureau to conduct a study on the licensing examination used by the board of dental examiners, and requiring the Auditor to conduct an audit on the dental provider reimbursement practices of insurers and related entities.

Finally, your Committee has added conforming amendments to other Hawaii Revised Statutes sections to delete references to laws being repealed by this bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1096, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1096, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 705 Consumer Protection and Commerce on H.B. No. 1514

The purpose of this bill is to provide the respective counties with revenues collected under the public service company tax which are in lieu of real property taxes.

Testimony in support of this bill was received from the Hawaii Hotel Association and the City and County of Honolulu. Your Committee also received testimony supporting this bill, but with amendments, from GTE Hawaiian Tel and Hawaiian Electric Industries, Inc. The Tax Foundation of Hawaii submitted informational comments.

Your Committee recognizes that the public service company tax was imposed on public utilities in lieu of all other taxes, other than income taxes, including public utility fees, franchise taxes, and other taxes. Specifically, the levying of the public service company tax was imposed for practical reasons to avoid the complexities of accurately identifying and assessing utility properties and was intended to replace the collection of the State's general excise tax and the counties' real property tax. However, even though the counties do not impose real property taxes on public utilities, they do not receive any share of the public service company tax.

Your Committee recognizes that allocating and sharing that portion of the public service company tax in excess of four per cent (representing the counties' real property taxes) on public utilities with the counties is equitable. However, as pointed out in testimony, safeguards should be instituted to prevent excessive double taxation should the counties levy a real property tax.

In addition, power and telecommunications utilities are taxed at rates above four per cent under section 239-5(a), Hawaii Revised Statutes, while the tax rate for other public utilities such as common carriers is four per cent. That is, the public service company tax for public utilities other than power and telecommunications utilities covers only the state general excise tax and not the real property tax. Thus, after deducting the four per cent excise tax, there would be no excess amounts to allocate to the counties. In light of this, your Committee finds that the intent of the bill is to share public service company tax revenues with the counties only with respect to power and telecommunications utilities under section 239-5(a), Hawaii Revised Statutes. As a result, reference to other public utilities under section 239-5(b), Hawaii Revised Statutes, is inappropriate.

Accordingly, and upon further consideration, your Committee has amended this bill to:

- (1) Remove all references to section 239-5(b), Hawaii Revised Statutes; and

- (2) Add a new provision under section 239-5(d), Hawaii Revised Statutes, to preclude excessive taxation in the form of the imposition of a real property tax by a county on power and telecommunications utilities by:
- (A) Specifically prohibiting a county from receiving a share of the public service company tax if it imposes a real property tax; and
 - (B) Requiring amounts allocated to a county from the public service company tax to be paid to the state general fund as soon as a county imposes a real property tax.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1514, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 706 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1533

The purpose of this bill is to exclude certain criminal offenders from being licensed as pawnbrokers, and to add to the penalties against pawnbrokers for failure to comply with their licensing laws. The bill also expands the penalty provisions to apply to dealers, agents, employees, or representatives of a licensed pawnbroker. Violations of the section also constitute criminal misdemeanors.

Testimony in support of this bill was received from the Department of Commerce and Consumer Affairs (DCCA), the Hawaii Pawnbrokers Association (H.P.A.), and the Honolulu Police Department (HPD). A Maui pawnbroker made several recommendations for amendments.

Supporting testimony indicated a high degree of consensus between H.P.A. and HPD on the need to have mechanisms to exclude and deter criminal elements from entering the pawnbrokering business, a business that by its nature offers many opportunities for crimes of deceit and theft. This bill is an attempt to begin addressing those concerns, and the testifiers expressed a willingness to keep working on issues raised at the hearing.

Questions of fairness were raised over what barriers to licensing were proper for effecting the goal of excluding people with criminal tendencies. The Maui pawnbroker suggested that limiting the exclusion of felons to those convicted within ten years prior to applying for the license would provide adequate screening. Other testimony indicated that drug misdemeanors would not be particularly relevant for the pawnbrokering business.

As to the penalty provisions, both HPD and H.P.A. favored imposing the fine and forfeiture provisions directly against agents, employees, and representatives of pawnbrokers, but also indicated that licensed pawnbrokers ultimately should be held responsible for the acts of their employees, agents, and other representatives. It was fair in their eyes that pawnbrokers should forfeit their licenses upon two or more violations, even if those violations were not personally committed, since the licensed pawnbroker must be encouraged to take measures to train and to supervise employees, agents and representatives. HPD testified that upon its further review, it would recommend removing criminal sanctions since these violations are adequately addressed through civil penalties, would be difficult to prosecute, and have little meaningful impact on abuses in the pawnbrokering business.

In light of the concerns of both law enforcement and pawnbrokers, your Committees have amended the bill as follows:

- (1) Defined "suitable persons" as anyone who has not been convicted of a felon for the ten-year period prior to the date of application for a license.
- (2) Clarified that the prohibition on engaging in the pawnbrokering business also applies to those merely employed in that business.
- (3) For consistency with the license forfeiture provisions after two violations, made the business prohibition also apply only after two or more violations of the section; and
- (4) Removed all criminal penalties in the section.
- (5) Made technical, nonsubstantive amendments for purposes of clarity, consistency and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1533, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1533, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Chang, Hiraki, Takumi, Yoshinaga, Halford and Pendleton.

SCRep. 707 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 247

The purpose of this bill is to require the Public Utilities Commission, after due process, to decertify and replace a telecommunications provider that is providing less than adequate services in a service area.

The bill also provides eminent domain powers to telecommunications providers who replace another provider pursuant to this bill. The powers allow the new provider to acquire the former provider's real and personal property and other rights in the service area.

Your Committees find that this bill is in part, the result of efforts to address the problem of providing telecommunications services to the Ka'u community on the Big Island. Rural areas like Ka'u do not enjoy the benefits of economies of scale that could otherwise provide enhanced and affordable services with a reasonable return to the provider. On the other hand, your Committees are mindful of the obligations and duties of telecommunications providers and their responsibility to provide services that will ensure the health, safety and welfare of those that they service.

Your Committees are therefore supportive of the intent of this bill but have certain reservations with respect to the rights of present providers and the services they are allowed to provide under varying circumstances under the bill. Accordingly, your Committees have amended the bill by:

- (1) Deleting all references to eminent domain powers given to providers. Instead, present providers will be allowed to negotiate the use or sale of their real and personal property;
- (2) Deleting the retroactivity clause in section 5 of the bill;
- (3) Qualifying the definition of "decertify" to apply only to local exchange services. This change would allow a decertified provider to service other areas, such as long distance services; and
- (4) Making technical, nonsubstantive amendments.

Your Committees received testimonies from the Department of Business, Economic Development, and Tourism, the Department of Commerce and Consumer Affairs, AT&T, GST Telecom Hawaii, the International Brotherhood of Electrical Workers, the Ka'u Federal Credit Union, GTE, Oceanic Communications, a TelHawaii employee and three private citizens.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 247, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 247, H.D. 1.

Signed by all members of the Committees except Representatives Chang, Garcia, Hiraki, Morita, Yoshinaga and Pendleton.

SCRep. 708 Labor and Public Employment on H.B. No. 1126

The purpose of this bill is to provide Flexible Spending Accounts (FSAs) for state employees while creating a trust for employee contributions, interest earned, and forfeited participant balances to be used exclusively for the benefit of the participants of the plan and protected from the general creditors of the State.

The Department of Human Resources Development and the Judiciary of the State of Hawaii submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1126, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 709 Labor and Public Employment on H.B. No. 747

The purpose of this bill is to require the three executive departments selected pursuant to section 4 of Act 230, Session Laws of Hawaii (SLH) 1998, to begin the development of outcome measures to facilitate the transformation of the State's accounting and budgeting systems to a performance-based budgeting system.

The National Federation of Independent Business and Common Cause Hawaii testified in support of the bill. The Department of Budget and Finance and the Performance Budgeting Committee submitted comments on the bill.

Your Committee finds that the task of transforming the current budget practices and fitting them into a performance-based system will require a great deal of work and careful consideration by the three executive departments, as well as the Performance Budgeting Committee. Your Committee further finds that both extra time and additional resources are necessary to properly accomplish all of the tasks.

Accordingly, your Committee has amended this bill by:

- (1) Adding an appropriation in the amount of \$1 for the development of outcome measures that will facilitate the transformation of the State's accounting system and the budgeting system to the performance-based budgeting system as described in part II of Act 230, Session Laws of Hawaii (SLH) 1998;
- (2) Providing that the appropriation is to be expended by the Department of Budget and Finance;
- (3) Amending the definition of "outcome measures";
- (4) Amending the timetables to conform to Act 230, SLH 1998, for the development of outcome measures and the submission of annual reports; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 747, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 747, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 710 Labor and Public Employment on H.B. No. 1049

The purpose of this bill is to require employee organizations who participate in the Hawaii Public Employees Health Fund's (Health Fund) benefit plans to return to the Health Fund the approximate employers' share of any rate credit or reimbursement from any carrier or self-insurance plan including any earnings or interest.

The Health Fund submitted comments.

The Hawaii State Teachers Association submitted testimony in opposition to this measure, stating that the return of refunds to their organization are used to expand or purchase additional benefits for the membership.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1049, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hamakawa.

SCRep. 711 Labor and Public Employment on H.B. No. 142

The purpose of this measure is to create a representative task force to:

- (1) Conduct a comprehensive review of the scope, implementation, efficiency, and effectiveness of Title 7, Hawaii Revised Statutes (HRS);
- (2) Seek consensus on necessary or appropriate changes to Title 7; and
- (3) Report back to the Legislature prior to the 2000 Regular Session.

The Building Industry of Hawaii and the Construction Industry Legislative Organization supported this measure. The Department of Human Resources Development and the Office of Collective Bargaining testified in support of the intent of this measure, but preferred House Bill No. 1133. The Legislative Reference Bureau, the Department of Civil Service of the County of Hawaii, and a member of the public commented on this measure. The Hawaii Government Employees Association, Hawaii State Teachers Association, and the United Public Workers opposed this measure.

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

- (1) Limiting the scope of the task force to examine only chapters 76 and 77, HRS, which deal with state civil service and compensation laws;
- (2) Changing the composition of the task force to include:
 - (a) The Chairperson of the Senate Committee on Labor and Environment;
 - (b) The Chairperson of the House Committee on Labor and Public Employment;

- (c) The Director of Human Resources;
 - (d) One representative from each of the six public employee unions; and
 - (e) One representative from the Council of Personnel Directors; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee finds that the State's continuing financial crisis has created substantial uncertainty for state and county employees and managers, as well as taxpayers, resulting in layoffs of many state and county employees while vacant positions continue to go unfilled. As a result, many proposals affecting benefits, employment conditions, and other matters regarding state and county employees have come before the Legislature.

Your Committee further finds that most of chapters 76 and 77, HRS, dealing with the State's civil service and compensation laws are now several decades old. The State's financial condition has both required and facilitated a refocus on principles of productivity, efficiency, and morale encouragement in the state and county workforce--in other words, a "fresh start." Your Committee believes that this measure will bring about a "fresh start" in the way state government works.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 142, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 712 Labor and Public Employment on H.B. No. 143

The purpose of this measure is to allow state and county officials to contract with private entities to provide goods, services, or construction to be financed by public funds when they can be provided at lower costs and in equivalent or better quality than that which could be provided by a government entity.

The Department of Education, the Maui County Council, the Office of the Corporation Counsel of the County of Hawaii, the Construction Industry Legislative Organization, the Small Business Economical Revival, the Libertarian Party of Hawaii, the General Contractors Association of Hawaii, and the National Federation of Small Business testified in support of this measure. The Department of the Corporation Counsel of the City and County of Honolulu testified in support of the intent of this measure with recommended amendments. The United Public Workers, the Hawaii Government Employees Association, and the Hawaii State AFL-CIO opposed this measure.

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

- (1) Adding another annual report due to the Legislature before the 2002 Regular Session, by the committee that transforms the state's accounting, procurement, and budgeting systems, pursuant to part II of Act 230, Session Laws of Hawaii (SLH) 1998;
- (2) Extending the reporting deadline to 2002 for the committee that develops a managed process to implement public-private competition, pursuant to part III of Act 230, SLH 1998;
- (3) Specifying that if the managed process committee does not meet its mandated responsibilities, then part I of the bill, dealing with privatization, will be enacted into law; and
- (4) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee finds that Act 230, SLH 1998, was enacted only seven months ago and the two committees created by this Act have not had adequate time to fulfill their mandated duties and responsibilities. The two committees are charged with critical and complex responsibilities and your Committee believes that it is essential to allocate adequate lead time to the committees. As such, this measure extends the annual reporting deadlines for both committees to 2002.

However, your Committee also finds that it is critical that the committee charged with developing a managed process for public-private competition, pursuant to part III of Act 230, SLH 1998, produces a viable privatization plan to the Legislature by its mandated deadline. The State's economy, bureaucracy, and citizens are all relying on this committee to bring Hawaii state government into the next century. This measure provides the State with a means to privatize current public functions in the event that the committee does not responsibly live up to its functions.

It is your Committee's intent to pass this measure to encourage further discussion about:

- (1) Transforming the State's accounting, procurement, and budgeting systems; and
- (2) Developing a managed process for public-private competition.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 143, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Hiraki.

SCRep. 713 Labor and Public Employment on H.B. No. 159

The purpose of this measure is to:

- (1) Prohibit an employer from making, adopting, or enforcing any rule, regulation, or policy to prevent an employee from disclosing violations of law, rule, regulation, ordinance, or code of ethics;
- (2) Expand coverage under current Whistleblower protection to also prohibit an employer or agent of an employer to:
 - (a) Demote;
 - (b) Suspend;
 - (c) Harass;
 - (d) Blacklist;
 - (e) Fail to promote;
 - (f) Transfer;
 - (g) Discipline;
 - (h) Significantly change duties or responsibilities;
 - (i) Conduct adverse performance appraisals; or
 - (j) In any other manner discriminate,against an applicant, employee, or former employee;
- (3) Clarify that the content of whistleblower-type information includes:
 - (a) Danger to public health, safety, and welfare;
 - (b) Fraud;
 - (c) Waste, misuse, and misappropriation of public resources; or
 - (d) Malfeasance, misfeasance, or neglect of duty by an agency;
- (4) Prohibit an employer from discriminating against an employee, or any individual who supports the employee, who refuses to participate in or refuses to remain silent about violations or suspected violations;
- (5) Expand allowable civil action by a whistleblower to include compensatory and punitive damages;
- (6) Increase the allowable period to bring civil action from within 90 days to within 180 days after:
 - (a) The occurrence of the alleged whistleblower violation; or
 - (b) After all grievance procedures under collective bargaining agreements have been exhausted;
- (7) Exempt the State, as an employer, from punitive damages;
- (8) Allow the court to order a stay of the alleged discrimination, if the court determines that the violation exists or is about to take place;
- (9) Increase the fine, when a person violates this part, from \$500 to \$10,000 for each violation;
- (10) Specify that a state employee in violation of this part, will be:

- (a) Subject to internal disciplinary proceedings; and
- (b) Liable for damages in an action brought by the liable party.

The Hawaii Chapter of the American Psychiatric Nurses Association, the Hawaii Nurses' Association, Common Cause Hawaii, and members of the public testified in support of this measure. The ILWU the Hawaii State Teachers Association, and a member of the public testified in support of the intent of this measure with suggested amendments. The Chamber of Commerce of Hawaii opposed this measure.

Your Committee finds that whistleblowers serve a vital and positive function by courageously disclosing on-the-job wrongdoings and violations. Whistleblowers are often subjected to a consistent pattern of harsh reprisals which include blacklisting, dismissal, job transfers, personal harassment, or personal attacks. Your Committee further finds that current law is too weak to significantly protect whistleblowers. This measure substantially:

- (a) Strengthens the remedies available to whistleblowers; and
- (b) Increases penalties for violations.

Your Committee heard testimony from the Chamber of Commerce of Hawaii which cited that currently drafted amendments are too stringent. It is not your Committee's intent to restrict or constrain business interests; however, your Committee firmly believes that it is in the public's interest to promote whistleblower protections. Your Committee passed this measure with the intent to encourage further discussion regarding current whistleblower protections and penalties.

Upon further consideration, your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 159, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Goodenow and Hiraki.
(Representatives Moses and Rath voted no.)

SCRep. 714 Consumer Protection and Commerce on H.B. No. 1075

The purpose of this bill is to relieve foreign lenders of certain licensing, registration, and regulatory requirements presently imposed by law.

Specifically the bill exempts foreign lenders from mortgage broker and solicitor licensure and real estate collection servicing agent registration. The bill also repeals the provision requiring foreign lenders to file a statement with the Commissioner of Financial Institutions for mortgage loan purposes.

Your Committee finds that this bill will facilitate business by foreign lenders in this State by reducing their costs of doing business.

Your Committee received favorable testimony from the Commissioner of Financial Institutions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1075 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Morita, Yoshinaga, Rath and Thielen.

SCRep. 715 Consumer Protection and Commerce on H.B. No. 1062

The purpose of this measure is to eliminate the existing prohibition on de novo interstate branching, the partial acquisition of branches by out-of-state banks, and the five-year age requirement for whole bank acquisitions.

The Department of Commerce and Consumer Affairs supported this measure. The Hawaii National Bank commented on this measure, suggesting amendments. The Bank of Honolulu opposed this bill.

Your Committee finds that the progressive and open approach to interstate banking taken in this measure is in the best interest of the State and its residents. At the same time, it is important that the concerns of local banking institutions on this matter are also taken into consideration.

Interstate banking, which requires a corporate entity and sufficient capitalization, has been permissible since September 1995. This measure eliminates existing barriers restricting out-of-state banks from doing business in Hawaii. Your Committee finds that

starting a bank is a time-consuming and expensive process. Allowing out-of-state banks to enter the Hawaii market by de novo branching or the purchase of a single branch will allow out-of-state banks to do business in Hawaii without the associated costs and capital.

Testimony raised concerns that this bill may adversely impact Hawaii's financial institutions. Among other things, it was suggested that additional time is needed to allow community banks to implement strategies to compete with out-of-state banks.

Upon further consideration, your Committee has amended this measure by changing the effective date to June 1, 2010, to give the Legislature ample time to carefully consider the ramifications of this measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1062, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 716 Consumer Protection and Commerce on H.B. No. 352

The purpose of this bill is ensure that entities offering long-term care insurance policies do so in an arena with a level playing field. Specifically, this bill, as received, will require mutual benefit societies that offer long-term care insurance to:

- (1) Pay taxes on long-term care policy premiums;
- (2) Require their membership in the Hawaii Life and Disability Insurance Guaranty Association (Guaranty Association); and
- (3) Be subject to Guaranty Association assessments,

along with for-profit insurers.

The Hawaii State Association of Life Underwriters testified in support of this bill. The Hawaii Medical Service Association supported the intent of the measure. The Department of Commerce and Consumer Affairs commented on the measure pointing out that a tax exemption for mutual benefit societies would give them a competitive advantage over other insurers. In addition, the Guaranty Association was established to provide relief to consumers if an insurer becomes insolvent and exempting mutual benefit societies from membership would leave their members unprotected in case of an insolvency.

Current law is ambiguous as to whether a mutual benefit society would have to pay taxes on premiums received for long-term care insurance. HMSA is currently putting together a proposal to offer its members long-term care insurance and assumes its tax exempt status will apply to these premiums.

Your Committee feels that it would be unwise to provide the competitive advantage of tax-free premiums to mutual benefit societies.

However, rather than require mutual benefit societies to pay taxes on long-term care premiums, your Committee has decided to amend this bill to simply exempt all long-term care premiums from taxation whether collected by a non-profit mutual benefit society or by a for-profit insurer. This provides an even playing field for those who offer this coverage while preserving the non-profit, tax-exempt status of mutual benefit societies, allowing HMSA to continue with its long-term care offer without having to amend it to reflect payment of insurance tax in the calculation of premiums, thus encouraging and supporting the provision of long-term care insurance.

However, exempting insurers from participation in the Guaranty Association would not serve consumers well. If an insurer were to become insolvent, without such participation, their members could suffer great losses unmitigated by the safety net of Guaranty Association membership.

Your Committee has therefore retained the provision that mutual benefit societies offering long-term care insurance are not exempt from membership in the Guaranty Association.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 352, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 717 Consumer Protection and Commerce on H.B. No. 169

The purpose of this bill is two-fold: to increase the availability of private long-term care (LTC) insurance policies by requiring employers to offer long-term care insurance to their employees, and to expand regulatory authority over long-term care insurance.

Testimony supporting this measure was received from the Hawaii State Commission on the Status of Women, State of Hawaii Executive Office on Aging, AARP, Hawaii State Retired Teachers, National Association of Retired Federal Employees, and the Policy Advisory Board for Elder Affairs.

The Department of Commerce and Consumer Affairs (DCCA) testified that it was working on a draft of this bill that would incorporate most of the National Association of Insurance Commissioners (NAIC) Long Term Care Insurance Model Regulations in statutory format. DCCA encouraged adoption of those provisions of the NAIC Model Regulations that afford consumers greater protections, but also explained that the NAIC Model Act does not provide equivalent coverages to the bill in some instances, one example of which is the lack of any minimum coverages mandate in the NAIC Model Act.

Healthcare Association of Hawaii, Hawaiian Electric Company (HECO), Hawaii State Association of Life Underwriters (HSALU), and Hawaii Medical Services Association (HMSA) expressed concerns about various specific provisions of the bill.

The American Council of Life Insurance (ACLI) and the ILWU Local 142 opposed the bill. ACLI, HSALU, like HECO, raised the issue of ERISA preemption of those provisions relating to employer mandated coverage. ILWU, ACLI, and Hawaii Coalition for Affordable Long Term Care warned that mandated coverages would become too costly for most people to afford, undercutting the intent of this bill.

Your Committee appreciates the complexities of the issues relating to mandated long-term care insurance coverage, and is well aware that there is much more work that must go into developing a program as comprehensive as this bill intends to address. Your Committee also recognizes that Hawaii is experiencing dramatic growth in its aging population, which is projected to increase significantly through the next decade or more. Affordable long-term care will become increasingly important for our citizens, and the predicted fiscal and social reverberations require our unrelenting effort to develop solutions using many different approaches.

Upon further consideration, your Committee has amended the bill, following the draft developed by the Insurance Commissioner, which incorporates most of the NAIC Model Regulations, including the provisions that increase protection for consumers. Your Committee respectfully requests that subsequent committees further consider the many issues raised, including ERISA preemption and cost implications of the coverages proposed in this bill.

The following briefly describes the ten major parts of the amended bill, only one part of which reflects no substantive change from the former bill:

- (1) Part I - No substantive changes have been made.
- (2) Part II - Contains state policy provisions. Changes were made to clarify eligibility for the long-term care insurance mandate. This will allow the Legislature to distinguish NAIC provisions from the real policy issues.
- (3) Part III - Contains consumer protection provisions that HIPAA requires in a long term care insurance contract for tax qualifications. Also adds 16 new provisions to article 10A of Chapter 431, Hawaii Revised Statutes.
- (4) Part IV - Contains other consumer protection provisions that have been adopted by the NAIC and are found in the 1998 version of the model regulations. It also contains seven provisions which are not referenced in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) but are model regulations.
- (5) Part V - Contains HIPAA compliance provisions for insurers. Contains eight provisions that are required by HIPAA for tax purpose.
- (6) Part VI - Contains other compliance provisions, not required by insurers and provisions contained in the original bill that amend current statutory language. Three provisions are contained here that are not required by HIPAA.
- (7) Part VII - Contains provisions relating to regulatory funding.
- (8) Part VIII - Contains funding for an actuarial study on long-term care insurance.
- (9) Part IX - Contains funding to continue the Joint Legislative Task Force.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee concurs with the intent and purpose of H.B. No. 169, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 169, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford, Rath and Thielen.

SCRep. 718 Consumer Protection and Commerce on H.B. No. 661

The purpose of this bill is to allow the implementation of a plan established by the Federal Communications Commission (FCC), that would result in the increased ability of public safety answering points (PSAPs) receiving wireless 911 calls, to identify the location of a wireless 911 caller through enhanced 911 technology. This bill seeks to comply with the third of three conditions required by the FCC before wireless enhanced 911 (E911) service under the FCC plan may be implemented: the creation of a cost

recovery mechanism allowing wireless providers, resellers, and public safety agencies receiving E911 calls, to recover the costs of establishing and maintaining the E911 system. Among other things, the bill:

- (1) Creates a Wireless Enhanced 911 Special Fund:
 - (A) Into which is paid surcharges imposed on each wireless connection less a wireless provider's administrative and capital costs, and less a wireless reseller's administrative expenditures; and
 - (B) Out of which wireless providers and PSAPs may obtain cost recovery assistance when surcharges collected are less than administrative and capital E911 costs, and PSAPs may seek reimbursement for the costs and maintenance of E911 equipment; and
- (2) Establishes a Wireless Enhanced 911 Advisory Board with authority to adjust surcharges to ensure full recovery of E911 costs, adjust disbursements from the fund, and undertake collection actions.

Your Committee received testimony in support of this measure and suggesting amendments from the Department of Health (DOH) and GTE. Western Wireless Corporation, Ameritech Cellular (AC), Honolulu Cellular Telephone Company (HCTC), and the Honolulu Police Department also testified in support of this bill. Testimony in opposition was submitted by the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (DCCA) who, among other things, stated that E911 carrier costs should be collected through the competitive market rather than statutory mandate.

HCTC testified that while landline telephone networks with enhanced 911 systems can provide the location and telephone number of the handset used to make the 911 call, wireless systems can not. In an attempt to change this situation and establish enhanced 911 networks for wireless systems, the FCC in 1996 issued an order mandating a two-phase implementation of wireless E911 technology. In the first phase, wireless carriers must be able to provide PSAPs with the caller's number and the location of the nearest cell site. In Phase II, carriers must be able to provide the caller's location within 125 meters, with at least 67 percent effectiveness, by October 2001.

HCTC also testified that the FCC ordered three conditions for offering wireless E911:

- (1) The PSAP must formally request Phase I and Phase II from the wireless carrier;
- (2) The PSAP must have the technical capability to handle E911 service; and
- (3) A cost recovery mechanism must be in place,

and that this bill is designed to address the third FCC condition.

AC testified that radio communications, by their very nature, are subject to a wide variety of factors which may affect their calls. These include atmospheric conditions, foliage, interference, fading and battery power--all of which are beyond the control of the wireless carrier.

Your Committee believes that the concerns raised by DCCA merit further discussion in the Committee on Finance. In addition, your Committee has amended this measure as suggested by DOH and GTE to:

- (1) Remove language specifically directing DOH to assist in county development of a E911 system, leaving DOH the authority to provide general assistance to the counties;
- (2) Clarify that providers submit an annual audit by April 2 of the year following any period in which an E911 surcharge is imposed upon customers;
- (3) Exempt emergency response personnel from liability; and
- (4) Make nonsubstantive, technical amendments to clarify language of the bill, and conform the measure to requirements under the FCC Order.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 661, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 661, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 719 Consumer Protection and Commerce on H.B. No. 743

The purpose of this bill is to mandate health care plans, policies, contracts, or agreements, including workers' compensation and motor vehicle policies, to provide coverage and reimbursement for the services of advanced practice registered nurses (APRNs).

Your Committee received testimony supporting this measure from the Department of Health, a number of APRNs, Hawaii Nurses' Association (HNA), the Hawaii Chapter of the American Psychiatric Nurses Association (APNA), the Hawaii Medical Services Association, and approximately 190 consumers of APRN services. Kaiser Permanente submitted testimony commenting on this measure. The Hawaii Insurers Council (HIC) testified in opposition to the workers' compensation provisions, stating that under provisions contained in the bill, APRNs are equated with medical doctors and other health care providers which would allow them to diagnose and prescribe treatment with no oversight by a licensed medical doctor.

HNA testified that APRNs are recognized as providers under federal Medicare and Medicaid programs, and that some categories of APRNs are recognized under Hawaii's HealthQUEST program.

APNA testified that in a 1986 study, the U.S. Congress Office of Technology Assessment (OTA) noted that APRNs can provide safe care that meets generally recognized standards of quality, emphasizes personal and preventive dimensions of care, and provides services that would otherwise be unavailable in inner cities, remote areas, and certain settings where demand or ability to pay are insufficient to support physicians' practices. APNA also testified that multiple studies have demonstrated the cost effectiveness and acceptance of APRNs as primary health care providers, with the OTA study reporting an APRN cost-per-care episode as at least 20 percent less than traditional medical provider cost with the same population. APNA further stated that data from various state boards of nursing clearly indicate that there are extremely few incidences of disciplinary actions taken against APRNs.

Your Committee has incorporated amendments suggested by HIC, which remove language defining APRNs as "health care providers," and, instead, include APRNs in the definition of "medical care", or "medical services."

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 743, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 743, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford, Rath and Thielen.

SCRep. 720 Consumer Protection and Commerce on H.B. No. 1074

The purpose of this bill is to increase governmental efficiency and reduce unnecessary state regulation by:

- (1) Eliminating the Board of Osteopathic Examiners (Board); and
- (2) Assigning the Board's duties to the Board of Medical Examiners (BME),

consistent with the recommendations of the Legislative Auditor's (Auditor) 1992 sunset report.

The Department of Commerce and Consumer Affairs (DCCA) and the Legislative Auditor testified in support of this measure. The Board offered testimony in opposition.

DCCA stated that its proposal to eliminate the Board was based in part on reasons first stated in the Auditor's 1992 sunset report 92-24, as well as other factors including:

- (1) Minimal activity of, and complaints handled by, the Board;
- (2) Convergence of osteopathy with areas of medicine regulated by the BME;
- (3) Clear licensing standards for osteopaths, allowing Board-licensing activities to be undertaken by DCCA staff who currently processes physician applications; and
- (4) The opportunity to dispel public misunderstanding of osteopaths as alternative health care providers rather than as physicians with the same rights and privileges as physicians.

DCCA testified that the 1998 Legislature had passed a similar bill, which would have been enacted into law but for a technical problem with the measure.

The Board testified that osteopathy had unique medical aspects better regulated by other osteopaths. If this bill were to move forward, the Board requested that:

- (1) More than one osteopath be included on the BME; and
- (2) Language in the bill referring to an osteopathic "physician or surgeon" be removed because there is currently no delineation between the two.

Upon consideration of this measure and the testimony submitted, your Committee has amended this bill by:

- (1) Adding an additional osteopath to the BME, totaling eleven members, resulting in less opportunity for tie votes;

- (2) Making technical amendments as suggested by the Board; and
- (3) Making other nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1074, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1074, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Herkes, Hiraki, Yoshinaga and Rath.

SCRep. 721 Consumer Protection and Commerce on H.B. No. 1361

The purpose of this bill is to provide consumers who make advance purchases from charter tour operators with protection against the risk of loss resulting from the failure of these businesses, by imposing statutory regulations on travel agencies operating charter tours requiring:

- (1) Licensure;
- (2) Evidence of financial ability to perform contractual obligations; and
- (3) Periodic financial reporting.

Your Committee received testimony supporting this bill from Boyd Gaming Corporation (BGC). BGC stated that although current law requires a travel agent to maintain a client trust account into which advance payments must be deposited and disbursed for payment of travel services and commissions, the law fails to provide any means of detecting non-compliance.

The Department of Consumer Protection and Commerce (DCPC) testified in support of the intent of the bill with suggested amendments. DCPC stated that its proposed amendments, developed in cooperation with BGC, would replace burdensome application and monitoring requirements and unequal treatment of existing and new charter tour operators with a more balanced and fair body of regulations.

Your Committee has adopted DCCA's suggested amendments that would:

- (1) Require travel agencies who operate charter tours to:
 - (A) Maintain a charter tour client trust account solely for the purpose of the agency's charter tour business;
 - (B) Earmark charter tour funds as either qualified charter tour client trust assets, charter tour client trust liabilities, or pre-paid charter tour client trust assets;
 - (C) Comply with financial performance requirements in the form of a bond or irrevocable letter of credit; and
 - (D) Submit a quarterly report to DCCA, prepared by an independent certified public accountant and specifying whether or not the charter tour client trust account has been maintained in accordance with the law; and
- (2) Authorize DCCA to:
 - (A) Issue a citation directing noncomplying travel agencies to cease operations and pay a fine; and
 - (B) Audit a travel agency's records at the expense of the travel agency.

Your Committee also notes that there was a question raised regarding the necessity for a sunrise audit. Your Committee requests the Committee on Finance to examine this issue, which DCCA states is resolved because the bill is a regulation of travel agencies, not charter tours.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1361, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1361, H.D. 1.

Signed by all members of the Committee except Representatives Garcia, Hiraki, Takumi, Yoshinaga and Halford.

SCRep. 722 Economic Development and Business Concerns on H.B. No. 1683

The purpose of this bill is to effectuate its title.

H.B. No. 1683 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in long form. Your Committee has amended the

bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1683, as amended herein, and recommends that it be recommitted to the Committee on Economic Development and Business Concerns, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1683, H.D. 1.

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

SCRep. 723 Finance on H.B. No. 86

The purpose of this bill is to:

- (1) Authorize the issuance of general obligation bonds; and
- (2) Declare that the total amount of principal and interest estimated and calculated for all bonds issued and outstanding will not cause the State's debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirements of Article VII, Section 13, of the Constitution of the State of Hawaii, which specifies that the Legislature must include a declaration of findings that the debt limit will not be exceeded by legislatively authorized general obligation issuances.

The Department of Budget & Finance supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 86 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow, Nakasone and Moses.

SCRep. 724 Judiciary and Hawaiian Affairs on H.B. No. 160

The purpose of this bill is to repeal the sunset date for state and county immunity from liability at public beach parks.

Testimony in support of this bill was received from the Department of Land and Natural Resources, the Mayor of the County of Maui, the Maui County Council, the Department of Parks and Recreation of the City and County of Honolulu, and the Office of the County Attorney for the County of Kauai. The Consumer Lawyers of Hawaii also submitted testimony on this bill.

Your Committee finds that the State and County governments have no control over the natural conditions of the ocean surrounding the islands of the State of Hawaii. Where the State or County governments have posted warning signs pursuant to existing law at ocean front, and have thereby fulfilled their duty to warn the public of possible dangers, it is reasonable that neither the State nor Counties should be held liable for injuries resulting from public negligence.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 160 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Garcia.

SCRep. 725 Judiciary and Hawaiian Affairs on H.B. No. 996

The purpose of this bill is to maintain the confidentiality of protected information when it is brought before a state or county board.

Testimony in support of this bill was received from the Department of the Attorney General and the Office of Information Practices.

Your Committee finds that this bill will give state and county board members the benefit of information pertinent to matters for which they are responsible and authorized to act, without compromising the confidentiality conferred on such information by a court order or statute. It is the intent of your Committee that this bill would only apply to the parts of any state and county board meeting in which confidential information is being considered in the board's deliberation and decision, and not to the entire meeting.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 996 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Lee, Yoshinaga and Thielen.

SCRep. 726 Judiciary and Hawaiian Affairs on H.B. No. 1431

The purpose of this bill is to require financial disclosure statements for members of the University of Hawaii Board of Regents, the Board of Land and Natural Resources, the Board of Agriculture, and the Hawaiian Homes Commission.

Testimony in support of this bill was received from the Hawaii State Ethics Commission and Common Cause Hawaii. Additional comments were submitted by the Board of Land and Natural Resources that had no objections to the provisions in the bill.

Your Committee finds that the financial disclosure laws provide the public with a method to accurately disclose any potential conflicts of interests of those individuals in various governmental positions. This bill requires individuals serving on these executive boards that oversee their respective state departments to file public disclosure statements.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1431 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Yoshinaga.

SCRep. 727 Judiciary and Hawaiian Affairs on H.B. No. 1469

The purpose of this bill is to broaden the avenues by which a party qualifies as a political party for election ballot purposes.

Your Committee received testimony in support of this bill from the Office of Elections and Common Cause Hawaii.

Your Committee finds that this bill increases the ways in which a party can qualify to be placed on the election ballot. Increasing the opportunities for parties to participate in the election process allows a multitude of different ideas to be heard and improves the quality of democracy.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1469 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Kaho'ohalahala, Yoshinaga, Pendleton and Thielen.

SCRep. 728 Judiciary and Hawaiian Affairs on H.B. No. 955

The purpose of this bill is to create:

- (1) A class B felony for violation of sexual privacy; and
- (2) A misdemeanor for possession of materials that violate sexual privacy.

Your Committee received testimony in support of this bill from the Department of the Prosecuting Attorney for the City and the County of Honolulu, the Office of the Public Defender, the Honolulu Police Department and concerned individuals.

Your Committee finds that people's expectation of privacy in sexual matters should be protected. The creation of criminal sanctions against invasions into one's sexual privacy will deter these types of activities.

Your Committee amended this bill by:

- (1) Making the violation of sexual privacy a class C felony;
- (2) Deleting the provisions of affirmative defense for the issue of consent;
- (3) Deleting the reference to the Revisor of Statutes and substituting an ex-post facto clause; and
- (4) Making technical, non-substantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 955, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 955, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 729 Judiciary and Hawaiian Affairs on H.B. No. 1464

The purpose of this bill is to extend the period of time between the primary and the general elections.

Your Committee received testimony in support of this bill from the Office of Elections and Common Cause Hawaii.

Your Committee finds that it is necessary to extend the time period between the date of the primary election and the general election in order to comply with absentee ballot guidelines and allow sufficient time for election challenges.

Your Committee has amended this bill by changing the date of the primary election to the fourth Saturday in August in every even numbered year.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1464, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 730 Judiciary and Hawaiian Affairs on H.B. No. 83

The purpose of this bill is to repeal the current exemption for attorneys, heads of executive departments, elected officials, judges, ministers or priests, practicing physicians or dentists, active members of the armed forces, and police and fire departments from jury service.

Testimony in support of this bill was received from the Judiciary, Common Cause Hawaii, and a member of the public. Testimony in opposition to this bill was received from the Office of the Public Defender, the Hawaii Medical Association, the Hawaii Dental Association, and a member of the public.

Your Committee finds that the selection of a jury from a representative cross-section of the citizens of this State is crucial to public confidence in the fairness of our justice system and the constitutional mandate that criminal defendants be tried by a jury of their peers.

Although your Committee is aware that the deletion of current exemptions may cause some hardships to the individual exempted as well as to their clients or to the citizenry at large, your Committee believes that the need for a truly representative jury pool outweighs any inconvenience this measure may cause.

Your Committee has amended this bill by:

- (1) Adding language to clarify the purpose of this bill;
- (2) Amending the effective date to provide for a two-year sunset of the measure;
- (3) Restoring the present statutory language concerning the starting dates for the exemptions; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 83, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 83, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 731 Judiciary and Hawaiian Affairs on H.B. No. 1496

The purpose of this bill is to:

1. Prohibit the manufacture, sale, transfer, or possession of deadly or dangerous weapons such as dirks, daggers, butterfly knives, blackjacks, slug shots, billy clubs, electric guns or metal knuckles; and
2. Remove pistols, which are presently regulated under other existing statutory sections, from the current statutory provisions that prohibit the carrying of the weapon concealed on the person or within any vehicle used or occupied by the person.

Your Committee received testimony in support of this bill from the Honolulu Police Department, the Department of the Prosecuting Attorney for the City and County of Honolulu, and concerned individuals. Comments were received from the Office of the Public Defender.

Your Committee finds that particular attention needs to be given to butterfly knives by setting them apart from other deadly or dangerous weapons.

Your Committee has amended this bill by deleting the substance of the bill and inserting the following provisions to:

1. Create a misdemeanor offense for the knowing manufacture, sale, transfer, possession, or transport of a butterfly knife;
2. Create a class C felony for the knowing or intentional use or threatened use of a butterfly knife while engaged in the commission of a crime; and
3. Delete "butterfly knife" from the prohibition against carrying deadly or dangerous weapons concealed upon a person's self or within a vehicle.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1496, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1496, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 732 Judiciary and Hawaiian Affairs on H.B. No. 165

The purpose of this bill is to:

- (1) Include within the definition of "contribution" for election campaign purposes:
 - (A) Gifts to committees for political purposes; and
 - (B) The payment by a political party or other entity of compensation for services rendered at no charge or at an unreasonably low charge for political purposes;
- (2) Subject political parties to the same campaign contribution limits applicable to persons and other entities; and
- (3) Reduce the maximum amount of contributions that may be made to a political party.

Testimony was received from the Campaign Spending Commission, Democratic Party of Hawaii, Republican Party of Hawaii, Hawaii Clean Elections, and Common Cause Hawaii.

Your Committee finds that thoughtful campaign spending laws are vital to reduce abuses and preserve the integrity of public elections. This bill will prevent the use of a political party to circumvent contribution limits of individuals or other entities to candidates for elective office.

Your Committee has amended this bill to delete provisions reducing the maximum amount of contributions that may be made to a political party.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 165, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Lee and Yoshinaga.
(Representatives Pendleton and Whalen voted no.)

SCRep. 733 Judiciary and Hawaiian Affairs on H.B. No. 177

The purpose of this bill is to clarify the basis for granting temporary restraining orders in District Court harassment cases.

Testimony in support of this bill was received from the Judiciary, City and County Department of the Prosecuting Attorney, Honolulu Police Department, and the Domestic Violence Clearinghouse. Comments were also received from the Office of the Public Defender.

Your Committee finds that harassment is a serious issue of growing concern in the community. The provisions of this bill will streamline and clarify the procedures in the issuance of temporary restraining orders in cases involving harassment.

Your Committee has amended this bill by:

- (1) Deleting the proposed requirement for orders issued to be personally served upon the chief of police of the county in which the order is issued;
- (2) Clarifying the definition of service upon the respondent;
- (3) Deleting the proposed mental state of recklessness from the penalty section; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 177, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 177, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 734 Judiciary and Hawaiian Affairs on H.B. No. 997

The purpose of this bill is to:

- (1) Create a class C felony for persons guilty of moneylaundering aggregate sums less than \$10,000 but greater than \$8,000; and
- (2) Fine individuals guilty of a moneylaundering class C felony no more than \$10,000, twice the value of the property, whichever is greater, or both.

Testimony in support of this bill was received from the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Honolulu Police Department. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that savvy criminals are structuring transactions so that they remain under the \$10,000 aggregate sum so as to avoid criminal liability.

Your Committee has amended this bill by:

- (1) Penalizing moneylaundering offenders either \$16,000 or \$25,000 (depending on whether it is a class B or class C felony) or twice the value of the property, whichever is greater; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 997, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 997, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Thielen.

SCRep. 735 Judiciary and Hawaiian Affairs on H.B. No. 1497

The purpose of this bill is to allow the imposition of the enhanced sentence of life imprisonment without the possibility of parole for murder in the second degree.

Your Committee received testimony in support of this bill from the Department of the Prosecuting Attorney for the City and County of Honolulu. Comments were received from the Office of the Public Defender.

Your Committee finds that under specific conditions, discretion should be given to the courts to sentence a person convicted of murder in the second degree to a term of imprisonment of life without the possibility of parole.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1497, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1497, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 736 Judiciary and Hawaiian Affairs on H.B. No. 300

The purpose of this bill is to create a new offense of assault against a police officer in the first degree. Under this measure any person who intentionally or knowingly causes physical injury to a police officer who is engaged in the performance of duty would be guilty of a class C felony.

Testimony in support of this bill was received from the Department of the Prosecuting Attorney, City and County of Honolulu; the Department of the Prosecuting Attorney, County of Maui; the Department of Public Safety; the Police Department, County of Hawaii; the Police Department, City and County of Honolulu; and the State of Hawaii Organization of Police Officers. The Department of Land and Natural Resources supported the intent of this bill. Testimony in opposition to this bill was received from the Office of the Public Defender.

Your Committee finds that under current law it is a class C felony to assault correctional workers or educational workers who are engaged in the performance of their duties. Your Committee believes that similar protections should be afforded to police officers who on a daily basis are placed in highly volatile and physically dangerous situations.

Your Committee has amended this bill by:

- (1) Defining physical injury to mean any diagnosable illness or impairment of physical condition, and;
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. 300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 300, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 737 Judiciary and Hawaiian Affairs on H.B. No. 605

The purpose of this bill is to create a new petty misdemeanor offense of harassment of a family or household member.

Testimony in support of this bill was received from the Department of the Prosecuting Attorney of the City and County of Honolulu, the Hawaii State Coalition Against Domestic Violence, the Domestic Violence Clearinghouse and Legal Hotline, Child and Family Service, Parents and Children Together, and Hawaii Lawyers Care. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that domestic violence often starts with taunts, insults, and other verbal abuse, proceeding to a series of increasingly violent acts and culminating in physical injury or even death. This bill will allow the courts to require domestic violence intervention upon conviction, which may assist in changing the offender's behavior before any serious injury can occur.

Your Committee has amended this bill by:

- (1) Deleting the mandatory jail sentence and other specific sentencing provisions; and
- (2) Requiring the defendant to undergo domestic violence intervention programs while allowing the court to suspend a portion of a jail sentence conditioned upon the defendant's remaining arrest-free and conviction-free or completing court-ordered intervention;
- (3) Specifying that the Family Court shall have exclusive jurisdiction over adults who have legal or physical custody of a child and who commit the prohibited acts specified in this measure against that child;
- (4) Specifying that the Family Court shall have concurrent jurisdiction with the district court where there are multiple offenses for which the district court has exclusive jurisdiction and at least one of these offenses is a violation of this Act; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 605, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 605, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 738 Judiciary and Hawaiian Affairs on H.B. No. 999

The purpose of this bill is to strengthen the penalties for failing to report income derived from racketeering activity by:

- (1) Making violators subject to both imprisonment and a monetary penalty; and
- (2) Clarifying that a person who willfully fails to report income derived, directly or indirectly, from a racketeering activity or through collection of an unlawful debt is guilty of a class B felony.

Testimony in support of this bill was received from the Attorney General and the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Office of the Public Defender.

Your Committee finds that requiring that the income be derived, directly or indirectly from a racketeering activity or through collection of an unlawful debt, is necessary to distinguish this offense from the general misdemeanor offense of failure to report income for tax purposes under chapter 235, Hawaii Revised Statutes.

Your Committee also finds that under current Hawaii law, if the two offenses are not distinguished, the law requires that violators be charged with the lesser misdemeanor offense.

Your Committee has amended this bill by:

- (1) Specifying that this Act has prospective application to adhere to constitutional protections against the enactment of ex post facto laws; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 999, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Thielen.

SCRep. 739 Judiciary and Hawaiian Affairs on H.B. No. 1114

The purpose of this bill is to authorize the transfer of a homestead lessee's leasehold interest to a spouse, child, or grandchild who is at least one-quarter Hawaiian.

Testimony in support of this bill was received from the Department of Hawaiian Home Lands and the Waimea Hawaiian Homesteaders' Association.

Your Committee finds that allowing for the transfer of the homestead lease will help to ensure that the lease remains in the family of the original lessee.

Your Committee has amended this bill by inserting a severability clause in regards to the requirement for congressional approval. In addition, technical and non-substantive changes have been made for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1114, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1114, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Thielen.

SCRep. 740 Transportation on H.R. No. 9

The purpose of this House Resolution is to reduce health and safety hazards, traffic congestion, and inconvenience for motorists traveling along single access roads to and from major communities, especially during rush hours or in emergency situations.

Your Committee finds that motorists traveling along single access roads are confronted frequently with heavy traffic, health and safety hazards, high frequency of accidents, and inconvenience in reaching their destinations. Your Committee further finds that a serious emergency may cause a single access road to be shut down, preventing people from commuting between their homes and schools, work places, medical facilities, banks, and shopping centers, thus crippling an entire community. Your Committee is aware that these negative conditions are lessened when alternative routes to and from major communities are available.

This House Resolution proposes that the State Department of Transportation and the county governments be encouraged to consider alternative access routes to major communities currently served by a single access roadway.

Testimony in support of the intent of this House Resolution was received from the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 9, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 741 Transportation on H.C.R. No. 6

The purpose of this House Concurrent Resolution is to reduce health hazards, traffic congestion, and inconvenience for motorists traveling along single access roads to and from major communities, especially during rush hours or in emergency situations.

Your Committee finds that motorists traveling along single access roads are confronted frequently with heavy traffic, health and safety hazards, high frequency of accidents, and inconvenience in reaching their destinations. Your Committee further finds that a serious emergency may cause a single access road to be shut down, preventing people from commuting between their homes and schools, work places, medical facilities, banks, and shopping centers, thus crippling an entire community. Your Committee is aware that these negative conditions are lessened when alternative routes to and from major communities are available.

This House Concurrent Resolution proposes that the State Department of Transportation and the county governments be encouraged to consider alternative access routes to major communities currently served by a single access roadway.

Testimony in support of the intent of this House Concurrent Resolution was received from the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 6, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 742 Transportation on H.R. No. 19

The purpose of this House Resolution is to encourage the identification, protection, and enhancement of Hawaii's heritage roads.

Your Committee finds that Hawaii has many routes of travel which are historic, cultural, and scenic assets, and that these resources are in danger of damage from age, neglect, and increased traffic. Your Committee further finds that preservation of the State's heritage roads is important for residents who appreciate their historic traditions and enjoy their beauty, and for being prime attractions for visitors. Your Committee is aware that the Department of Transportation is taking the initiative to protect and preserve these vistas by working closely with communities and organizations that share this commitment.

This House Resolution expresses its support and encouragement of the Department of Transportation's initiative to identify, protect and preserve these vistas by working closely with communities to accomplish this mission.

Testimony in support of the intent of this measure was received from the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 19, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 743 Transportation on H.C.R. No. 17

The purpose of this House Concurrent Resolution is to encourage the identification, protection, and enhancement of Hawaii's heritage roads.

Your Committee finds that Hawaii has many routes of travel which are historic, cultural, and scenic assets, and that these resources are in danger of damage from age, neglect, and increased traffic. Your Committee further finds that preservation of the State's heritage roads is important for residents who appreciate their historic traditions and enjoy their beauty, and for being prime attractions for visitors. Your Committee is aware that the Department of Transportation is taking the initiative to protect and preserve these vistas by working closely with communities and organizations that share this commitment.

This House Concurrent Resolution expresses its support and encouragement of the Department of Transportation's initiative to identify, protect, and enhance Hawaii's scenic corridors, and in working closely with communities to accomplish this mission.

Testimony in support of the intent of this measure was received from the Department of Transportation.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 17, and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 744 Transportation on H.C.R. No. 40

The purpose of this House Concurrent Resolution is to have a task force review the fiscal needs of the State Highway Fund and to develop a revenue plan to maintain the solvency of the Fund.

Your Committee finds that the Department of Transportation has transferred large sums of money from the State Highway Fund to the General Fund during the past four years, resulting in less money for road maintenance. Your Committee further finds that State roads are deteriorating due to the lengthening of the road resurfacing program from a ten-year cycle to a thirteen-year span, and that fifty-one percent of the bridges are in need of repair or replacement. Your Committee also finds that federal funding for highways is decreasing, and that the Highways Division must maintain a sufficient fund balance in the State Highway Fund for cash flow purposes to provide advance funding for the federal-aid reimbursement program, coupled with a static flow of money from taxes and fees.

This proposed House Concurrent Resolution requests the Department of Transportation to convene a Task Force to review the fiscal needs of the State Highway Fund relative to its ability to meet planned operating and capital improvement expenditure requirements, and to develop a revenue plan that will maintain the solvency of the Fund through the six-year planning period in an efficient and equitable manner.

Testimony in support of this House Concurrent Resolution was received from the Department of Transportation.

Your Committee has amended this House Concurrent Resolution by requesting the Task Force to review the revenue policy, as well as the fiscal needs of the State Highway Fund. Your Committee has further amended this measure by making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 40, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 40, H.D. 1.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 745 Finance on H.B. No. 983

The purpose of this measure is to provide an immediate increase in the revolving fund ceiling in fiscal year 1998-1999 for the Agribusiness Development Corporation.

Your Committee has received a message from the Governor, dated January 29, 1999:

- (1) Stating that additional funding is needed to reimburse the papaya industry for securing patent licenses; and
- (2) Requesting the Legislature for immediate passage of this bill to ensure commercialization of transgenic papaya and allow the Agribusiness Development Corporation to carry on its ongoing projects.

The Agribusiness Development Corporation commented on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 983 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 746 Finance on H.B. No. 1013

The purpose of this bill is to provide emergency funding for the Hawaii Tourism Authority's (HTA) Tourism Special Fund.

Your Committee has received a message from the Governor, dated February 4, 1999:

- (1) Stating that additional funding is needed to allow the HTA to encumber and expend funds for its programs during the second half of FY 1998-1999; and
- (2) Requesting the Legislature for immediate passage of this bill to ensure funding for tourism marketing and other tourism-related projects.

The HTA and the Hawaii Hotel Association testified in strong support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1013 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 747 Finance on H.B. No. 1145

The purpose of this bill is to provide emergency funding for emergency medical services (EMS).

Your Committee has received a message from the Governor, dated February 4, 1999:

- (1) Stating that additional funding is needed to pay for collective bargaining costs for the EMS contracts for the City and County of Honolulu and the counties of Maui and Kauai; and
- (2) Requesting the Legislature for immediate passage of this bill to ensure continued availability of EMS services.

The Department of Health testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1145 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 748 Higher Education on H.B. No. 254

The purpose of this bill is to allow up to four officers and employees of the University of Hawaii to serve as officers or employees of the Research Corporation of the University of Hawaii (RCUH).

Testimony in support of the bill was received from the University of Hawaii (UH) and RCUH.

Your Committee finds that this measure will allow the RCUH Board of Directors greater flexibility in filling critical positions within the corporation by allowing it to consider individuals within UH. Your Committee also feels that this measure will further solidify the close working relationship between RCUH and UH.

Your Committee has amended this bill by:

- (1) Deleting the provision that any person appointed shall not be deemed to be appointed jointly by RCUH's Board of Directors and UH's Board of Regents; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 254, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 254, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Santiago.

SCRep. 749 Finance on H.B. No. 180

The purpose of this bill is to appropriate funds to establish a permanent alien species coordinator position.

Life of the Land and Maui Pineapple Company testified in support of the bill. The Department of Land and Natural Resources testified in support of the intent of the measure.

Your Committee has amended the bill by deleting the appropriation.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 180, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 180, H.D. 1.

Signed by all members of the Committee.

SCRep. 750 Finance on H.B. No. 1144

The purpose of this bill is to authorize the Department of Health to review and approve the curricula and syllabi of training courses in basic, intermediate, and advanced life support offered to emergency medical services personnel.

The Department of Health, the University of Hawaii, the Hawaii Health Systems Corporation, and the Hawaii Nurses' Association testified in support of this bill. The Board of Medical Examiners commented on this bill.

Your Committee has amended this bill by making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1144, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1144, H.D. 1.

Signed by all members of the Committee.

SCRep. 751 Finance on H.B. No. 1454

The purpose of this bill is to promote the efficient and necessary administration of probate proceedings by specifying that a single, uniform fee of \$100 applies to all probate actions involving a decedent's estate.

The Judiciary testified in support of this measure.

Your Committee has amended this measure by:

- (1) Including a \$5 fee for the District Court's administrative costs associated with the processing of traffic citations issued for the stopping, standing, or parking of vehicles that interfere unduly with the free movement of traffic; and

- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1454, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1454, H.D. 2.

Signed by all members of the Committee.

SCRep. 752 Finance on H.B. No. 992

The purpose of this bill is to address concerns with regard to the information provided on certificates of identification, or state identification cards, by:

- (1) Allowing the use of numbers other than social security numbers as the state identification number;
- (2) Removing the requirement of displaying information such as the social security number, issue date, attorney general's signature, and registrar's signature on state identification cards; and
- (3) Changing the designated fingerprints to be obtained and retained by the Attorney General.

The State Attorney General testified in support of this measure. An individual commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 992, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 992, H.D. 1.

Signed by all members of the Committee.

SCRep. 753 Finance on H.B. No. 1660

The purpose of this bill is to appropriate funds to pay for utilities for the Community Colleges of the University of Hawaii system.

The University of Hawaii at Manoa submitted testimony in support of this measure.

Your Committee has amended this measure by replacing the appropriation with \$1 for purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1660, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1660, H.D. 2.

Signed by all members of the Committee.

SCRep. 754 Finance on H.B. No. 139

The purpose of this bill is to promote the awarding of federal construction contracts in Hawaii by providing a definition of "local resident" in the State's Procurement Code for use by the federal defense agencies awarding these contracts.

The General Contractors Association of Hawaii, the State Procurement Office, and the Construction Industry Legislative Organization, Inc., testified in support of the intent of this bill. The Department of Taxation commented on this bill.

Your Committee has amended this bill by changing the term "qualified" to "registered", which is the term more commonly used when a foreign corporation files with the Department of Commerce and Consumer Affairs to conduct business in Hawaii.

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

Signed by all members of the Committee.

SCRep. 755 Finance on H.B. No. 461

The purpose of this bill is to provide for the display of advance health care directives on drivers' licenses and state identification cards.

The Executive Office on Aging, the Hawaii Medical Association, and the Healthcare Association of Hawaii testified in support of this bill. The State Attorney General and the Hawaii Nurses' Association commented on this bill.

Your Committee has amended this bill by:

- (1) Requiring the consent of the relevant individual when displaying any advance health directive information on a drivers' license or state identification card; and
- (2) Making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 461, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 461, H.D. 1.

Signed by all members of the Committee.

SCRep. 756 Finance on H.B. No. 1061

The purpose of this bill is to:

- (1) Require contracts for grants and subsidies to include provisions for the recovery of the grant or subsidy if the recipient is unable or no longer willing to provide the service for which the grant or subsidy was appropriated; and
- (2) Apply this requirement to both operating and capital improvement projects.

The Department of Budget and Finance testified in support of this measure. The Department of the Attorney General submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Authorizing the expending agency to not only recover but to also withhold the remaining balance of the grant or subsidy if the recipient is unable or no longer willing to provide the services;
- (2) Extending the requirements of capital improvement projects to the acquisition of personal property, equipment, or vehicles;
- (3) Stating that the expending agency is further authorized to attach and perfect its contractual remedies; and
- (4) Making technical, nonsubstantive amendments to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1061, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1061, H.D. 2.

Signed by all members of the Committee.

SCRep. 757 Finance on H.B. No. 152

The purpose of this bill is to make Hawaii the "Education Center of the Pacific" by appropriating funds for the development of programs by the East-West Center, in partnership with the University of Hawaii, that will focus on the economic growth and integration of the Asia-Pacific region.

The University of Hawaii at Manoa and the East-West Center testified in support of the intent of this measure.

Your Committee has amended this measure by replacing the appropriations with \$1 for purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 152, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 152, H.D. 2.

Signed by all members of the Committee.

SCRep. 758 Finance on H.B. No. 1274

The purpose of this bill is to appropriate funds to the Department of Health (DOH) to:

- (1) Develop a statewide public health strategy for the treatment and rehabilitation of the survivors of traumatic brain injury (TBI); and
- (2) Establish and fund the office of project coordinator for the development of the plan.

The Department of Education, the Brain Injury Association of Hawaii, the Hawaii Neuropsychology Community Research Bureau, the DOH's TBI Advisory Board, and several individuals testified in support of this measure. DOH testified in support of the intent of this measure.

Your Committee has amended this measure by replacing the appropriations with \$1 for purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1274, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1274, H.D. 2.

Signed by all members of the Committee.

SCRep. 759 Finance on H.B. No. 532

The purpose of this bill is to promote gender equity in athletic activities offered by the public schools.

The Department of Education, the Hawaii State Commission on the Status of Women, the Women's Center at the University of Hawaii at Manoa, the Hawaii State Teachers Association, Hawaii Women Lawyers, the Radford High School Girls Wrestling Team, and six individuals testified in support of the bill. The Hawaii Civil Rights Commission and one individual supported the intent of the bill. Two individuals commented on the measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 532, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 532, H.D. 3.

Signed by all members of the Committee.

SCRep. 760 Finance on H.B. No. 988

The purpose of this bill is provide emergency funding for the testing, modification, and support of the State's computer systems for Year 2000 compliance.

Your Committee has received a message from the Governor, dated February 5, 1999:

- (1) Stating that additional funding is needed for state government Year 2000 compliance efforts; and
- (2) Requesting immediate passage of this bill to ensure that Year 2000 compliance is met.

The Department of Accounting and General Services testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 988, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 988, H.D. 2.

Signed by all members of the Committee.

SCRep. 761 Finance on H.B. No. 1018

The purpose of this bill is to amend the qualifications for housing and rental assistance by, among other things:

- (1) Lowering from moderate to very low the maximum income a person may have and still qualify for participation in the State Rent Supplement Program (Program);
- (2) Increasing the amount of supplemental rent paid by the housing and community development corporation from one-fifth to thirty percent of a qualified tenant's income; and
- (3) Amending the definition of "qualified tenant" under the Program to enable eligible single persons who are not elderly or disabled to participate in the Program.

The bill also adds an appropriation section, leaving the amount blank for purposes of further discussion.

The Housing and Community Development Corporation of Hawaii testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments to correct drafting errors and for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1018, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1018, H.D. 2.

Signed by all members of the Committee.

SCRep. 762 Finance on H.B. No. 895

The purpose of this bill is to ensure the timely transport of seriously ill and injured persons by:

- (1) Permitting the Department of Health (DOH) to integrate emergency aeromedical services into statewide emergency medical services; and
- (2) Establishing an Emergency Aeromedical Information System and a Quality Improvement Advisory Committee.

DOH, Healthcare Association of Hawaii, and Hawaii Health Systems Corporation testified in support of this measure. One individual submitted testimony in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 895, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 895, H.D. 2.

Signed by all members of the Committee.

SCRep. 763 Finance on H.B. No. 1575

The purpose of this bill is to ensure the safety and comfort of the delegates of the Millennium Young People's Congress (Congress) by making an appropriation to fund home stays with host families and for planning, coordination, transportation, and family support stipends.

The Hawaii Youth Services Network, the Hawaii Community Services Council, the Congress Host Committee, Teachers and Students At Work for Hawaii, Youth for Environmental Service, and two individuals testified in support of this measure. The Office of Youth Services submitted testimony in support of the intent of this measure.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1575, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1575, H.D. 2.

Signed by all members of the Committee.

SCRep. 764 Finance on H.B. No. 1119

The purpose of this bill is to implement the Blueprint for Change (Blueprint) recommendations by:

- (1) Permitting the Director of Human Services (Director), rather than the Governor, to appoint members to the Blueprint coordinating committee;
- (2) Permitting the Director to enlarge the coordinating committee;
- (3) Allowing the Department of Human Services (DHS) to share information with the Neighborhood Places, provided that shared information remains confidential; and
- (4) Extending the Act that created Blueprint to June 30, 2002.

Blueprint, DHS, and the Office of Youth Services submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1119, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1119, H.D. 1.

Signed by all members of the Committee.

SCRep. 765 Finance on H.B. No. 1663

The purpose of this bill is to identify possible environmental contamination by requiring the Department of Education (DOE) to report suspicious clusters of disease or illness at a school to the Department of Health (DOH) for investigation.

DOE, Life of The Land, and five individuals testified in support of this measure. DOH commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1663, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1663, H.D. 2.

Signed by all members of the Committee.

SCRep. 766 Finance on H.B. No. 1181

The purpose of this bill is to enforce laws to protect Hawaii's natural resources by allowing the Department of Land and Natural Resources (DLNR) to clarify and consolidate the penalty provisions related to aquatic resources under subtitle 5 of title 12 of the Hawaii Revised Statutes.

DLNR, the Hawaii Fishermen's Foundation, and the Hawaii Audubon Society testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1181, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1181, H.D. 1.

Signed by all members of the Committee.

SCRep. 767 Finance on H.B. No. 512

The purpose of this measure is to repeal the June 30, 2000, sunset date of the Hawaii Teacher Standards Board, thereby making the board permanent.

The Hawaii Teacher Standards Board, the Hawaii State Teachers Association, and the Hawaii Business Roundtable testified in support of this bill. The Department of Education testified in support of the intent of this bill.

Your Committee has amended this bill by making technical, nonsubstantive revisions.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 512, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 512, H.D. 2.

Signed by all members of the Committee.

SCRep. 768 Finance on H.B. No. 986

The purpose of this bill is to clarify:

- (1) Procedures to protest contract awards under the procurement code; and
- (2) Related available remedies.

The State Procurement Office testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 986, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 986, H.D. 2.

Signed by all members of the Committee.

SCRep. 769 Finance on H.B. No. 1017

The purpose of this bill is to enable the Housing and Community Development Corporation of Hawaii to issue an additional \$500,000,000 in tax-exempt revenue bonds for the Hula Mae Single Family Mortgage Purchase Program.

The Housing and Community Development Corporation of Hawaii testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1017, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1017, H.D. 1.

Signed by all members of the Committee.

SCRep. 770 Finance on H.B. No. 221

The purpose of this bill is to clarify the policy and marketing responsibilities of the Hawaii Tourism Authority (HTA) by:

- (1) Requiring HTA to develop and complete a long-range policy plan (long-range plan) to the Legislature prior to the 2000 Regular Session;
- (2) Specifying that the long-range plan identify other departments and agencies involved and a program of action for those entities; and
- (3) Specifying that the strategic tourism marketing plan shall implement the recommendations of the long-range plan and that the strategic tourism marketing plan be updated every two years instead of every three years.

The HTA testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 221, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 221, H.D. 2.

Signed by all members of the Committee.

SCRep. 771 Finance on H.B. No. 274

The purpose of this bill is to prevent child abuse and improve Hawaii's child protection system by:

- (1) Mandating foster parent training for foster parents of licensed foster homes, emergency foster homes, and relative foster homes;
- (2) Requiring mandated reporters to orally report child abuse to both the Department of Human Services (DHS) and police departments;
- (3) Allowing a police officer to assume protective custody of a child without a court order and without the consent of the child's family under certain conditions;
- (4) Mandating a show cause hearing if a child has been residing without the family for a period of twelve months or if there has been a court-ordered service plan for a period of one year;
- (5) Establishing a medical and health case management procedure for the medical oversight of children in the Child Protective Services system; and
- (6) Appropriating an unspecified amount of funding for the protection of children from abuse and neglect.

The Honolulu Police Department submitted testimony in support of this measure. DHS and the Department of Health submitted comments.

Your Committee has amended this measure by:

- (1) Clarifying the purpose of the appropriation to foster parent training;
- (2) Mandating the police departments to assume protective custody of any child who is in danger of imminent harm;
- (3) Authorizing the police departments to assume protective custody of any child when:
 - (A) The child has no legal custodian who is willing and able to provide a safe family home for the child; and
 - (B) There is evidence that a parent or guardian is likely to flee the jurisdiction of the court with the child; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 274, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 274, H.D. 3.

Signed by all members of the Committee.

SCRep. 772 Finance on H.B. No. 307

The purpose of this bill is to encourage savings for higher education expenses by establishing a college savings program. Contributions and distributions from an account established under this program would be excluded from gross income, adjusted gross income, and taxable income for Hawaii income tax purposes.

The University of Hawaii, the Department of Education, the Associated Students of the University of Hawaii at Manoa, TIAA-CREF, a college and career counselor, and nineteen high school students testified in support of this measure. The Department of Accounting and General Services, the Department of Taxation, the Tax Foundation of Hawaii, and the State Representative from the 24th District (Makiki, Tantalus, Manoa) and 34th District (Waimalu, Waiiau, Royal Summit, Newtown) commented on this bill.

For the purpose of continued discussion, your Committee has amended the bill by deleting:

- (1) The maximum amount that may be contributed to an account during a taxable year to qualify for an income tax exemption; and
- (2) The percentages and amounts in a college savings account that are exempt from application to the satisfaction of a money judgment pursuant to chapter 654, Hawaii Revised Statutes.

Your Committee has also made technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 307, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 307, H.D. 2.

Signed by all members of the Committee.

SCRep. 773 Finance on H.B. No. 1117

The purpose of this bill is to expedite permanency for children in child care by bringing the State into compliance with the federal Adoption and Safe Families Act of 1997.

Among other things, this bill:

- (1) Adds abandonment of an infant, and the torture of a child to the list of "aggravated circumstances" under which the Department of Human Services (DHS) is not required to make a reasonable effort to reunite a child with the family;
- (2) Allows service of summons to be made by registered or certified mail if the party resides out of state;
- (3) Requires the family court to set the case for a show cause hearing within thirty days if the court determines that aggravated circumstances are present; and
- (4) Places the burden of presenting evidence on the child's family in a show cause hearing why the case should not be set for a permanent plan hearing.

DHS testified in support of this measure.

Your Committee has made technical, nonsubstantive amendments to the bill to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1117, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1117, H.D. 3.

Signed by all members of the Committee.

SCRep. 774 Finance on H.B. No. 163

The purpose of this bill is to bring juror fees and mileage reimbursements to a fairer level by:

- (1) Increasing the fee for jury duty service from \$30 to \$40 per day and to increase the mileage fee for jury duty service from 33 cents to 37 cents per mile; and
- (2) Appropriating \$660,000 to provide for the jury duty service and mileage fee increase.

The Hawaii State Bar Association and Common Cause Hawaii supported this measure. The Judiciary commented on this measure.

Your Committee has amended this bill to change the appropriation amount to \$1 for discussion purposes.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 163, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 163, H.D. 2.

Signed by all members of the Committee.

SCRep. 775 Finance on H.B. No. 1012

The purpose of this bill is to re-establish the Clean Hawaii Fund to market and promote the development of local processing and manufacturing industries for collected recyclable material.

The Department of Business, Economic Development, and Tourism testified in support of the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1012, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1012, H.D. 1.

Signed by all members of the Committee.

SCRep. 776 Finance on H.B. No. 550

The purpose of this bill is to encourage the development and increase availability of low income rental housing throughout the State by authorizing the issuance of general obligation bonds and appropriating it to the Rental Housing Trust Fund.

The Honolulu Community Action Program, Inc., Catholic Charities Elderly Services, the Institute for Human Services, Hawaii Catholic Conference, Health Care for the Homeless Project, and an individual testified in support of this measure. The Governor's Office testified in support of the intent of the measure. The Housing and Community Development Corporation of Hawaii commented on the measure.

Your Committee has amended this measure by:

- (1) Changing the appropriation to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 550, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 550, H.D. 1.

Signed by all members of the Committee.

SCRep. 777 Finance on H.B. No. 1338

The purpose of this bill is to promote equity among the State and the construction industries by providing that:

- (1) The amount that a contractor retains from a subcontractor cannot exceed five percent of the subcontractor's contract price; and
- (2) This provision shall also apply to a subcontractor who subcontracts work to other subcontractors.

Alaka'i Mechanical Corporation, the Plumbing and Mechanical Contractors Association of Hawaii, and the Subcontractors Association of Hawaii testified in support of this measure. The General Contractors Association of Hawaii submitted comments on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1338, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1338, H.D. 1.

Signed by all members of the Committee.

SCRep. 778 Finance on H.B. No. 842

The purpose of this bill is to:

- (1) Assist local food processors who sell their products in small glass containers to tourists and food service companies, by exempting glass containers that hold not more than two and one-half fluid ounces of food from the advance disposal fee; and
- (2) Correct a typographical error in the amount of the fee.

The Hawaii Food Industry Association, Life of the Land, and the Hawaiian Fruit Specialties, Ltd., testified in support of this bill. The Department of Health testified in support of the intent of the bill.

Your Committee has amended this bill by changing the effective date to July 1, 1999.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 842, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 842, H.D. 2.

Signed by all members of the Committee.

SCRep. 779 Consumer Protection and Commerce on H.B. No. 1081

The purpose of this bill is to provide shareholders of a corporation the opportunity to authorize another person to vote shares by proxy, where the authorization may be either in the form of a written, signed document, or an electronically transmitted document specifying that the transmission was authorized by the shareholder.

Testimony in support of this bill was submitted by the Business Registration Division of the Department of Commerce and Consumer Affairs (DCCA). DCCA testified that the bill is a product of DCCA's attempt to modernize and update business laws in consultation with the Hawaii State Bar Association, business agents, business owners, and other DCCA "customers." DCCA stated that the bill is intended to make it easier for corporations to do their business by giving shareholders the flexibility to authorize another person to act as a proxy, and providing shareholders with an expeditious alternative means of sending their authorization to the proxy holder.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1081, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita, Takumi, Yoshinaga, Rath and Thielen.

SCRep. 780 Consumer Protection and Commerce on H.B. No. 1541

The purpose of this bill is to allow the Chief of Police of each county to:

- (1) Require that pawnshop transactions and agreements be recorded on a computerized form authorized by the Chief of Police;
- (2) Select the computer system to be used; and

- (3) Prescribe the necessary time period within which the change-over to computerized forms would take place.

Your Committee received testimony supporting this measure from the Hawaii Pawnbrokers Association (HPA) and the Honolulu Police Department (HPD). HPA testified that it generally supported the bill, which would:

- (1) Allow the HPD to keep track of the huge volume of pawnshop transactions;
- (2) Identify the pawned items involved; and
- (3) Match pawned items with those described in HPD stolen property reports.

HPA stated that little had been done to work out the details of the project but pledged its cooperation with agencies in developing the program and felt the bill was necessary to authorize the project and get it moving.

HPD agreed that a computerized system to track pawnshop transactions was needed and stated that one of its detectives had already begun investigating alternative systems that could be used for the project.

Upon consideration of this measure, your Committee has made nonsubstantive amendments to conform this bill to standard drafting conventions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1541, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, Hiraki, Yoshinaga and Thielen.

SCRep. 781 Finance on H.B. No. 985

The purpose of this bill is to improve consistency between the Hawaii Public Procurement Code (Code) and other provisions of the Hawaii Revised Statutes (HRS) by:

- (1) Bringing the HRS provisions into compliance with the Code; and
- (2) Consolidating and clarifying sections of the Code.

The State Procurement Office submitted testified in support of this measure.

Your Committee has made technical, nonsubstantive amendments to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 985, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 985, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 782 Finance on H.B. No. 1197

The purpose of this bill is to conform the Hawaii Income Tax Law to the Internal Revenue Code.

The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1197, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1197, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 783 Finance on H.B. No. 1095

The purpose of this bill is to re-initiate the four-year cycle for the process of reviewing the salaries of the trustees of the Office of Hawaiian Affairs, as established in Act 358, Session Laws of Hawaii 1993.

The Office of Hawaiian Affairs testified in support of this measure. The Hawaiian Political Action Council of Hawaii commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1095, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 784 Finance on H.B. No. 196

The purpose of this bill is to address the health needs of the people of Maui by requiring the Department of Health (DOH) to conduct a health needs assessment to determine the type and level of medical care necessary to meet the health needs of the Lahaina and West-Maui community.

The Hawaii Medical Association testified in support of this measure. The DOH testified in support of the intent of this measure. The State Health Planning and Development Agency commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 196, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 785 Finance on H.B. No. 939

The purpose of this bill is to increase special education and mental health services on the Big Island by appropriating funds to the University of Hawaii at Hilo (UHH) for a counseling psychology program and a special education teacher program.

The Hawaii State Teachers Association testified in support of this measure. UHH testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 939, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 786 Finance on H.B. No. 1146

The purpose of this bill is to continue funding for the vital statistics system and activities to prevent domestic violence and sexual assault by repealing the sunset date of Act 216, Session Laws of Hawaii 1997, which among other things, established the Domestic Violence Prevention Special Fund and the Vital Statistics Improvement Special Fund.

The Hawaii State Commission on the Status of Women, the Sex Abuse Treatment Center, the Violence Prevention Consortium, the Injury Prevention Advisory Committee, the Keiki Injury Prevention Coalition, and an individual testified in support of this measure. The Department of Health commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1146 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 787 Finance on H.B. No. 161

The purpose of this bill is to enable the State to recover costs associated with search and rescue operations necessitated by the conduct of those rescued who:

- (1) Violate federal or state law; and
- (2) Show wanton or reckless misconduct by their acts or omissions.

The Department of Defense, the Honolulu Fire Department, and Life of the Land testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 161, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 788 Finance on H.B. No. 1124

The purpose of this bill is to restructure the State Advisory Council on Rehabilitation, including renaming it to the State Rehabilitation Council, to conform with the federal Rehabilitation Act of 1998.

The Department of Human Services, the Commission on Persons with Disabilities, and the Workforce Development Council testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1124 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 789 Finance on H.B. No. 1008

The purpose of this bill is to neutralize any advantage that non-settling tobacco manufacturers may gain by requiring tobacco manufacturers who determine not to enter into the November 23, 1998, Master Settlement Agreement with the State to establish a reserve fund.

The Department of the Attorney General testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1008 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 790 Finance on H.B. No. 1548

The purpose of this bill is to promote the reuse of wastewater through water recycling by directing the Director of Health to give priority to adopting rules that encourage the reuse of water.

The Department of Health and the Department of Environmental Services of the City and County of Honolulu testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1548, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 791 Finance on H.B. No. 261

The purpose of this bill is to establish standards for:

- (1) Measuring child development outcomes; and
- (2) Tracking the state's children and youth in achieving these outcomes.

The Good Beginnings Alliance and several members of the public testified in support of this bill. The Department of Education and the Department of Health testified in support of the intent of this bill. The University of Hawaii's College of Tropical Agriculture and Human Resources commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 261, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 792 Finance on H.B. No. 1179

The purpose of this bill is to clarify statutory provisions relating to the issuance of commercial marine licenses by:

- (1) Allowing the Department of Land and Natural Resources (DLNR) to require catch reports from only certain licensees; and
- (2) Authorizing DLNR to obtain any other information from commercial marine licensees to ensure the gathering of more appropriate and useful information.

DLNR testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1179 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 793 Finance on H.B. No. 172

The purpose of this bill is to ensure consistent and high quality hospice care by:

- (1) Authorizing the Department of Health (DOH) to license hospice service agencies; and
- (2) Allowing hospice homes with five or fewer beds in residential areas.

DOH, the Executive Office on Aging, the Healthcare Association of Hawaii, Hawaii Catholic Conference, the Hawaii Nurses' Association, the Police Advisory Board for Elderly Affairs, and Hospice Hawaii submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 172, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 794 Finance on H.B. No. 1037

The purpose of this bill is to provide emergency funding to satisfy all claims filed with the Unclaimed Property Program during fiscal year 1999.

Your Committee has received a message from the Governor, dated February 9, 1999:

- (1) Stating that additional funding is needed to increase the appropriation ceiling for claims payments in fiscal year 1999 for the Unclaimed Property Program; and
- (2) Requesting immediate passage of this measure to return abandoned property to their rightful owners within 120 days as required by section 523A-24, Hawaii Revised Statutes.

The Department of Budget and Finance testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1037 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 795 Finance on H.B. No. 990

The purpose of this bill is to provide emergency funding to allow the Department of the Attorney General to continue its legal representation in defending the Department of Hawaiian Home Lands' (DHHL) interests in the review of individual claims brought pursuant to chapter 674, Hawaii Revised Statutes.

Your Committee has received a message from the Governor, dated February 4, 1999:

- (1) Stating that the funding is necessary for the four-month period remaining in fiscal year 1998-1999 for the Department of the Attorney General's legal representation of DHHL in defending the State's interest in resolving claims asserted by individual beneficiaries of the Hawaiian Home Lands Trust; and
- (2) Requesting immediate passage of this measure to ensure legal representation of DHHL.

DHHL, the Department of the Attorney General, the Nanakuli Hawaiian Homestead Community Association, and the State Council of Hawaiian Homestead Associations testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 990, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 796 Finance on H.B. No. 1444

The purpose of this bill is to require notary public records to be deposited with the Office of the Attorney General instead of the courts, upon the resignation, death, expiration of each term of office, or removal from or abandonment of office.

The Judiciary and the Department of the Attorney General testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1444 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 797 Finance on H.B. No. 1120

The purpose of this bill is to repeal section 346-64, Hawaii Revised Statutes (HRS), which is unnecessary as personal care services are now provided through the Medicaid Home and Community-based Waiver Programs under chapter 346D, HRS, relating to long-term care.

The Department of Human Services testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1120 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 798 Finance on H.B. No. 1277

The purpose of this bill is to exclude from regulation as a public utility any facility that reclaims wastewater provided that at least 10 percent of the wastewater processed is used by a state or county agency.

The Department of Health, the Department of Environmental Services for the City and County of Honolulu, and U.S. Filter Operating Services, Inc., testified in support of the bill. The Department of Commerce and Consumer Affairs commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1277, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 799 Finance on H.B. No. 1203

The purpose of this bill is to allow collection agencies to recover their collection fees directly from delinquent taxpayers when under contract with the Department of Taxation for the collection of delinquent taxes.

The Department of Taxation testified in support of this bill. The Tax Foundation of Hawaii commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1203, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 800 Finance on H.B. No. 677

The purpose of this bill is to support renewable energy efforts by:

- (1) Appropriating funds to study the feasibility of constructing and operating an ocean floating, all-natural clean energy power station; and
- (2) Requiring the University of Hawaii (UH) to submit reports of its findings and recommendations to the Legislature prior to the 2000 and 2001 regular sessions.

The Department of Business, Economic Development & Tourism testified in supported of the intent of the bill. Life of the Land and UH commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 677, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 801 Finance on H.B. No. 1207

The purpose of this bill is restore the tax exemption for sales of cigarettes and tobacco products to the United States, including any agency or instrumentality that is wholly owned or otherwise constituted to be immune from the cigarette and tobacco tax levy.

The Department of Taxation, Fleming Companies, Inc., the Hawaii Food Industry Association, and S&K Sales Co. testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1207 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 802 Finance on H.B. No. 294

The purpose of this bill is to reduce tobacco use among Hawaii's children and youth by prohibiting the distribution of:

- (1) Sample tobacco products, coupons, and other tobacco promotional materials within a buffer zone around schools attended by minors; and
- (2) Promotional tobacco materials in or on any public street, sidewalk, or park.

The Department of Health, the Honolulu Police Department, the Hawaii Nurses' Association, and the American Lung Association submitted testimony in support of this measure. The Department of Education submitted testimony in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 294, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 803 Finance on H.B. No. 1641

The purpose of this bill is to prevent serious and costly health conditions among medically underserved populations by appropriating funds to the Department of Human Services (DHS) to support primary health care for underserved members of the community.

The Office of Hawaiian Affairs, the Hawaii State Primary Care Association, Healthy Mothers Healthy Babies Coalition of Hawaii, Papa Ola Lokahi, the Waianae Coast Comprehensive Health Center, Health Care for the Homeless Project, and the Kalihi-Palama Health Center testified in support of this measure. The Department of Health and DHS testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1641, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 804 Judiciary and Hawaiian Affairs on H.B. No. 7

The purpose of this bill is to increase the limit on the lengths of truck-trailers and semi-trailers operating on public roads, streets, or highways.

Testimony in support of this bill was received from the Hawaii Transportation Association and the Department of Transportation.

Your Committee finds that longer trailer lengths for truck-trailers and semi-trailers provided for in this measure will increase the efficiency of the transportation industry with no reduction in safety.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 7 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 805 Judiciary and Hawaiian Affairs on H.B. No. 10

The purpose of this bill is to limit remedial safety training requirements to those drivers of motor vehicles with a gross vehicle weight rating over ten thousand pounds.

Testimony in support of this bill was received from the Department of Transportation and the Hawaii Transportation Association.

Currently, Hawaii employers are required to provide a driver improvement program for commercial motor vehicle drivers. However, federal law requires remedial safety training in the driver improvement program only for those drivers of vehicles over ten thousand pounds gross weight. This measure will make Hawaii's requirements consistent with federal safety regulations.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 10 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 806 Judiciary and Hawaiian Affairs on H.B. No. 715

The purpose of this bill is to amend the statute relating to vehicles registered under two or more names.

Testimony in support of this bill was received from the City and County Department of Customer Services.

Your Committee finds that the form issued by the counties pursuant to Section 286-49, Hawaii Revised Statutes, does not fulfill the purpose for which it is issued, and therefore, it should no longer be used.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 715 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita, Yoshinaga and Auwae.

SCRep. 807 Judiciary and Hawaiian Affairs on H.B. No. 1186

The purpose of this bill is to update and clarify the penalty provisions relating to wildlife management.

Testimony in support of this bill was received from the Board of Land and Natural Resources, Hawaii Rifle Association, Hawaii Hunting Association, and Hawaii Hunting Advisory Council.

Your Committee finds that increasing the minimum fines and removing the ceiling regarding maximum fines for wildlife code violations will encourage compliance. Your Committee also finds that reinstating provisions unintentionally removed three years ago will encourage responsible hunting.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1186 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 808 Judiciary and Hawaiian Affairs on H.B. No. 1188

The purpose of this bill is to correct erroneous or outdated references in the State Water Code.

Testimony in support of this bill was received from the Department of Land and Natural Resources and the Land Use Research Foundation of Hawaii.

Your Committee finds that this bill proposes amendments to various sections of Chapter 174C, Hawaii Revised Statutes, which will accurately reflect that the Commission on Water Resource Management has exclusive jurisdiction over the State Water Code. Your Committee further finds that this bill amends other inconsistencies in Chapter 174C, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1188 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 809 Judiciary and Hawaiian Affairs on H.B. No. 1350

The purpose of this bill is to promote the use of recycled products by state and county procurement agencies by requiring procurement officers to purchase lubricating and industrial oil from a seller whose oil contains the greatest percentage of recycled oil.

Testimony in support of this bill was received from the Department of Business, Economic Development, and Tourism (DBEDT), Department of Health, Na Leo Pohai, Cool As New Hawaii Inc., Hawaii Automotive Repair & Gasoline Dealers Association, Hon Hawaii, H&H Environmental Services, Inc., and Pacific Island Petroleum, Inc.

Your Committee finds that federal procurement laws currently require the use of recycled oil by federal agencies and contractors who are awarded federal contracts. Your Committee also finds that this measure will create new business and employment opportunities in the State.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1350, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 810 Judiciary and Hawaiian Affairs on H.B. No. 1153

The purpose of this bill is to allow persons under 21 years of age to participate in authorized studies or law enforcement activities relating to liquor sales to minors.

Testimony in support of this measure was received from the Department of Health, the Hawaii Advisory Commission on Drug Abuse and Controlled Substances, and the Department of Human Services.

Your Committee finds that this measure will assist in the enforcement of laws pertaining to liquor sales to minors in the hope of reducing the incidents of under-age liquor consumption.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1153, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1153, H.D. 1.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 811 Finance on H.B. No. 374

The purpose of this bill is to develop an infrastructure for the efficient delivery of Hawaii-based agricultural products to the marketplace by appropriating funds:

- (1) For distribution and consolidation centers in Hawaii and mainland states;
- (2) To rent appropriate warehouse facilities at each of the sites, including a cooling facility for Hawaii agricultural products; and
- (3) To make these sites available for use by agricultural producers and manufacturers from Hawaii for the promotion and sale of their products.

The Office of Hawaiian Affairs, the Hawaii Agricultural Research Center, and the Hawaii Food Manufacturers Association submitted testimony in support of this measure. The Department of Agriculture submitted comments on this measure.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 374, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 374, H.D. 2.

Signed by all members of the Committee.

SCRep. 812 Finance on H.B. No. 248

The purpose of this bill is to clarify that the Attorney General may provide legal representation to the University of Hawaii (UH).

The University of Hawaii commented on this bill.

Your Committee has amended this bill to further clarify that the UH Board of Regents may request and secure legal services from the Attorney General upon mutual agreement.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 248, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 248, H.D. 1.

Signed by all members of the Committee.

SCRep. 813 Finance on H.B. No. 1043

The purpose of this bill is to strengthen the Public Employees Health Fund by changing the Health Fund Administrator's civil service position to exempt hire status.

The Hawaii Public Employees Health Fund Board of Trustees submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1043, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1043, H.D. 1.

Signed by all members of the Committee.

SCRep. 814 Finance on H.B. No. 1632

The purpose of this bill is to help revitalize Hawaii's papaya industry by appropriating funds to develop new markets and expand existing markets for papayas, especially the new transgenic variety.

The University of Hawaii's College of Tropical Agriculture and Human Resources and the Hawaii Papaya Industry Association testified in support of this measure. The Department of Agriculture provided comments on the measure.

Your Committee has amended this bill by:

- (1) Reducing both the appropriation and the matching requirement to \$2 and \$1 respectively, for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive revisions to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1632, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1632, H.D. 3.

Signed by all members of the Committee.

SCRep. 815 Finance on H.B. No. 522

The purpose of this bill is to improve the efficiency of the School-to-Work Opportunities Pilot Project by:

- (1) Transferring it from the Hawaii School-to-Work Opportunities Executive Council (Executive Council) to the Department of Education (DOE); and
- (2) Converting the Executive Council to an advisory council of the Board of Education and the DOE.

The DOE, the Department of Labor and Industrial Relations, the University of Hawaii, the Executive Council, and The Chamber of Commerce of Hawaii testified in support of this measure. The Hawaii State Teachers Association testified in support of the intent of this measure.

Your Committee has made technical, nonsubstantive amendments to the bill to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 522, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 522, H.D. 3.

Signed by all members of the Committee.

SCRep. 816 Finance on H.B. No. 1165

The purpose of this bill is to reduce the frequency of workplace accidents and costs to businesses by:

- (1) Extending the repeal date of the Occupational Safety and Health Training and Assistance Fund (Fund) for four years, to July 1, 2003; and
- (2) Including among the Fund's uses, certification programs to enhance safety and health.

The Department of Labor and Industrial Relations testified in support of the measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1165, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1165, H.D. 2.

Signed by all members of the Committee.

SCRep. 817 Finance on H.B. No. 1035

The purpose of this bill is to ensure that the Employees' Retirement System's (ERS) investment program objectives are met by:

- (1) Requiring the ERS Board of Trustees to appoint a chief investment officer and an assistant administrator; and
- (2) Requiring the Attorney General to serve as legal advisor to the Board of Trustees.

The Employees' Retirement System commented on this measure.

Your Committee has amended this bill by making technical, nonsubstantive revisions.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1035, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1035, H.D. 1.

Signed by all members of the Committee.

SCRep. 818 Finance on H.B. No. 1136

The purpose of this bill is to authorize the Board of Health to designate the Orange Book and its supplements, published by the United States Food and Drug Administration, as the state generic drug formulary.

The Department of Health, the Hawaii Medical Service Association and Longs Drugs testified in support of the bill. Times SuperMarket Pharmacies and the Pharmacy Association of Hawaii testified in support of the intent of the bill but suggested changes.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1136, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1136, H.D. 2.

Signed by all members of the Committee.

SCRep. 819 Finance on H.B. No. 460

The purpose of this bill is to regulate the practices of check cashing businesses by:

- (1) Establishing fee caps for check cashing;
- (2) Requiring posted notices of fees for check cashing;
- (3) Specifying other prohibited acts with regard to check cashing; and
- (4) Making violations of the check cashing law an unfair or deceptive act or practice.

The Department of Commerce and Consumer Affairs and Life of the Land testified in support of this measure. AARP commented on this measure.

Your Committee has amended this bill by making a technical amendment to prohibit advertisements that indicate that checks will be cashed for a fee without identification.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 460, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 460, H.D. 2.

Signed by all members of the Committee.

SCRep. 820 Finance on H.B. No. 1036

The purpose of this bill is to provide greater investment flexibility to the Board of Trustees of the Employees' Retirement System (ERS) by allowing the ERS Board of Trustees to invest in real estate through limited liability companies and similar entities.

The ERS commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1036, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1036, H.D. 2.

Signed by all members of the Committee.

SCRep. 821 Finance on H.B. No. 557

The purpose of this bill is to support the floriculture and nursery products industry by appropriating funds to conduct research and promote tropical flowers.

The Big Island Dendrobium Grower's Association, the Hawaii Florists and Shippers' Association, the Big Island Farm Bureau, the Hawaii Anthurium Industry Association, the Hawaii Tropical Flower Council, the Hawaii Farm Bureau Federation, and the West Hawaii Orchid Growers Association testified in support of this measure. The Hawaii Agriculture Research Center testified in support of the intent of this measure. The Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1 for the purpose of continued discussion; and
- (2) Making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 557, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 557, H.D. 2.

Signed by all members of the Committee.

SCRep. 822 Finance on H.B. No. 1064

The purpose of this bill is to retain the Hawaii Hurricane Relief Fund's (HHRF) federal tax exempt status by extending authorization for the Director of Finance to issue up to \$200 million in reimbursable general obligation bonds through fiscal year 2000-2001.

The HHRF testified in support of this measure.

Your Committee has amended this measure by:

- (1) Clarifying the HHRF's ability to continue its surcharge until all obligations of the HHRF, including bonds issued to pay claims, have been fully discharged; and
- (2) Making technical, nonsubstantive revisions to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1064, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1064, H.D. 1.

Signed by all members of the Committee.

SCRep. 823 Finance on H.B. No. 1166

The purpose of this bill is to ensure that funds for grants and subsidies under the Employment Training Fund (Fund) is expended in a timely manner by exempting the Fund from chapter 103F, Hawaii Revised Statutes, which relates to purchases of health and human services.

The Department of Labor and Industrial Relations, the State Procurement Office, the Hawaii Convention Center, the Oceanic Institute, and the Hawaii Fashion Industry Association testified in support of this measure.

Your Committee has amended the bill by making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1166, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1166, H.D. 1.

Signed by all members of the Committee.

SCRep. 824 Finance on H.B. No. 948

The purpose of this bill is to appropriate funds to implement the Agricultural Water Use and Development Plan under Act 101, Session Laws of Hawaii, 1998.

The Hawaii Florists and Shippers' Association, the Hawaii Agriculture Research Center, and the Hawaii Farm Bureau Federation testified in support of this measure. The Department of Agriculture commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the itemized appropriation amounts to \$1 for the purpose of continued discussion; and
- (2) Making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 948, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 948, H.D. 2.

Signed by all members of the Committee.

SCRep. 825 Finance on H.B. No. 1042

The purpose of this measure is to permit the Board of Trustees of the Hawaii Public Employees Health Fund to contract for more than one type of health benefits plan.

The Hawaii Health Systems Corporation, and the Hawaii State Teachers Association testified in support of this measure. The Board of Trustees of the Hawaii Public Employees Health Fund commented on the measure.

Your Committee has amended the bill by making technical, nonsubstantive revisions.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1042, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1042, H.D. 2.

Signed by all members of the Committee.

SCRep. 826 Finance on H.B. No. 1380

The purpose of this bill is to provide an interim subsidy to the Irrigation System Revolving Fund to:

- (1) Meet the operating expenses of existing irrigation systems; and
- (2) Allow affected parties to recover from the depressed economy.

The Hawaii Farm Bureau Federation testified in support of this measure. The Department of Agriculture (DOA) commented on this measure.

Your Committee has amended this bill by:

- (1) Specifying that the funds are to be used by DOA's Agricultural Resource Management Division; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1380, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1380, H.D. 1.

Signed by all members of the Committee.

SCRep. 827 Finance on H.B. No. 980

The purpose of this bill is to assess only cultivatable lands within the irrigation district boundaries for the purpose of acreage assessments by the Board of Agriculture under section 167-19, Hawaii Revised Statutes.

The Department of Agriculture submitted comments on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 980, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 980, H.D. 2.

Signed by all members of the Committee.

SCRep. 828 Finance on H.B. No. 98

The purpose of this bill is to help retirees living on fixed incomes cope with the rising cost of living in Hawaii by extending the Employees' Retirement System (ERS) pensioners' bonus from July 1, 1999, to July 1, 2001.

The Hawaii State Teachers Association (HSTA), the HSTA-Retired Organization, the Coalition of Hawaii State/Counties Retirees, the Oahu Retired Teachers Association, and the Retirees Unit of the Hawaii Government Employees Association submitted testimony in support of this measure. The ERS commented on this measure.

Your Committee has amended this measure by:

- (1) Appropriating an unspecified amount to extend the ERS pensioners' bonus;
- (2) Naming the Department of Budget and Finance as the expending agency;
- (3) Effectuating the appropriation section on July 1, 1999; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 98, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 98, H.D. 1.

Signed by all members of the Committee.

SCRep. 829 Finance on H.B. No. 1088

The purpose of this bill is to maximize learning at the early elementary school level by authorizing the Board of Education (BOE) to determine the starting age for children entering kindergarten and the first grade.

The BOE and the Hawaii State Teachers Association testified in support of this measure. The Department of Human Services and Good Beginnings Alliance commented on this measure.

Your Committee has made technical, nonsubstantive amendments to the bill for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1088, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1088, H.D. 2.

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

SCRep. 830 Finance on H.B. No. 979

The purpose of this bill is to:

- (1) Reduce the number of credit denials required for the Department of Agriculture's (DOA) agricultural loan program;
- (2) Include credit unions in the definition of a "private lender";
- (3) Allow DOA to jointly service and collect on its portion of participation loans; and
- (4) Provide low interest financing to agricultural producers directly affected by State eradication programs.

DOA commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 979, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 979, H.D. 2.

Signed by all members of the Committee.

SCRep. 831 Finance on H.B. No. 898

The purpose of this bill is to establish a separate agricultural water supply and delivery system under the Board of Agriculture to serve farms in the upcountry region of Maui.

The Office of the Mayor of the County of Maui, the Maui County Council, the Department of Water Supply of the County of Maui, the Central Maui Soil and Water Conservation District, and the Maui County Farm Bureau testified in support of the bill. The Department of Agriculture commented on the bill.

Your Committee has amended the bill by:

- (1) Changing the appropriation amount to \$1 for each year of fiscal biennium 1999-2001 for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 898, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 898, H.D. 2.

Signed by all members of the Committee.

SCRep. 832 Finance on H.B. No. 333

The purpose of this bill is to appropriate funds for research and development of various agricultural commodities.

The College of Tropical Agriculture and Human Resources, the Pineapple Growers Association of Hawaii, the Hawaii Farm Bureau Federation, the Hawaii Tropical Fruit Growers, Hawaii Florists and Shippers' Association, the Hawaii Macadamia Nut Association, the Hawaii Anthurium Industry Association, the Big Island Banana Growers Association, and the Big Island Farm Bureau testified in support of the bill. Hawaii Agriculture Research Center supported the intent of the bill. The Department of Agriculture submitted comments.

Your Committee has amended this bill by changing the appropriation amount to \$1 per project, or \$9 total, for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 333, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 333, H.D. 2.

Signed by all members of the Committee.

SCRep. 833 Finance on H.B. No. 547

The purpose of this bill is to increase the supply of organs for transplant recipients by:

- (1) Creating a funding mechanism for educating the public about organ donation;
- (2) Ensuring that hospitals notify the organ donor procurement organization; and
- (3) Creating an advisory committee on anatomical gifts.

Kaiser Permanente, the Organ Donor Center of Hawaii, the National Kidney Foundation of Hawaii, the American Heart Association of Hawaii, the Healthcare Association of Hawaii, the Hawaii Nurses' Association, the Minority Organ Tissue Transplant Education Program, and five individuals testified in support of the bill.

The Office of the Lieutenant Governor and the Department of Health testified in support of the intent of the bill.

Your Committee has amended the bill by:

- (1) Designating the Department of Health rather than the Office of the Lieutenant Governor as the administrator of the Hawaii Organ and Tissue Education Special Fund (Special Fund);
- (2) Setting July 1, 2000, as the starting date for collecting the voluntary fee for deposit into the Special Fund;
- (3) Distributing moneys in the Special Fund to the Organ Donor Center of Hawaii, which shall apportion the moneys, rather than apportioning the moneys directly from the Special Fund; and

- (4) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 547, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 547, H.D. 3.

Signed by all members of the Committee.

SCRep. 834 Finance on H.B. No. 743

The purpose of this bill is to increase access to safe and cost-effective health care by including advanced practice registered nurses (APRN) as providers of health care under workers compensation, no-fault, and prepaid health care plans.

The Department of Health, the Hawaii Nurses' Association, the Hawaii Insurers Council, the Hawaii Chapter of the American Psychiatric Nurses Association, Hawaii Certified Nurse-Midwives, Kaiser Permanente, and several individuals testified in support of this measure. The Hawaii Medical Service Association commented on this measure.

Your Committee has amended this measure by:

- (1) Clarifying that health plans are responsible for providing reimbursement for covered benefits and services of a plan only, and not all services that any provider might make available;
- (2) Deleting references to section 457-2, Hawaii Revised Statutes, as defining APRN since the title is self explanatory;
- (3) Placing services provided by an APRN in a separate item as they relate to personal injury benefits in section 431:10C-103.5 as these services are unrelated to therapy, rehabilitation, and therapeutic massage and are not required to be prescribed by a doctor; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 743, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 743, H.D. 3.

Signed by all members of the Committee.

SCRep. 835 Finance on H.B. No. 1006

The purpose of this bill is to establish a sentencing simulation model that includes:

- (1) A centralized, computer-based criminal defendant population database; and
- (2) Computer modeling techniques to project the impact of different sentencing policies on future criminal justice and corrections populations and resources.

The Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, and the Honolulu Police Department supported this bill. The Department of Public Safety commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1 in both fiscal years for discussion purposes; and
- (2) Making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1006, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1006, H.D. 2.

Signed by all members of the Committee.

SCRep. 836 Finance on H.B. No. 622

The purpose of this bill is to increase access to breast cancer screening for women in Hawaii by decreasing the time interval between required mammographic screening coverage from every two years to every year for women ages 40 and over under health care services policies, contracts, plans, and agreements.

The Departments of Commerce and Consumer Affairs and Health, the Hawaii State Commission on the Status of Women, the Hawaii Nurses' Association, and one individual submitted testimony in support of this measure. Kaiser Permanente submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Deleting the mandatory baseline mammogram screening for women 35 through 39 years of age; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 622, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 622, H.D. 2.

Signed by all members of the Committee.

SCRep. 837 Finance on H.B. No. 1367

The purpose of this bill is to provide a continuum of services for the prevention of child abuse. Specifically, this bill appropriates funds:

- (1) To establish one and one-half permanent positions with the Department of Health to ensure continuous implementation of the Child Death Review Teams;
- (2) To establish three permanent deputy attorney general positions for the Family Law Division to carry out the purposes of Chapter 587, Hawaii Revised Statutes (HRS);
- (3) To establish a medical/health case management system;
- (4) For hospital-based risk screening services for families identified as "at-risk";
- (5) To provide substance abuse treatment services for pregnant women, mothers, and their families involved in the child protective services system;
- (6) To establish additional facilities to deliver diversion and child protection services to targeted families;
- (7) For foster parent training; and
- (8) To broaden the scope of psychosocial support services available to families.

The Hawaii Family Support Center, the American Academy of Pediatrics, Blueprint for Change, and the Communities in Schools Hawaii Project of the YMCA testified in support of this measure. The Departments of the Attorney General, Health, and Human Services testified in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Deleting provisions in Parts III and IV that may be improperly used against the State as an admission of liability in a lawsuit alleging that a child was hurt because the State provided inadequate staff or services to carry out the duties related to Chapter 587, HRS;
- (2) Changing the amount of appropriations in sections 15 and 16 to \$2 and \$7 respectively for purposes of further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1367, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1367, H.D. 2.

Signed by all members of the Committee.

SCRep. 838 Finance on H.B. No. 1352

The purpose of this bill is to appropriate \$750,000 for the cost-sharing effort of the University of Hawaii at Manoa in the operation of the AGOR-26 oceanographic research vessel.

Several members of the public testified in support of this bill. The University of Hawaii testified in support of the intent of this bill.

Your Committee has amended this bill by changing the appropriation amount to \$1 for purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1352, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1352, H.D. 1.

Signed by all members of the Committee.

SCRep. 839 Ocean Recreation and Marine Resources on H.C.R. No. 48

The purpose of this concurrent resolution is to authorize the Board of Land and Natural Resources (BLNR) to issue a non-exclusive easement to Voyager Submarines Hawaii, Inc. (Voyager) for the use of State-owned submerged lands approximately three-fourths mile offshore of Ala Moana Beach Park.

The issuance of a non-exclusive easement will allow Voyager to sink two specially prepared derelict vessels, thereby creating an artificial reef which can be viewed by Voyager's submarine passengers.

Your Committee received testimony in favor of this concurrent resolution from the BLNR, the Department of Business, Economic Development, and Tourism, Voyager, and BOATS/Hawaii Inc. Testimony in opposition was received from concerned individuals and commercial fishers.

BLNR recommended making technical, nonsubstantive amendments for purpose of clarity.

Your Committee has amended this concurrent resolution by adopting the BLNR recommendations.

Your Committee finds that Voyager Submarines has met all requirements needed for issuance of a non-exclusive easement and recommends its authorization.

Your Committee also finds that the non-exclusive use of the installed artificial reef will benefit several potential users, such as fishers and divers.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 48, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.C.R. No. 48, H.D. 1.

Signed by all members of the Committee.

SCRep. 840 Finance on H.B. No. 519

The purpose of this bill is to provide more continuity and stability in establishing teacher licensing and credentialing standards by staggering the terms of the members of the Hawaii Teacher Standards Board beginning in 2001.

The Department of Education, the Hawaii Teacher Standards Board, and the Hawaii State Teachers Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 519 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 841 Finance on H.B. No. 389

The purpose of this bill is to provide additional funds to the Department of Education to extend the benefits of the Learn and Serve Hawaii program to more island students.

The Department of Education commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 389 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 842 Finance on H.B. No. 104

The purpose of this bill is to facilitate the implementation of an employer-union trust concept for determining and administering public employee and retiree health benefits by amending Act 309, Session Laws of Hawaii 1996, as follows:

- (1) Changing the composition of the committee to develop and recommend a proposal to implement such a concept;
- (2) Specifying that the proposal include a plan to incorporate retirees into the trust structure;
- (3) Requiring the committee to submit three annual progress reports to the Legislature;
- (4) Requiring the committee to submit annual action plans on the proposal to the Legislature; and
- (5) Repealing the committee on June 30, 2001.

The Hawaii Government Employees Association, the Hawaii State Teachers Association (HSTA), and HSTA-Retired testified in support of this measure. The Department of Budget and Finance and the Hawaii Public Employees Health Fund commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 104, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 843 Finance on H.B. No. 1048

The purpose of this bill is to reduce the health insurance contributions of public employers by requiring State and county retired employees and their spouses to enroll in the federal Medicare Part B medical insurance plan, if eligible.

The Hawaii Public Employees Health Fund Board of Trustees submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1048, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 844 Finance on H.B. No. 1044

The purpose of this bill is to provide medical coverage to part-time, temporary, and seasonal or casual employees who are currently not eligible for medical benefits under the provisions of the Hawaii Public Employees Health Fund (Health Fund).

This bill requires the Board of Trustees of the Health Fund (Board) to offer medical, hospital, and surgical benefits plans to these employees at no cost to the employers.

The Department of Budget and Finance testified in support of this bill. The Department of Education supported the intent of this measure, and the Board offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1044, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 845 Finance on H.B. No. 314

The purpose of this bill is to repeal the deadline for the transfer of management of the State Aquarium from the University of Hawaii (UH) to a non-profit corporation by allowing the State Aquarium's current management with the Research Corporation of the University of Hawaii and the University of Hawaii Foundation to continue indefinitely.

UH testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 314 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 846 Finance on H.B. No. 801

The purpose of this bill is to support the aquaculture industry in the State by authorizing the issuance of special purpose revenue bonds to assist CEATECH USA in planning and building a processing plant for shrimp.

The Department of Agriculture, the Hawaii Aquaculture Association, CEATECH USA, and BOC Gases/Gaspro testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 801, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 847 Finance on H.B. No. 1026

The purpose of this bill is to allow insurance companies to offset their insurance premium taxes with the low-income housing tax credit (credit) provided under the income tax law by extending the credit to the insurance premium tax under the Insurance Code.

The Department of Taxation and the Housing and Community Development Corporation of Hawaii testified in support of this measure. The Tax Foundation of Hawaii commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1026, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 848 Finance on H.B. No. 549

The purpose of this bill is to appropriate funds to establish a long-term care volunteer ombudsman program to ensure that quality outreach services are provided to the increasing number of elderly people residing in long-term care facilities in the State.

The Executive Office on Aging, the American Association of Retired Persons, the Hawaii Long Term Care Association, the Policy Advisory Board for Elder Affairs, and the Healthcare Association testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 549, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 849 Finance on H.B. No. 1071

The purpose of this bill is to permit the Insurance Commissioner to hire staff attorneys who are exempt from the state civil service compensation laws.

The Department of Commerce and Consumer Affairs testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1071, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 850 Finance on H.B. No. 50

The purpose of this bill is to provide equitable benefits to claimants of temporary disability insurance (TDI) by changing the period of employment to qualify for TDI benefits from four completed calendar quarters to fifty-two weeks immediately preceding the first day of disability.

The Departments of Labor and Industrial Relations and Education submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 50 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 851 Finance on H.B. No. 1139

The purpose of this measure is to improve the clinical laboratory licensing program by:

- (1) Deleting the clinical laboratory supervisor category of licensure;
- (2) Adding the clinical laboratory specialist and clinical laboratory cytotechnologist categories of licensure; and
- (3) Renaming the laboratory technologist category to clinical laboratory scientist.

The Department of Health testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1139, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 852 Finance on H.B. No. 747

The purpose of this bill is to facilitate the transformation of the State's accounting and budgeting systems to a performance-based budgeting system by requiring three departments to develop outcome measures for all of their programs as well as for administratively attached agencies.

The National Federation of Independent Business and Common Cause Hawaii submitted testimony in support of this measure. The Department of Budget and Finance submitted testimony in support of the intent of this measure. The Performance Budgeting Committee commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 747, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 853 Finance on H.B. No. 978

The purpose of this bill is to encourage private lenders to provide financing for diversified agricultural interests by authorizing the Department of Agriculture (DOA) to guarantee loans made to qualified farmers and cooperatives by private lenders.

The DOA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 978 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 854 Finance on H.B. No. 1628

The purpose of this bill is to provide financial assistance for diversified agricultural interests by:

- (1) Authorizing the Department of Agriculture (DOA) to underwrite and service loans for cooperating private lenders and government loan programs that provide loans to qualified farmers; and
- (2) Allowing the Employees' Retirement System to invest in:
 - (A) Obligations secured by mortgages on farm land guaranteed by the DOA; and
 - (B) Obligations for the repayment of loans guaranteed by the DOA.

The DOA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1628 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 855 Finance on H.B. No. 87

The purpose of this bill is to address problems of drug abuse, gang activity, and teen pregnancy in the Hilo-Hamakua-Kohala region of the island of Hawaii by establishing the Community-Based Youth Leadership Demonstration Project that will focus on the formulation of activities and programs to help youth develop the skills and attitudes needed to avert such problems.

Kohala High and Intermediate School and numerous individuals testified in support of this measure. The Department of Education testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 87, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 856 Finance on H.B. No. 560

The purpose of this bill is to authorize the Department of Education to convert to permanent status two temporary positions at Hilo Community School for Adults.

The Department of Education and the principal of Hilo Community School for Adults testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 560 and recommends that it pass Third Reading.

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

SCRep. 857 Finance on H.B. No. 1168

The purpose of this bill is to enable the Hawaii State Public Library System to continue to collect fees for enhanced library services through the Fee for Enhanced Services Program (Program) by extending the repeal date of the Program from July 1, 1999, to July 1, 2002.

The Hawaii State Public Library System testified in support of this measure. Information Services testified in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1168, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
(Representatives Marumoto and Moses voted no.)

SCRep. 858 Judiciary and Hawaiian Affairs on H.B. No. 15

The purpose of this bill is to make technical and clarifying amendments to the law governing administrative revocation of a driver's license.

Your Committee received testimony from the Judiciary and concerned individuals.

Your Committee finds that this bill will clarify judicial review decisions by providing that the court may remand a decision for entry of an order consistent with the judicial review decision, while retaining the provision that the court cannot remand the matter back to the director for further proceedings consistent with the order. This bill also changes the license revocation for first time offenders from three months to ninety days.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 15 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 859 Judiciary and Hawaiian Affairs on H.B. No. 1485

The purpose of this bill is to eliminate the requirement that there be a complaint or indictment in the District Court when a defendant is charged with certain offenses.

Your Committee received testimony in support of this bill from the Department of the Prosecuting Attorney for the City and County of Honolulu.

Your Committee finds that for matters exclusively under District Court jurisdiction, a complaint or indictment is not required. For matters jointly under District Court and Family Court jurisdiction, a complaint or indictment should not be required.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1485 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 860 Judiciary and Hawaiian Affairs on H.B. No. 1160

The purpose of this bill is to allow the Employment Security Appeals Referee Office to hold hearings in other counties besides the county in which the appeal is filed.

Testimony in support of this bill was received from the Department of Labor and Industrial Relations.

Your Committee finds that under current law, unemployment appeals hearings must be held in the county in which the appeal was filed, unless another location is consented to by the parties. This requirement results in delays which impede the department's ability

to meet federal standards for timely appeals. This measure would allow hearings officers to conduct hearing by telephone in lieu of in-person hearings in the various counties.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1160, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 861 Consumer Protection and Commerce on H.B. No. 1138

The purpose of this bill is to give the Department of Health (DOH), the general power to conduct epidemiologic investigations of diseases and injuries that threaten or are deemed by DOH to threaten the public health.

DOH and the Office of Information Practices submitted testimony supporting this measure. DOH testified that under current law, DOH is authorized to require reporting of, and inspect records relating to, 57 different infectious diseases. However, this did not allow DOH to respond to a number of increasingly important threats to the public health: very rare diseases, non-infectious diseases, injuries of public health significance, and biological/chemical terrorism. The bill would give DOH the ability to obtain complete, accurate, and timely information regarding these new public health threats, and would appropriately limit access to this information to protect the privacy interests of individuals.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1138, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 862 Consumer Protection and Commerce on H.B. No. 328

The purpose of this bill is to add board-certified psychiatrists who are qualified in addiction psychiatry by the American Board of Psychiatry and Neurology, to those included within the definition of "certified substance abuse staff," who are authorized to provide mandated substance abuse services under Chapter 431M, Hawaii Revised Statutes (HRS).

Your Committee received testimony supporting this measure from the Department of Health (DOH), Hawaii Medical Association, and Hawaii Biodyne, Inc. (HB Inc.) The Department of Commerce and Consumer Affairs (DCCA) testified that although Chapter 431M, HRS, is under the jurisdiction of the Insurance Division, DCCA generally defers to the DOH on matters relevant to the chapter. An individual submitted testimony in opposition to the bill as it read prior to being amended by the Committee on Health.

DOH stated that the bill, as amended by the Committee on Health, provides assurance that qualified physicians provide substance abuse services under Chapter 431M, HRS.

HB Inc. testified that it had provided HMSA substance abuse benefits care management for approximately ten years, and that psychiatrists with a Qualification in Addiction Psychiatry (QAP), are as qualified to provide substance abuse treatment services as physicians holding an American Society of Addiction Medicine certificate who are currently included in the definition of "certified substance abuse staff." HB Inc. stated that this bill would appropriately recognize the qualifications of psychiatrists with a QAP, and allow them to avoid additional certification requirements.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 328, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Morita, Takumi, Yoshinaga, Halford and Thielen.

SCRep. 863 Consumer Protection and Commerce on H.B. No. 562

The purpose of this bill is to expand the range of labeling language that persons marketing products containing only Hawaiian macadamia nuts may use, by allowing marketers, as an alternative to "100% Hawaii-Grown Macadamia Nuts," the option of labeling their products "Hawaii-Grown Macadamia Nuts," "100% Hawaiian Macadamia Nuts," or "Hawaiian Macadamia Nuts."

The Department of Agriculture, Hawaii Macadamia Nut Association, Hawaii Food Industry Association, and Mauna Loa Macadamia Nut Corporation submitted testimony supporting this bill, that would give Hawaii's macadamia nut industry some flexibility in the establishment of a regional brand, for the purpose of emphasizing the high quality of Hawaii's macadamia nuts, and distinguishing them from macadamia nuts grown elsewhere in the world.

Your Committee finds that this bill will assist Hawaii's macadamia nut industry to establish itself as the high standard for macadamia nuts against which all other macadamia nuts grown elsewhere in the world must be measured.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 562 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 864 Consumer Protection and Commerce on H.B. No. 851

The purpose of this bill is to provide that a person who has in storage a car with an unexpired certificate of inspection, is exempted from the law that requires that a new certificate be obtained before the car is removed from storage.

Testimony was submitted by an individual who requested a bill that would remedy problems caused by Hawaii County registration laws. The City and County of Honolulu testified in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 851 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 865 Consumer Protection and Commerce on H.B. No. 11

The purpose of this bill, as received, is to increase the minimum gross vehicle weight rating of trucks for a category 4 license from 11,001 pounds to 12,001 pounds, and to increase the maximum gross vehicle weight rating of trucks and vans for a category 3 license from 11,000 pounds to 12,000 pounds.

Hawaii Transportation Association and Legislative Information Services of Hawaii testified in support of the bill. Ryder Transportation Services supported the bill as a positive step, but recommended that the gross vehicle weight for category 4 licenses be increased further to 15,001 pounds.

Your Committee finds that the changes to the gross vehicle weight ratings proposed in this bill will be beneficial for small businesses without compromising safety on the road.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 11, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita, Yoshinaga, Rath and Thielen.

SCRep. 866 Finance on H.B. No. 854

The purpose of this bill is to reduce the portion of the general excise tax revenues deposited into the State Educational Facilities Improvement Special Fund from \$90,000,000 to \$45,000,000.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 854 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 867 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 19

The purpose of this bill is to add assault to the factors that the liquor commission may consider in revoking, suspending or placing conditions or restrictions on liquor licenses.

Testimony in support of this bill was received from the Downtown Neighborhood Board No. 18, the Ala Moana/Kakaako Neighborhood Board, the Urban Honolulu Crime Fax Network, and the Honolulu Police Department (HPD). All testifiers indicated a need for this bill to enable the liquor commission to exercise better control over establishments serving liquor, in order to minimize the negative impact on the surrounding communities.

Testimony from HPD and Downtown Neighborhood Board No. 18 indicated that assault is a type of criminal activity that is very troublesome at some licensed venues, yet the liquor commission does not consider assault to be a criminal activity it can consider in denying renewal of licenses.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 19 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Chang, Herkes, Yoshinaga, Pendleton and Thielen.

SCRep. 868 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1073

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes, entitled the Telemarketing Fraud Prevention Act. This bill:

- (1) Includes two sections describing unfair or deceptive, and abusive telemarketing acts or practices;
- (2) Provides civil penalties for violations of these sections;
- (3) Requires that telephone solicitors keep specified types of records for a period of five years; and
- (4) Makes these records available upon demand of any governmental entity authorized to enforce the chapter.

Testimony supporting this measure was submitted by the Department of Commerce and Consumer Affairs (DCCA), Department of the Prosecuting Attorney of the City and County of Honolulu, Executive Office on Aging, AARP, and the Policy Advisory Board for Elder Affairs. The Honolulu Police Department supported the intent of this bill. Direct Marketing Association (DMA) submitted testimony opposing the bill's telemarketing requirements, which it testified were more restrictive than those of the Federal Trade Commission. AT&T and GTE supported the bill's intent but were opposed to additional regulatory restrictions on telemarketing that might unduly burden the industry, with GTE specifically objecting to the recordkeeping requirements and overly strict five-phone-ring limit on telephone solicitations.

AARP testified that over \$40,000,000,000 is lost to telemarketing fraud each year, and that the crime is a difficult one to detect, prevent, and remedy. AARP also stated that older persons are increasingly being targeted for and becoming victims of telemarketing fraud.

DCCA testified that most states have a telemarketing fraud law, and that telemarketers are used to complying with telemarketing laws on both the federal and state levels. DCCA stated that in Hawaii, one of the few states without a telemarketing law, the number of complaints about telemarketing fraud has been increasing. In response, the DCCA had over the past year, embarked on a campaign to increase consumer awareness about the dangers of telemarketing fraud, encourage reporting, and network with enforcement agencies in other states and countries to investigate and stop telemarketing abuses.

Your Committees have amended this measure by adopting, in part, the recommendations developed by DCCA in collaboration with DMA, GTE, and AT&T. Specifically, your Committees have amended this measure by:

- (1) Adjusting language in the unfair or deceptive, and abusive telemarketing acts or practices sections to:
 - (A) Prohibit "credit repair scams" and "recovery room scams" using language that more closely tracks the Federal Telemarketing Sales Rule;
 - (B) Increase from five to ten rings, the maximum number of telephone rings allowed before a solicitation call would constitute an unfair or deceptive act;
 - (C) Permit the use of a fictitious name by a specific telemarketing solicitor, consistent with the Federal Telemarketing Rule; and
 - (D) Delete an overly broad catchall provision;
- (2) Reducing from five years to two years, the time that records must be retained by telemarketers;
- (3) Providing exemptions from:
 - (A) The written authorization to access consumer credit card and bank account requirement in cases where merchants adopt the DMA national policy of providing refunds for goods returned within seven days;
 - (B) The requirement that records be kept of refund, cancellation, exchange, or repurchase policies where merchants adopt a full refund, unconditional satisfaction guaranteed policy;
 - (C) Recordkeeping requirements by broadening the exemption for businesses regulated by the Public Utilities Commission (PUC), to encompass the sale of goods or services subject to regulation by either the PUC or the Federal Communications Commission;
- (4) Narrowing the range of records that must be kept to substantiate performance and other claims, to those substantiating claims regarding health, nutrition, or diet-related goods or services;
- (5) Adopting the federal Telephone Consumer Protection Act's "do not call list" requirements by reference under the recordkeeping provisions of this bill; and

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

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1073, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1073, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Chang, Hiraki, Takumi, Yoshinaga, Halford and Pendleton.

SCRep. 869 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1491

The purpose of this bill is to authorize the use of administrative subpoenas and thereby give law enforcement agencies a more efficient means by which they may obtain information and records from providers of electronic communications and remote computing services.

The Department of the Prosecuting Attorney of the City and County of Honolulu (Prosecuting Attorney) submitted testimony in support of this measure. The Office of Information Practices took no position on this bill, but submitted comments on its effect on an individual's privacy. The Attorney General (AG), opposed the bill as written and suggested an amendment.

The Prosecuting Attorney testified that under federal law, records may be obtained from providers of electronic communications and remote computing services through an administrative subpoena issued pursuant to either federal or state statute, a grand jury, or a trial court order. State law, however, does not presently authorize the use of administrative subpoenas. This bill would amend state law consistent with federal law, and facilitate investigations by law enforcement agencies by providing them with a simpler and less cumbersome way of obtaining information.

The AG stated that the amendments proposed by the bill would have the effect of limiting the kind of information available through administrative subpoenas to specified types of telephone records. The AG suggested an amendment that would allow both telephone records and other electronic communication information to be obtained through an administrative subpoena.

Upon consideration, your Committees have amended this bill as suggested by the AG.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1491, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1491, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Chang, Herkes, Yoshinaga, Pendleton and Thielen.

SCRep. 870 Consumer Protection and Commerce on H.B. No. 766

The purpose of this bill is to clarify that a mortgagee of record or other purchaser of an apartment who obtains possession of the apartment as a result of foreclosure on the mortgage, becomes liable for the apartment's share of common expenses and assessments:

- (1) Thirty-six days after filing of the court order confirming the sale;
- (2) Sixty days after the court confirms the sale; or
- (3) Upon recording of the deed,

whichever occurs first.

The Real Estate Commission submitted testimony in general support, deferring to other testifiers on the specifics of the bill. Testimony supporting this measure was also submitted by the Hawaii Independent Condominium and Cooperative Owners, Hawaii Council of Associations of Apartment Owners, Community Associations Institute, Association of Apartment Owners of Makakilo Hale 1, Board of Directors of the Mauna Luan Condominium and many individual members of condominium associations.

Your Committee received testimony that the number of foreclosures in Hawaii has greatly increased due to the current state of the economy, and that associations of apartment owners are required to bear an unfair share of the economic burden. Testimony indicated that the practice in judicial foreclosures involving apartments is for purchasers to take advantage of an ambiguity in the law that allows them to exercise the rights of ownership over the apartment purchased, without the responsibility of paying maintenance fees. This practice leaves associations the burden of the unpaid fees as well as the continuing responsibility for maintaining common property and providing common services benefiting the apartment.

You Committee was told that in a judicial foreclosure of an apartment, the sale becomes final and purchasers may exercise the rights of ownership over the apartment as soon as a court confirms the sale. However, a number of additional steps are needed before it is clear under current law that title and responsibility for maintenance fees, passes to the purchaser. A written order must be filed with the court, and the deed transferring the apartment must also be recorded. Lenders are typically the purchasers at foreclosure due

to negative equity in the current market, and delay recordation of the deed until they are able to sell the property, thereby avoiding liability for maintenance fees. Your Committee heard testimony that sometimes there are delays of up to two or three months after court confirmation of the sale before the order is filed, and your Committee was apprised of an instance in which the deed was not recorded until almost eight months after the order, costing the association approximately \$2,300. This bill would provide some relief to associations of apartment owners by specifying a time at which a purchaser becomes responsible for maintenance fees.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 766, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 766, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 871 Consumer Protection and Commerce on H.B. No. 792

The purpose of this bill is to clarify that bail bond rates are not subject to insurance rate filing requirements.

Testimony in support of the measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that bail bond rates should be regulated under the bail law, rather than the Insurance Code.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 792, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 792, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 872 Consumer Protection and Commerce on H.B. No. 1063

The purpose of this bill is to correct certain sections of the Code of Financial Institutions which were inadvertently not changed with the adoption of prior amendments to the Code.

The Department of Commerce and Consumer Affairs submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1063, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1063, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 873 Consumer Protection and Commerce on H.B. No. 1070

The purpose of this bill is to change the frequency of examinations by the Insurance Commission of captive insurance companies from once a year to a minimum of once every three years, as determined by the Insurance Commissioner.

The Department of Commerce and Consumer Affairs, the Hawaii Captive Insurance Council, J&H Marsh & McLennan Management, Inc., and 50th State Risk Management Services, Inc., testified in support of the bill.

Under current law, a captive insurance company may apply to lengthen its examination schedule to once every three years. The Insurance Commissioner noted in his testimony that due to the financial strength of captives admitted in this State, all are currently on a three-year examination schedule. Your Committee finds that this bill will conform the Insurance Code to the current practice, while giving the Insurance Commissioner discretion to perform examinations more often, if warranted.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1070, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1070, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 874 Finance on H.B. No. 1198

The purpose of this bill is to create the Integrated Tax Information Management Systems Special Fund (Special Fund) for the operation, maintenance, monitoring, and improvement of related automated tax systems.

The Department of Taxation testified in support of this bill. The Tax Foundation of Hawaii commented on this bill.

Your Committee has amended this bill by:

- (1) Leaving blank all specific dollar amounts for the purpose of further discussion;
- (2) Changing the effective date to July 1, 1999; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee has concerns regarding the linkage between the Special Fund and the revenue source as it relates to the contractual terms for the Integrated Tax Information System.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1198, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 875 Consumer Protection and Commerce on H.B. No. 1401

The purpose of this bill is to allow the public to distinguish between legitimate tow truck businesses, and car thieves using tow trucks, by requiring tow truck businesses to affix their name and telephone number to the doors of their trucks.

Hawaii State Towing Association (HSTA) testified in support of the bill, stating that the identification required by this bill would have the extra benefit of serving to advertise tow truck businesses.

The Department of Commerce and Consumer Affairs (DCCA) took no position on this bill and encouraged your Committee to amend the bill to require tow operators to maintain "garagekeepers insurance" sufficient to protect owners of towed vehicles in the event of loss or damage. DCCA stated that this coverage is apparently maintained by most tow operators and was a matter of discussion at prior hearings.

Your Committee has amended this bill in accord with DCCA's suggestions, and has also made technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1401, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1401, H.D. 2.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 876 Judiciary and Hawaiian Affairs on H.B. No. 159

The purpose of this bill is to expand protections for persons who disclose violations of laws, rules, regulations, ordinances, or codes of ethics to a public body.

Testimony in support of this bill was received from the Hawaii Nurses' Association, the Hawaii State Teachers Association, the American Psychiatric Nurses Association, Common Cause Hawaii, the American Civil Liberties Union of Hawaii, and members of the public. Testimony in opposition to this bill was received from the Chamber of Commerce of Hawaii and Hawaiian Electric Company, Inc.

Your Committee finds that this measure is necessary to improve and strengthen existing whistleblower protection in Hawaii. Whistleblowers serve a vital and positive function by disclosing waste, fraud, abuse, and other wrongdoing in government and business.

Your Committee has amended this bill by:

- (1) Deleting the word "solely" from language prohibiting employers from taking action against an employee solely on the basis of the employee's whistleblowing activity;
- (2) Removing references to the phrase "code of ethics" since adherence to internal corporate codes of ethics though highly encouraged, is not required by law; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 159, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 159, H.D. 2.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.
(Representatives Auwae and Whalen voted no.)

SCRep. 877 Finance on H.B. No. 1460

The purpose of this bill is to expand the video arraignment and conferencing system in the Circuit Court of the Third Circuit and Halawa Correctional Facility by appropriating funds to obtain federal grant moneys to continue Phase II of the Third Circuit Court Video Conferencing Project.

The Department of Public Safety, the Judiciary, and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion on this measure; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1460, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1460, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 878 Finance on H.B. No. 753

The purpose of this bill is to authorize the counties to create special improvement districts by ordinance to provide and finance supplemental maintenance and security services and other improvements, services, and facilities that the respective county councils determine will restore or promote business activity in the district.

The Office of Planning, the City and County of Honolulu, Louis Vuitton Hawaii, the General Manager of the Sheraton Princess Kaiulani Hotel and Chair of the Waikiki Improvement Association, Outrigger Enterprises, Larry K. Fukunaga & Associates, the Waikiki Improvement Association, the Land Use Research Foundation of Hawaii, and the Joint Waikiki Task Force testified in support of this measure.

Your Committee has amended this bill by:

- (1) Deleting references to the procurement and civil service laws with regard to the provision of services under the special improvement districts; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 753, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 753, H.D. 2.

Signed by all members of the Committee.

SCRep. 879 Finance on H.B. No. 1706

The purpose of this bill is to minimize the wasteful and inhumane practice of shark finning by:

- (1) Requiring that sharks be landed whole; and
- (2) Establishing administrative rules for violations and for forfeiture of shark fins, license, vessel, and fishing equipment by violators.

The Department of Land and Natural Resources, Department of Business, Economic Development, and Tourism, Earthjustice Legal Defense Fund, Hawaii Fishermen's Foundation (on behalf of BOATS/US, The Center for Marine Conservation, the World Wildlife Fund, the National Audubon Society, American Oceans Campaign, Ocean Wildlife Campaign, Salt Water Sportsman Magazine, and Greenpeace), Diamond Bay Specialty Seafoods-Hawaii, Inc., Biostim, Inc., and two individuals testified in support of this bill. The State Representative from the 24th District (Makiki, Tantalus, Manoa) offered comments. The Western Pacific Regional Fishery Management Council testified in opposition to this measure.

Your Committee has amended this bill by:

- (1) Clarifying that the definition of "landed" means when the animal is first brought to shore; and
- (2) Deleting the phrase "is landed" from the definition of "whole" because the term has nothing to do with whether a shark is whole or not.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1706, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1706, H.D. 3.

Signed by all members of the Committee.

SCRep. 880 Finance on H.B. No. 250

The purpose of this bill is to allow the University of Hawaii (UH) to secure equipment, goods, and services in a timely manner by allowing the UH Board of Regents to enter into financing agreements without the approval of the Director of Finance and the Attorney General if the principal amount of the financing agreement does not exceed \$4,000,000.

The UH testified in support of the intent of this measure.

Your Committee has amended this bill by reducing the threshold of the principal amount of the financing agreements to \$3,000,000 at or below which UH would be exempt from obtaining approvals from the Director of Finance and the Attorney General for its financing agreements.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 250, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 250, H.D. 2.

Signed by all members of the Committee.

SCRep. 881 Finance on H.B. No. 1125

The purpose of this bill is to clarify and standardize provisions relating to the recovery of medical assistance payments by the Department of Human Services (DHS) in third-party liability situations.

DHS testified in support of this measure. The Department of the Attorney General and Consumer Lawyers of Hawaii submitted comments on this measure.

Your Committee has amended this measure by:

- (1) Removing the distinction between general and special damages;
- (2) Clarifying that a DHS lien is a first lien;
- (3) Clarifying that DHS is only required to contribute to attorney fees and costs if DHS fails to intervene, join the action, prosecute its own claims, or actively participate with the claimant or claimant's attorney in the prosecution of any claim;
- (4) Clarifying that no reward should be given to claimant's attorneys if the attorneys fail to give timely written notice of any claim or action to DHS;
- (5) Clarifying that if a contribution is required, DHS should only be responsible, for a reasonable contribution for attorneys' fees and expenses, which would be based solely upon legitimate costs;
- (6) Allowing DHS to enter into any agreement with the claimant, the claimant's attorney or representative, or other party for the distribution of proceeds from a suit or settlement; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1125, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1125, H.D. 2.

Signed by all members of the Committee.

SCRep. 882 Finance on H.B. No. 1162

The purpose of this bill is to:

- (1) Correct errors in the Boiler and Elevator Safety Law;
- (2) Increase the penalty for violating a safety order as a deterrent for operating regulated equipment in an unsafe manner or in violation of boiler and elevator rules; and
- (3) Ensure that the Boiler and Elevator Safety Revolving Fund will continue to be exempt from central service expenses under section 36-27, Hawaii Revised Statutes, to maintain fees at existing levels.

The Department of Labor and Industrial Relations submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1162, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1162, H.D. 2.

Signed by all members of the Committee.
(Representatives Fox, Marumoto and Meyer voted no.)

SCRep. 883 Energy and Environmental Protection on H.R. No. 12

The purpose of this resolution is to convey to the Governor the support of the Legislature for the Attorney General to vigorously pursue the gasoline overcharge case.

Counsels to Tesoro Hawaii and Chevron Products Company Corporation, defendants in the gasoline case, testified in opposition to this measure. A representative from the Attorney General's office offered comments.

Upon further consideration, your Committee has made amendments to replace wording suggesting incrimination, within the title and body of this resolution, with language that more accurately reflects the litigative nature of the case.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee concurs with the intent and purpose of H.R. 12, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce, in the form attached hereto as H.R. No. 12, H.D. 1.

Signed by all members of the Committee.

SCRep. 884 Energy and Environmental Protection on H.C.R. No. 9

The purpose of this concurrent resolution is to convey to the Governor the support of the Legislature for the Attorney General to vigorously pursue the gasoline overcharge case.

Counsels to Tesoro Hawaii and Chevron Products Company Corporation, defendants in the gasoline case, testified in opposition to this measure. A representative from the Attorney General's office offered comments.

Upon further consideration, your Committee has made amendments to replace wording suggesting incrimination, within the title and body of this resolution, with language that more accurately reflects the litigative nature of the case.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 9, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce, in the form attached hereto as H.C.R. No. 9, H.D. 1.

Signed by all members of the Committee.

SCRep. 885 Energy and Environmental Protection on H.C.R. No. 29

The purpose of this concurrent resolution is to urge the state to fully participate in the federally sponsored program promoting the use of solar energy systems.

Supporting testimony for this measure was submitted by: Inter-Island Solar Supply, Hawaiian Electric Company, Inc.(including its subsidiaries), Kauai Electric, Department of Business, Economic Development, and Tourism, and Life of the Land.

The Million Solar Roofs Initiative, coordinated by the U.S. Department of Energy, provides:

- (1) Assistance in accessing low-cost loans, buy-down grants, and other financial assistance;
- (2) Training, technical assistance, and information;

- (3) Recognition and support on a national, regional, and local basis; and
- (4) Linkage with solar energy businesses, associations, and related industries

Your Committee finds that the Solar Roofs Initiative is an effective approach towards promoting the use of clean and sustainable energy from the sun, and that Hawaii stands much to gain by participating in the program.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 29, and recommends that it be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 886 Finance on H.B. No. 326

The purpose of this bill is to require health insurance coverage for medical foods and low-protein modified food products for the treatment of inborn metabolic diseases.

The Department of Health, the Hawaii Chapter of the American Academy of Pediatrics, Kaiser Permanente, and members of the public testified in support of this bill. The Office of Hawaiian Affairs testified in support of the intent of this bill. The Department of Human Services, Department of Commerce and Consumer Affairs, McCorriston Miho Miller Mukai, Attorneys at Law, the Hawaii Medical Service Association, and a member of the public commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 326, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 887 Finance on H.B. No. 1121

The purpose of this bill is to enable persons convicted, but who are complying with treatment or who have not refused or failed to comply with treatment, of substance abuse to continue to receive financial assistance from the federal Temporary Assistance for Needy Families and Food Stamp programs by repealing the sunset date of Act 128, Session Laws of Hawaii 1997.

The Department of Human Services, the Department of Health, and the Hawaii Substance Abuse Coalition testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1121 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 888 Finance on H.B. No. 1115

The purpose of this bill is to:

- (1) Reduce the trauma of foster placement by allowing foster boarding homes to care for more than five children to accommodate sibling groups; and
- (2) Change the requirement for criminal history checks of foster boarding homes by allowing these checks to be made biennially instead of annually beginning on the third year.

The Department of Human Services and an individual testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1115, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 889 Finance on H.B. No. 81

The purpose of this bill is to develop and commercialize nanotechnology opportunities by appropriating funds to establish a nanotechnology center in the University Park at the University of Hawaii at Hilo.

Testimony in support of this measure was submitted by the University of Hawaii at Hilo and the Mayor and the Mayor's Office of the County of Hawaii.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 81 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 890 Finance on H.B. No. 989

The purpose of this bill is to appropriate funds to satisfy claims for legislative relief, judgments against the State, settlements, and miscellaneous claims.

The Department of the Attorney General testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 989, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 891 Finance on H.B. No. 133

The purpose of this bill is to provide legal representation and counsel to small businesses by funding the Small Business Defender position, established under Act 168, Session Laws of Hawaii 1998, and other support personnel.

The Office of Hawaiian Affairs, the National Federation of Independent Business Hawaii, the Hawaii Business League, and an individual testified in support of this measure. The Department of Business, Economic Development, and Tourism testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 133 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 892 Finance on H.B. No. 634

The purpose of this bill is to support the celebration of the centennial anniversary of the arrival of the Puerto Rican people to Hawaii by:

- (1) Establishing a temporary commission to arrange and promote related activities;
- (2) Establishing a trust fund as the fiscal mechanism to receive and expend funds; and
- (3) Making an appropriation for the centennial celebration.

The Puerto Rican Historic Society testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 634, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 893 Judiciary and Hawaiian Affairs on H.B. No. 1180

The purpose of this bill is to allow the Department of Land and Natural Resources (DLNR) to limit the possession and sale of certain marine life taken from the Northwestern Hawaiian Islands (NWHI) by:

- (1) Specifying that marine life taken from NWHI may not be regarded as "imported" animals; and
- (2) Applying the same regulations to both NWHI and Hawaiian Island marine life, as it deems necessary.

DLNR and Hawaii Fishermen's Foundation testified in support of this measure. Boats Hawaii Inc., provided comments.

Your Committee finds that this measure would give DLNR the authority to prohibit the sale of female lobsters with eggs and of undersized lobsters caught in the NWHI, thereby, protecting and conserving the species.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1180 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 894 Finance on H.B. No. 1049

The purpose of this bill is to require employee organizations that participate in the Hawaii Public Employees Health Fund (Fund) benefits plans to return to the Fund the approximate employer's share of any rate credit or reimbursement from any carrier or self-insurance plan, including any earnings or interest.

The Hawaii Government Employees Association, the Hawaii State Teachers Association, and the Fund commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1049, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 895 Finance on H.B. No. 164

The purpose of this bill is to propose an amendment to Article III, section 6, of the State Constitution to require that, prior to filing nomination papers for the primary election, a candidate for state legislative office should be a qualified voter in the district that the candidate seeks to represent.

The Office of Elections and the League of Women Voters of Hawaii testified in support of this bill. Common Cause Hawaii commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 164 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 896 Finance on H.B. No. 440

The purpose of this bill is to prevent the improper and illegal use of controlled substances by:

- (1) Allowing the Narcotics Enforcement Division of the Department of Public Safety to disclose controlled substance prescription information with physicians; and
- (2) Appropriating funds from the Controlled Substance Registration Revolving Fund for one full-time data processing systems analyst position and other costs.

The Department of Public Safety testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 440, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 897 Finance on H.B. No. 148

The purpose of this bill is to provide the Legislature with the revenue and expenditure data and analyses from which economic and fiscal policies are developed by funding the Office of the Legislative Analyst, which was established by Act 347, Session Laws of Hawaii 1990.

Common Cause Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 148 and recommends that it pass Third Reading.

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

SCRep. 898 Finance on H.B. No. 1436

The purpose of this bill is to transfer the function of analyzing and assessing the impact of proposed special and revolving funds from the State Auditor to the Legislative Analyst.

The State Auditor testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1436, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 899 Judiciary and Hawaiian Affairs on H.B. No. 533

The purpose of this bill, as received by your Committee, is to conform the Hawaii Rules of Evidence to the current Federal Rules of Evidence with respect to sex offense cases and the relevance of the victim's past behavior.

Your Committee received testimony in support of the bill from the Hawaii State Commission on the Status of Women, the Hawai'i Civil Rights Commission, the Sex Abuse Treatment Center, the Hawai'i Women's Legislative Coalition, the National Employment Lawyers Association (Hawai'i Chapter), the Hawaii Women Lawyers and concerned individuals. Comments were received from the Supreme Court Standing Committee on Hawai'i Rules of Evidence and concerned individuals.

Your Committee finds that changes to the Hawaii Rules of Evidence will foster fair resolution of cases involving allegations of sexual misconduct. In addition, appropriate changes will provide further protection for women and children who are victims of sexual harassment.

Your Committee has amended this bill by:

- (1) Deleting provisions relating to Rule 415;
- (2) Clarifying the purpose clause;
- (3) Deleting provisions relating to civil actions as proposed in the measure;
- (4) Providing that in any civil action alleging conduct which constitutes a sexual offense or sexual harassment, evidence of specific instances of plaintiff's sexual conduct is not admissible by the defendant to prove consent by the plaintiff, unless the injury alleged by the plaintiff is in the nature of loss of consortium;
- (5) Providing that in any civil action alleging conduct which constitutes a sexual offense or sexual harassment, if the plaintiff introduces evidence that relates to the plaintiff's sexual conduct, the defendant may cross-examine the witness and offer relevant evidence that is limited specifically to the rebuttal of the evidence introduced; and
- (6) Providing that in civil cases, Rule 412 does not make inadmissible evidence offered to attack the credibility of the plaintiff.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 533, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 533, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 900 Judiciary and Hawaiian Affairs on H.B. No. 1430

The purpose of this bill is to amend various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii pursuant to chapter 23G, Hawaii Revised Statutes, to correct errors, update references, clarify language, and delete obsolete or unnecessary provisions.

Your Committee finds that all of the statutory amendments proposed by the measure are of a purely technical nature and either contain no substantive changes to the law, or, if they have any substantive effect, are done simply to correct the types of errors noted in this report.

Your Committee finds the reasons for the respective technical amendments made in the bill are as follows:

Section 1. Section 53-7(1), HRS, makes reference to "paragraphs (10) and (16) of section 53-1". L 1998, c 2, §19, amended §53-1, HRS, by, inter alia, deleting the paragraph designations. Section 53-7(1), HRS, should be amended by deleting "paragraphs (10) and (16) of" to conform to the amendment made to §53-1, HRS, by L 1998, c 2, §19.

Section 2. Section 53-53(1) and (2), HRS, makes reference to "[paragraph] (13) of section 53-1" and "[paragraph] (3) of section 53-1", respectively. L 1998, c 2, §19, amended §53-1, HRS, by, inter alia, deleting the paragraph designations. Section 53-53(1) and (2), HRS, should be amended by deleting "[paragraph] (13) of" and "[paragraph] (3) of", respectively, to conform to the amendment made to §53-1, HRS, by L 1998, c 2, §19.

Section 3. L 1998, c 51, §1, amended §76-28, HRS, by, inter alia, deleting the requirement that appointing authorities file notices of personnel actions, and to require instead that appointing authorities file "necessary forms" of personnel actions. Section 76-28, as amended, does not refer to "notices". The title to §76-28, however, still reads "Notices required of appointing authorities". Section 76-28, HRS, should be amended by amending its title to "Forms required of appointing authorities" to conform to the amendments made to §76-28 by L 1998, c 51, §1.

Section 4. L 1998, c 81, §3, amended §291-11.5(e), HRS, by, inter alia, requiring persons convicted of violating §291-11.5, HRS, for the first time to attend a child passenger restraint system safety class. Paragraphs (2)(C) and (3)(C) of subsection (e), as amended, however, refer to "child passenger system safety class". The omission of the word "restraint" in the reference to the safety class appears to have occurred as a result of a simple oversight. Section 291-11.5(e)(2)(C) and (e)(3)(C), HRS, should be amended by deleting the brackets around the word "restraint" in "child passenger restraint system safety class" to ratify the revisor's addition of "restraint".

Section 5. L 1998, c 145, §1, enacted §291C-133, HRS, regarding a motor vehicle driver's responsibility for removing waste material that falls from the motor vehicle onto a highway or roadway. Section 291C-133's title, as enacted, read "Waste material from motor vehicles". The revisor added the word "falling" after "Waste material" to make the title more clearly reflect the contents of the section. Section 291C-133, HRS, should be amended by deleting the brackets around the section title and the section number to ratify both the revisor's addition of the word "falling" in the title and the revisor's numbering of the section.

Section 6. L 1998, c 257, §1, added a new part to chapter 323D, HRS, which included §323D-82, HRS. As enacted, §323D-82 stated that "A person who has acquired or is engaged in the acquisition of a hospital shall not substantially reduce of eliminate direct patient care services at the hospital...." The remainder of the sentence refers to "reduction or elimination". The word "of" in "substantially reduce of eliminate" is apparently the result of a typographical error. Section 323D-82, HRS, should be amended by deleting the brackets around the word "or" in "substantially reduce or eliminate" to ratify the revisor's replacement of the word "of" with "or". Section 323D-82, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 7. L 1998, c 242, §13, amended §342P-28, HRS, by, inter alia, amending the last sentence of the section to require that fees be deposited to the credit of the asbestos and lead abatement special fund. L 1998, c 311, §20, also amended §342P-28, HRS, by, inter alia, amending the last sentence to require that fees be deposited to the credit of the noise, radiation, and indoor air quality special fund. The revisor added the word "or" in the last sentence of §342P-28 to require that fees be deposited to the credit of the "asbestos and lead abatement special fund or noise, radiation, and indoor air quality special fund", to conform to the amendments made by L 1998, c 242, §13 and c 311, §20. Section 342P-28, HRS, should be amended by deleting the brackets around the word "or" to ratify the revisor's addition of "or".

Section 8. L 1998, c 206, §2, enacted §351-62.6, HRS. Section 351-62.6(a), as enacted, makes reference to the "criminal injuries compensation fund under section 351-62.5". L 1998, c 206, §3, amended §351-62.5, HRS, by, inter alia, renaming the "criminal injuries compensation fund" the "criminal injuries compensation special fund". L 1998, c 240, §7, also amended §351-62.5 by substituting "crime victim compensation fund" for "criminal injuries compensation fund". Thus, as a result of the amendments made to §351-62.5, HRS, by L 1998, c 206, §3 and c 240, §7, the criminal injuries compensation fund was renamed the "crime victim compensation special fund". The revisor replaced the reference to "criminal injuries compensation fund" in §351-62.6(a), HRS, with "crime victim compensation special fund", to conform to the amendments made by L 1998, c 206, §3 and c 240, §7. Section 351-62.6(a), HRS, should be amended by deleting the brackets around "crime victim compensation special fund" to ratify the revisor's replacement of "criminal injuries compensation fund" with "crime victim compensation special fund".

Section 9. L 1998, c 240, §7, amended §351-64.5, HRS, by substituting "crime victim compensation fund" for "criminal injuries compensation fund". The criminal injuries compensation fund is established in §351-62.5, HRS. L 1998, c 206, §3, amended §351-62.5 by, inter alia, renaming the "criminal injuries compensation fund" the "criminal injuries compensation special fund". L 1998, c 240, §7, also amended §351-62.5 by substituting "crime victim compensation fund" for "criminal injuries compensation fund". Thus, as a result of the amendments made to §351-62.5, HRS, by L 1998, c 206, §3 and c 240, §7, the criminal injuries compensation fund was renamed the "crime victim compensation special fund". The revisor replaced the word "fund" in "crime victim compensation fund" in §351-64.5(b), HRS, with "special fund" to conform to the amendments made by L 1998, c 206, §3 and c 240, §7. Section 351-64.5(b), HRS, should be amended by deleting the brackets around "special fund" in "crime victim compensation special fund" to ratify the revisor's replacement of "fund" with "special fund".

Section 10. L 1998, c 240, §7, amended §351-70, HRS, by substituting "crime victim compensation fund" for "criminal injuries compensation fund". The criminal injuries compensation fund is established in §351-62.5, HRS. L 1998, c 206, §3, amended §351-62.5 by, inter alia, renaming the "criminal injuries compensation fund" the "criminal injuries compensation special fund". L 1998, c 240, §7, also amended §351-62.5 by substituting "crime victim compensation fund" for "criminal injuries compensation fund". Thus, as a result of the amendments made to §351-62.5, HRS, by L 1998, c 206, §3 and c 240, §7, the criminal injuries compensation fund was renamed the "crime victim compensation special fund". The revisor replaced the word "fund" in "crime victim compensation fund" in §351-70, HRS, with "special fund" to conform to the amendments made by L 1998, c 206, §3 and c 240, §7. Section 351-70, HRS, should be amended by deleting the brackets around "special fund" in "crime victim compensation special fund" to ratify the revisor's replacement of "fund" with "special fund".

Section 11. L 1998, c 240, §7, amended §351-84, HRS, by substituting "crime victim compensation fund" for "criminal injuries compensation fund". The criminal injuries compensation fund is established in §351-62.5, HRS. L 1998, c 206, §3, amended §351-62.5 by, inter alia, renaming the "criminal injuries compensation fund" the "criminal injuries compensation special fund". L 1998, c 240, §7, also amended §351-62.5 by substituting "crime victim compensation fund" for "criminal injuries compensation fund". Thus, as a result of the amendments made to §351-62.5, HRS, by L 1998, c 206, §3 and c 240, §7, the criminal injuries compensation fund was renamed the "crime victim compensation special fund". The revisor replaced the word "fund" in "crime victim compensation fund" in §351-84(b), HRS, with "special fund" to conform to the amendments made by L 1998, c 206, §3 and c 240, §7. Section

351-84(b), HRS, should be amended by deleting the brackets around "special fund" in "crime victim compensation special fund" to ratify the revisor's replacement of "fund" with "special fund".

Section 12. L 1998, c 240, §7, amended §354D-12, HRS, by substituting "crime victim compensation fund" for "criminal injuries compensation fund". The criminal injuries compensation fund is established in §351-62.5, HRS. L 1998, c 206, §3, amended §351-62.5 by, inter alia, renaming the "criminal injuries compensation fund" the "criminal injuries compensation special fund". L 1998, c 240, §7, also amended §351-62.5 by substituting "crime victim compensation fund" for "criminal injuries compensation fund". Thus, as a result of the amendments made to §351-62.5, HRS, by L 1998, c 206, §3 and c 240, §7, the criminal injuries compensation fund was renamed the "crime victim compensation special fund". The revisor replaced the word "fund" in "crime victim compensation fund" in §354D-12(b)(1), HRS, with "special fund" to conform to the amendments made by L 1998, c 206, §3 and c 240, §7. Section 354D-12(b)(1), HRS, should be amended by deleting the brackets around "special fund" in "crime victim compensation special fund" to ratify the revisor's replacement of "fund" with "special fund".

Section 13. L 1998, c 252, §4, amended §431:14A-103(e) and (f), HRS. Prior to amendment, subsection (f) referred to "insolvency fund, or education and training fund". L 1998, c 252, §4, amended subsection (f), by, inter alia, omitting the words "or education" before "and training fund" without bracketing or underscoring. The omission of "or education" appears to have occurred as a result of a simple oversight. Section 431:14A-103(f), HRS, should be amended by deleting the brackets around "or education" to ratify the revisor's replacement of "or education" before "and training fund".

Section 14. Section 468M-17, HRS, pertains to the adoption of rules. Section 468M-17, HRS, does not refer to regulations. However, the title of §468M-17 reads "Rules and regulations". Section 468M-17, HRS, should be amended by amending its title to delete "and regulations" to make the title consistent with the contents of the section. Section 468M-17, HRS, should also be amended by deleting the brackets around the section number to ratify the revisor's numbering of the section.

Section 15. L 1998, c 258, §11, amended §485-16, HRS, by, inter alia, adding subsection (b). Section 485-16(b), HRS, makes several references to "principal place of business". However, the beginning of the first sentence of subsection (b) refers to "an investment adviser that maintains its principal place in a state...." The omission of the words "of business" after "principal place" appears to have occurred as a result of a simple oversight. Section 485-16(b), HRS, should be amended by deleting the brackets around the words "of business" to ratify the revisor's addition of the words "of business".

Section 16. Section 571-84, HRS, was amended by L 1997, c 317, §4 and c 318, §3. L 1997, c 317, §4, amended §571-84(a). L 1997, c 318, §3, made several amendments to §571-84. Subsection (e) was amended, inter alia, to include a reference to subsection (j). However, subsection (j) does not exist.

An earlier draft of H.B. No. 106, which later became Act 318, had amended §571-84 to include a new subsection (j) (H.B. No. 106, H.D.1, S.D.1). The final draft of H.B. No. 106 (H.D.1, S.D.1, C.D.1) deleted subsection (j), but did not delete the reference to subsection (j) found in subsection (e). Therefore, §571-84(e), HRS, should be amended to delete the reference to subsection (j).

Section 17. L 1998, c 269, §1, enacted two new sections, one of them §706-646, HRS. Section 706-646(2) makes reference to the "criminal injuries compensation commission". Section 351-11, HRS, establishes the criminal injuries compensation commission. L 1998, c 240, §4 amended §351-11 by renaming the "criminal injuries compensation commission" the "crime victim compensation commission". The revisor replaced "criminal injuries compensation commission" with "crime victim compensation commission" in §706-646(2), to conform to the amendment made by L 1998, c 240, §4. Section 706-646(2), HRS, should be amended by deleting the brackets around "crime victim compensation commission" to ratify the revisor's replacement of "criminal injuries compensation commission" with "crime victim compensation commission".

Section 18. Section 709-906, HRS, is entitled "Abuse of family and household members; penalty". However, the section itself refers to and defines "family or household member". Section 709-906, HRS, should be amended by amending its title to "Abuse of family or household members; penalty" to make the title consistent with the contents of the section. Support for this amendment is also found in the fact that L 1998, c 172, §1, amended §586-1, HRS, by, inter alia, amending the defined term of "Family and household members" to "Family or household member".

Section 19. Section 712A-4, HRS, enumerates the offenses for which property is subject to forfeiture under chapter 712A. L 1998, cc 155 and 307 amended §712A-4. Both acts added new offenses for which property is subject to forfeiture; c 155, insurance fraud and c 307, unauthorized entry into motor vehicle. The amendments were harmonized so that effect was given to each.

L 1997, c 277, §3, amended §712A-4, by adding trademark counterfeiting as an offense for which property is subject to forfeiture.

L 1998, c 155, §4, amended the 1997 version of §712A-4. However, L 1998, c 307, §1, used the pre-1997 version of §712A-4 for amendment, omitting the reference to trademark counterfeiting.

Section 712A-4, HRS, should be amended to delete the brackets around "trademark counterfeiting," to ratify the revisor's replacement of "trademark counterfeiting".

Section 20. The regulation of activity providers was first enacted in 1990 by Act 214 and was scheduled for repeal on June 30, 1991.

In 1991, Act 240 amended L 1990, c 214, to, inter alia, extend the repeal date to June 30, 1993. Act 240 was also conditioned with a repeal date of June 30, 1993 (L 1991, c 240, §4).

The Legislature extended and, ultimately, deleted L 1990, c 214's repeal date. (See L 1992, c 231, L 1995, c 174, and L 1998, c 248.) However, L 1991, c 240, §4 was never amended to extend or delete c 240's June 30, 1993 repeal date. Although the lack of amendment to L 1991, c 240, §4, was apparently due to a simple oversight, the fact that the June 30, 1993 repeal date was never extended or deleted may raise ambiguity regarding the validity of the amendments that L 1991, c 240 made to L 1990, c 214.

The Legislature's subsequent actions in amending L 1991, c 240, however, clearly indicate that the legislature intended the amendments made by L 1991, c 240 to continue beyond c 240's June 30, 1993 repeal date. L 1991, c 240, §4, should be amended by deleting the June 30, 1993 repeal date.

Section 21. L 1998, c 53, §1, amended §76-56, HRS. The prefatory language in §1 stated that "Section 76-28" was amended. However, §1 set forth and amended §76-56, HRS. The prefatory language in L 1998, c 53, §1, should be amended to state that it is "Section 76-56" that is amended.

Section 22. L 1998, c 78, §3, amended L 1988, c 202, §3. The prefatory language in L 1998, c 78, §3 stated that "Act 202, Session Laws of Hawaii 1998" was amended. However, the text of L 1988, c 202, §3 (as amended by L 1994, c 111, §4), is set forth in c 78, §3. Moreover, Conference Committee Report No. 41, dated May 1, 1998, regarding S.B. No. 2346 (Act 78) stated that "The purpose of this bill is to extend the sunset date of Act 202, Session Laws of Hawaii 1988, as amended by Act 111, Session Laws of Hawaii 1994,....." L 1998, c 78, §3, should be amended by amending the prefatory language to state that it is "Act 202, Session Laws of Hawaii 1988" that is amended.

Section 23. L 1998, c 176, §6, amended §171-2, HRS. The prefatory language in §6 stated that "Chapter 171-2" was amended. Chapter 171-2, HRS, does not exist. L 1998, c 176, §6, should be amended by amending the prefatory language to state that it is "Section 171-2" that is amended.

Section 24. L 1998, c 219, §6, amended §501-20, HRS, by adding five new definitions but set forth the five definitions with the section title.

The use of "definition" rather than "definitions" in the prefatory language in §6 appears to be the result of a typographical error. Thus, the prefatory language in §6 should be amended to replace "definition" with "definitions". Section 6 should also be amended by deleting the following:

"**Section 501-20 Definitions.** As used in this chapter, unless the context otherwise requires:"

to clarify that the five new definitions are to be added to, and are not to replace, the existing definitions in §501-20, HRS.

Section 25. L 1998, c 229, §1, amended chapter 323F, HRS, by adding two new sections; however, the prefatory language in §1 stated that "three new sections" were being added. L 1998, c 229, §1, should be amended by amending the prefatory language to state that chapter 323F, HRS, is amended by adding "two new sections".

Section 26. L 1998, c 242, §7, amended §342P-5, HRS. The prefatory language in §7 stated that "Section 342P-5, Hawaii Revised Statutes, is amended by amending subsections (a) and (b) to read as follows:". However, §7 amended §342P-5, HRS, by amending the section title as well as subsections (a) and (b). L 1998, c 242, §7, should be amended by amending the prefatory language to include "the title and" before "subsections (a) and (b)" to clarify that §342P-5, HRS, is amended by amending the section title and subsections (a) and (b).

Section 27. L 1998, c 311, §15, amended §321-27, HRS. The prefatory language in §15 stated that §321-27, HRS, was amended "by amending its title and subsections (a) and (b) to read as follows." However, §15 set forth §321-27, HRS, in its entirety, and also amended subsection (d). The prefatory language in L 1998, c 311, §15, should be amended by deleting "by amending its title and subsections (a) and (b)" to make the prefatory language consistent with the amendments set forth in §15.

In order to ensure that the revision appearing in Section 1 of the bill does not alter substantive law, your Committee has amended the bill by specifying the definitions referenced in §53-7(1), i.e. "Redevelopment area" and "Urban area".

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1430, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1430, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Morita and Yoshinaga.

SCRep. 901 Judiciary and Hawaiian Affairs on H.B. No. 995

The purpose of this bill is to establish and clarify the sovereign immunity of the State with regard to claims for attorneys' fees against the State.

Testimony in support of this bill was received from the State Attorney General. Testimony in opposition to this bill was received from the Consumer Lawyers of Hawaii.

Your Committee finds that it is in the best interests of the taxpayers of the State of Hawaii to disallow prevailing party attorneys' fees to be awarded against the State except where provided for by statute.

Your Committee has amended this bill by:

- (1) Removing all references to the Counties; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 995, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 995, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 902 Judiciary and Hawaiian Affairs on H.B. No. 1003

The purpose of this bill is to create two new felony offenses:

- (1) Habitual criminal behavior against persons; and
- (2) Habitual criminal behavior against property.

Testimony in support of the measure was received from the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Maui County Police Department, the Hawaii County Police Department, and the Honolulu Police Department. Additional testimony was received from the Affordable Housing and Homeless Alliance, the Office of the Public Defender, and several members of the public.

Your Committee finds that there are many criminals who repeatedly commit misdemeanor offenses. These persons know that under current law, if caught, the consequences of their conduct will be relatively minor. As such, there is currently no serious deterrent to their repeated criminal behavior. Your Committee finds that a mandatory sentence will send a strong message that repeated criminal behavior will not be tolerated.

Your Committee has amended this bill by deleting its substance and inserting provisions that:

- (1) Consolidate a number of the habitual offenses against persons and property enumerated in this bill as received, into section 706-606.5, Hawaii Revised Statutes, namely:
 - (A) Assault in the third degree;
 - (B) Terroristic threatening in the second degree;
 - (C) Sexual assault in the fourth degree;
 - (D) Criminal property damage in the third degree;
 - (E) Theft in the third degree; and
 - (F) Misdemeanor shoplifting;

and making the multiple offender of any of these offenses subject to a mandatory minimum sentence of 120 days without possibility of parole in cases where a person is convicted on at least three prior and separate occasions of any of the specified misdemeanor offenses within a three-year period; and

- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1003, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1003, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Morita and Yoshinaga.

SCRep. 903 Consumer Protection and Commerce on H.B. No. 648

The purpose of this bill is to permit condominium associations of apartment owners to collect delinquent association assessments from a tenant instead of the non-paying landlord.

Testimony in support of this bill was received from Hawaii Independent Condominium & Cooperative Owners, Hawaii Council of Associations of Apartment Owners, Community Associations Institute, Johnson Property Management, Inc., Board of Directors of Nihi Kai Villas, Board of Directors of Association of Apartment Owners of Makakilo Hale 1, Board of Directors of Mauna Luan Condominiums, and twenty-seven individuals who are condominium apartment owners. Supporting testifiers expressed concerns about the increasing burden for non-delinquent owners who must pay the delinquent owners' share of common expenses, and the high costs of attempting collection by the methods presently authorized by law. The Real Estate Commission generally supported passage of this bill, with a suggestion that the matter be reviewed by the Attorney General if it affects denial of existing property rights of apartment owners.

Opposing testimony was presented by the Office of Consumer Protection (OCP) of the Department of Commerce and Consumer Affairs, stating that the bill is unclear in several respects, including the amounts recoverable from the tenant and whether the tenant can apply offsets such as under Section 521-64, Hawaii Revised Statutes.

Your Committee finds that the increasing problem of delinquent owners not paying their share of assessments places an unfair burden on the non-delinquent owners who must pay those expenses and the expenses of collection. Collecting delinquent sums directly from tenants of delinquent owners appears to your Committee to be a reasonable alternative method of collection, so long as the amount of the tenants' rent obligation is not increased and the tenants' remedies against the landlord owner under Chapter 521, Hawaii Revised Statutes, are preserved.

Further, your Committee believes that, in the interests of fairness, prior to being implemented, this method of collection should be approved at an annual or special meeting of the association, or by written consent of the majority of apartment owners, and that the apartment owner should receive prior notice of the board of director's intent to collect delinquent amounts from rent.

Accordingly, your Committee has amended the bill as follows:

- (1) Adding language to clarify that, regardless of the amount demanded by the board of directors, the amount payable by the tenant each month cannot exceed the amount of rent due each month;
- (2) Prohibiting a board of directors from demanding payment from a tenant who has been served with a court order demanding payment of rent to a third party;
- (3) Adding language clarifying that the tenant may deduct any offsets to which the tenant is entitled under Chapter 521, Hawaii Revised Statutes;
- (4) Clarifying that neither the tenant nor the apartment owner is precluded by the section from seeking legal or equitable relief in court;
- (5) Requiring the board of directors to give the apartment owner prior notice of its intent to collect delinquent maintenance fees from rent owed;
- (6) Adding a subsection providing that any actions to collect from the tenant may be taken only after the board has adopted a written policy providing for such actions and that the policy is approved by the apartment owners, either by majority vote at an annual or special meeting of the association or by written consent of a majority of the apartment owners; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 648, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 648, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 904 Consumer Protection and Commerce on H.B. No. 1623

The purpose of this bill is to expand the definition of "captive insurance company" (CIC) to:

- (1) Establish five classes of captive insurance companies, subject to specified minimum capital or surplus requirements that may be increased by the Insurance Commissioner as necessary to preserve solvency;
- (2) Limit the first two classes to pure captive CICs and the third class to companies formed as association and risk retention CICs;
- (3) Designate class 4 as being composed of leased capital facilities, CICs that, as newly authorized under the law, are allowed to be owned by persons or entities that are not members of the CIC;

- (4) Establish CICs called reinsurance companies, that are formed for the primary purpose of reinsuring liability, property, or life and health businesses, and that are class 5 CIC's that are not class 1 through 4 companies;
- (5) Exempt class 3 to 5 CICs from any National Association of Insurance Commissioners (NAIC) risk-based capital reports filing requirement; and
- (6) Subject class 4 and 5 CICs to the same one percent tax imposed on the gross premiums of association CICs and risk retention CICs.

Your Committee received testimony in support of this measure from J&H Marsh & McLennan (JHMM), 50th State Risk Management Services, Inc. (RMS), and the Hawaii Captive Insurance Council (HCIC). The Department of Commerce and Consumer Affairs (DCCA) testified in support of part of the bill, suggesting an amendment. The Reinsurance Association of America (RAA) provided comments about the bill, suggesting an amendment.

JHMM stated that Hawaii's captive insurance industry had demonstrated strong growth over the past five years, and that there are now over sixty licensed companies. RMS testified that Hawaii has become the second largest home for captive insurance companies in the U.S., is the premier domicile in the Pacific basin, and that the industry has steadily contributed to the economic diversification of the State. RMS stated its belief that the bill would create a basis for further development of the industry. HCIC testified that the bill's expansion of the definition of a captive insurer was consistent with the progression of the industry into alternative risk financing. HCIC stated that Hawaii's status as a State would allow reinsurers to write directly to any multinational in the U.S., and that this, and the exemption provided from NAIC filing requirements would be attractive to reinsurers. HCIC also testified that the amount of capital required of reinsurers under the bill would help to eliminate disreputable companies.

DCCA supported class 1 through 4, but opposed class 5 companies, stating that its concern was that class 5 CICs would cover the risk of unrelated companies. DCCA stated that CICs are exempt from many of the requirements of the insurance laws because they are self insurers covering only related risks. DCCA requested that class 5 be removed and the capital or surplus requirements for class 4 companies be amended consistent with current minimum capital guidelines for association and risk retention CICs.

RAA submitted testimony stating its belief that absent a change in U.S. corporate income tax law, the bill would not provide an incentive for captive reinsurer formation and would not make Hawaii competitive with tax-free domiciles such as Bermuda. RAA also stated that provisions for a one percent gross premium tax on CIC reinsurers might be read to subject them to double taxation, and suggested an amendment.

It is not your Committee's intention to subject reinsurers to double taxation on premiums. Your Committee notes that section 431:19-116(b), Hawaii Revised Statutes, contains express language exempting reinsurers from double taxation by stating that the tax on gross premiums is upon risks or property "upon which no premium tax is otherwise paid." Your Committee therefore has not amended the premium tax provisions of the bill.

Your Committee understands that additional parameters will have to be crafted for the oversight and regulation of the new classes of insurers set forth in this bill. These matters can be accomplished by subsequent amendments to Article 19 of the Insurance Code and by the Insurance Commissioner's rulemaking authority.

Your Committee also wants to emphasize that minimum capital requirements in the bill are to allow the Commissioner discretion in setting the minimum capital and surplus requirements for insurers licensed under Article 19 of the Insurance Code. In the case of reinsurers, for example, the bill would allow for the Commissioner to set lower minimum capital requirements writing limited business than might be set for reinsurers writing a larger or riskier book of business. Thus, the bill sets only minimum requirements and the Commissioner may set higher requirements, depending upon the individual circumstances of each applicant.

Your Committee is interested in continued discussion and refinement of policies and programs that would benefit the State's economy by attracting captive insurers and reinsurance companies, while retaining a reasonable and prudent level of protection for the community. Your Committee has made a technical amendment to this bill so that section 431:19-107, Hawaii Revised Statutes, is not repealed on June 30, 2000, and reenacted as it read on June 20, 1994. Other technical, nonsubstantive amendments have been made to conform the bill to standard drafting conventions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1623, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1623, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita, Yoshinaga, Rath and Thielen.

SCRep. 905 Finance on H.B. No. 1692

The purpose of this bill is to enable the travel agent industry in the State to remain viable and competitive by reducing to one half per cent, the general excise tax rate on income derived from the sale of airline tickets by travel agents and agencies.

The Hawaii Business League testified in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the general excise tax rate on income derived from the sale of airline tickets of travel agents and agencies to an unspecified amount for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1692, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1692, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 906 Consumer Protection and Commerce on H.B. No. 647

The purpose of this bill is to provide an alternative remedy for condominium associations of apartment owners to collect delinquent assessments from owner-occupants by allowing the association to withhold common privileges and terminate all services to owner-occupied apartments until the delinquent sums are paid.

Testimony in support of this bill was received from Hawaii Independent Condominium & Cooperative Owners, Hawaii Council of Associations of Apartment Owners, Community Associations Institute, Board of Directors of Nihi Kai Villas, Board of Directors of Association of Apartment Owners of Makakilo Hale 1, Board of Directors of Mauna Luan Condominiums, and twenty seven individuals who are condominium apartment owners. Supporting testimony highlighted the increasing burden for non-delinquent owners to cover the delinquent owners' share of common expenses, as well as the burdensome expenses of attempting collection.

The Real Estate Commission (Commission) provided testimony generally supporting the bill, stating that there are more reports of associations of apartment owners having to increase maintenance fee assessments due to increasing delinquencies and enforcement expenses. The Commission suggested that constitutional issues be reviewed with respect to terminating common privileges.

Your Committee finds that this method of collection is a reasonable and less expensive alternative to the remedy of foreclosure, and believes that such alternatives are needed to alleviate this problem for condominium associations and non-delinquent owners. Your Committee further believes that, in the interests of fairness, this method of collection should be approved at an annual or special meeting of the association or by written consent of the majority of apartment owners, prior to its implementation.

Upon further consideration of all issues raised, your Committee has amended the bill by:

- (1) Adding a section describing the purpose of the Act and explaining that the provisions in the Act address concerns for persons with special circumstances because the condominium association is subject to guidelines it must follow prior to termination of utility services;
- (2) Providing that the actions relating to terminating services and privileges may be taken only after the board of directors has adopted a written policy providing for such actions and the policy is approved by the apartment owners, either by majority vote at an annual or special meeting of the association or by written consent of a majority of the apartment owners;
- (3) Extending the time between the written notice and the termination to sixty days from thirty days; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 647, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 647, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita and Halford.

SCRep. 907 Consumer Protection and Commerce on H.B. No. 411

The purpose of this bill is to provide a three-day right of rescission for new motor vehicle sales or leases, where the consumer has not taken delivery of the vehicle or has driven the vehicle less than 100 miles.

Testimony in support of this bill was received from the Regulated Industries Complaints Office (RICO) of the Department of Commerce and Consumer Affairs (DCCA), and from an interested individual. RICO testified that motor vehicle sales generate the largest number of inquiries to RICO from consumers seeking to rescind the purchase contract for a new vehicle, most believing that there is a three-day right of rescission. RICO supported the bill's effort to address the need for clarity on the rights of a consumer who is encouraged to take, and does take, possession of the motor vehicle before financing has been approved, and later learns that financing has been disapproved.

The DCCA Office of Consumer Protection (OCP) provided comments on the impact this measure would have on the Motor Vehicle Lease Disclosure Act (chapter 481L, Hawaii Revised Statutes) including a suggestion that the right of rescission be conspicuously disclosed prior to or at the time of the transaction.

The Hawaii Automobile Dealers Association (HADA) strongly opposed the bill, listing numerous problems that would be created for dealers, including the effect of the rescission period on manufacturer's rebates, and the shortened warranty period for subsequent purchasers of vehicles returned due to rescinded contracts.

Your Committee recognizes that a motor vehicle sale or lease is one of the largest purchases or obligations incurred by the average consumer, and involves a decision often made under high pressure sales tactics, sometimes resulting in buyer's remorse, and accompanied by the buyer's belief that a three-day right of rescission exists. Your Committee believes that numerous issues raised by HADA, RICO, and OCP warrant further study as this bill proceeds through the Legislature but, at the very least, consumers should be clearly advised, prior to signing a sales or lease agreement, whether or not there is a three-day right of rescission. Your Committee also understands that RICO and HADA are continuing to work on language to provide consumer protections and disclosure of rescission rights, if any, where a consumer takes possession of the vehicle prior to financing being approved.

Upon consideration of all these factors, your Committee has amended the bill by replacing its contents with provisions making it a violation of the Motor Vehicle Industry Licensing laws for a dealer or a salesperson to sell or lease a new or used motor vehicle without specific written documentation disclosing to the customer whether there is a three-day rescission right.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 411, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 411, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Halford.
(Representative Rath voted no.)

SCRep. 908 Consumer Protection and Commerce on H.B. No. 1276

The purpose of this bill is to clarify and update investment parameters for association funds by:

- (1) Allowing condominium associations and their managing agents to deposit association funds in out-of-state financial institutions;
- (2) Permitting the deposit of funds with securities brokers who have an office in Hawaii; and
- (3) Prescribing the permissible investments for association funds.

Testimony in support of this bill was presented by the Community Associations Institute (CAI), the Hawaii Association of Realtors, and the Hawaii Council of Associations of Apartment Owners (HCAAO). CAI proposed amendments to restore the requirement that deposits be made only in financial institutions located in the State, as well as some technical amendments, including a clarification that mutual funds, like government obligations, must bear maturity dates no more than ten years after the purchase date. HCAAO also favored restoring the restriction of deposits to Hawaii financial institutions, and proposed an amendment to include federal or community credit unions among the financial institutions where deposits may be made.

The Hawaii Independent Condominium & Cooperative Owners testified in opposition to the bill's provision to allow depositing funds in mainland banks. The Real Estate Commission expressed numerous concerns primarily related to issues arising out of the statutory amendment that would allow funds to be deposited out of state.

Your Committee finds that this bill would provide clarity for associations and managing agents as to where deposits may be made and what type of investments is permissible for association funds. Concurring with the amendments proposed by CAI and HCAAO, your Committee has amended the bill by:

- (1) Restoring the restriction that association funds be deposited in financial institutions located in the State;
- (2) Including federal or community credit unions among the financial institutions in the State where association funds may be deposited;
- (3) Clarifying that mutual funds, like government obligations, must bear maturity dates no more than ten years after the purchase date; and
- (4) Making technical, nonsubstantive amendments and a typographical correction for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1276, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala and Halford.

SCRep. 909 Consumer Protection and Commerce on H.B. No. 1411

The purpose of this bill is to allow students of acupuncture to sit for the acupuncture licensing examination if they have graduated from an institution that is in the process of applying for candidacy for accreditation.

Your Committee received testimony supporting this measure from the the Oriental Medical Institute of Hawaii, the Institute of Clinical Acupuncture and Oriental Medicine (ICAOM), the Student Body of ICAOM, and the Hawaii College of Health Sciences, Inc. The Board of Acupuncture of the Department of Commerce and Consumer Affairs, supported the intent of this bill, suggesting an amendment.

Your Committee finds that this bill will allow acupuncture students who have graduated from an unaccredited institution, to be eligible to take the acupuncture licensing examination if the student applies to take the examination on or after September 1, 2000, and at the time they apply, the institution is in the process of applying for candidacy for accreditation. Upon examination of the testimony submitted, your Committee notes that this bill is not intended to establish a deadline by which acupuncture schools must achieve candidacy status, and is not intended to prevent or allow the future establishment of acupuncture programs in this state.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1411, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1411, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Halford.

SCRep. 910 Consumer Protection and Commerce on H.B. No. 1072

The purpose of this bill is to mandate consumer mortgage counseling similar to federal guidelines, prior to a lender's acceptance of a reverse mortgage loan application.

The Office of Consumer Protection (OCP) of the Department of Commerce and Consumer Affairs testified in support of the bill with proposed amendments including:

- (1) A change in the enforcement provisions;
- (2) Correction to the definition of "reverse mortgage loan"; and
- (3) Clarification of which loans are subject to the counseling requirements.

Some of these amendments were developed through OCP's prior discussions with American Savings Bank and other financial institutions.

Testimony opposing the bill was presented by Norwest Mortgage, which raised issues that were ultimately resolved by amendments agreed to by OCP.

Your Committee finds that reverse mortgages are one of the financing tools that is particularly inviting for seniors on a fixed income, yet is not suitable for some people. The level of counseling required under this bill, being consistent with that required under federally-insured reverse mortgages, would help consumers evaluate the appropriateness of reverse mortgage financing in light of factors like their age, their current and future needs, and their reasons for seeking financing.

Your Committee concurs with the amendments proposed by OCP and has amended the bill by:

- (1) Deleting the definition of "counseling";
- (2) Making a lender's violation of the counseling requirements an unfair method of competition or unfair or deceptive act or practice under section 480-2;
- (3) Correcting the definition of "reverse mortgage loan,"
- (4) Clarifying that these counseling requirements do not apply to loans:
 - (a) Insured by the United States Department of Housing and Urban Development;
 - (b) Intended for sale to the Federal National Mortgage Association (also known as "Fannie Mae") or to the Federal Home Loan Mortgage Corporation (also known as "Freddie Mac"); or
 - (c) For which mortgage counseling is required under other state or federal laws; and

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1072, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita, Halford and Rath.

SCRep. 911 Consumer Protection and Commerce on H.B. No. 107

The purpose of this bill is to:

- (1) Extend the deadline to comply with the condominium reserve requirement law until July 1, 2003, for any association of apartment owners of which 75 per cent or more of the apartment owners, who are owner-occupants, vote to extend the deadline no later than December 31, 1999;
- (2) Make all assessments collected under section 514A-83.6(b), Hawaii Revised Statutes, replacement reserves; and
- (3) Make a director of an apartment owner association who violates section 514A-83.6(b) personally liable for breach of fiduciary duty.

Testimony in opposition to this bill was presented by the Real Estate Commission, Hawaii Independent Condominium & Cooperative Owners, and Hawaii Council of Associations of Apartment Owners.

Testimony in support of this bill was received from owner-occupants of the Princess Leilani Condominium.

Among other things, the issue was raised as to whether condominium associations had alternative remedies to seek exemption from the reserves requirements, for reasons of economic hardship. Your Committee believes that this measure merits further discussion and has amended it as follows:

- (1) Changed the effective date; and
- (2) Corrected a typographical error.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 107, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Morita, Halford and Rath.

SCRep. 912 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1267

The purpose of this bill is to make some general amendments to the alternate power of sale foreclosure process in Part II, Chapter 667, Hawaii Revised Statutes, in order to streamline the foreclosure process. Among other things, this bill:

- (1) Makes the open house requirement optional;
- (2) Deletes the requirement that the mortgagor sign the conveyance document transferring title after the foreclosure auction;
- (3) Clarifies that public notices be "mailed or delivered" rather than "sent"; and
- (4) Deletes the public information requirement for lenders.

The Office of Consumer Protection (OCP) of the Department of Commerce and Consumer Affairs objected to those portions of the bill that make the open house requirement an option for the mortgagee and that delete the public information requirement. One individual also objected to these parts of the bill.

Hawaii Financial Services Association (HFSA) strongly supported the bill, but suggested amendments to the public information requirement, following the Senate's amendments to the companion bill. The Hawaii Council of Associations of Apartment Owners (HCAAO) supported passage of the bill with the HFSA proposed amendments.

AARP testified in opposition to this bill and in favor of Senate amendments to the companion bill, which included retaining the open house requirement and providing OCP-approved public information materials with the first notice of default. OCP testified that it cannot be the validating agency and should not be required to approve the public information materials, but that OCP would be available to consult with lenders in developing such materials.

The Community Associations Institute testified in support of the bill, but requested an amendment to allow the law to become effective for loans executed immediately after passage of the bill into law, rather than be applicable only to loans executed after July 1, 1999. HCAAO and HFSA also expressed a preference that the application of the law become effective immediately upon approval.

Title Guaranty of Hawaii, Security Title Corporation, Hawaii Credit Union League, First American Long & Melone Title Company, Ltd., one law firm, and three attorneys involved with foreclosure actions testified generally in support of the bill.

Your Committees find that streamlining and clarifying the alternate power of sale procedures will benefit all parties affected by the foreclosure process, including condominium associations and non-delinquent owners.

Upon further consideration of all the concerns and suggested amendments, your Committees have amended the bill by:

- (1) Restoring the open house requirements;
- (2) Restoring the public information requirement in section 667-41, Hawaii Revised Statutes, but amended with language requiring that a foreclosing mortgagee using the power of sale foreclosure procedure shall prepare public information materials, and further describing what should be included in the materials;
- (3) Providing that a foreclosing mortgagee shall include a copy of the public information material with the first notice of default;
- (4) Deleting the section setting forth the power of sale language to be included in the mortgage instrument;
- (5) Repealing section 667-42, Hawaii Revised Statutes, so that the law will apply to existing loans documented with power of sale foreclosure provisions, rather than only to loans executed after July 1, 1999;
- (6) Leaving blank the effective date of this Act, to assure further discussions as the bill progresses; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1267, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1267, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Morita, Halford and Pendleton.

SCRep. 913 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1344

The purpose of this bill is to limit the attorney's fees awarded by an arbitrator of disputes under the Condominium Property Regimes law, between individual apartment owners, or between these individuals and their association of apartment owners, to no more than 25 percent of the damages awarded by the arbitrator.

An individual testified in support of the bill. Another individual who is a member of the Small Landowners Association withdrew testimony in opposition after determining that the bill did not apply to those owning land under condominiums.

Your Committees have made technical, nonsubstantive amendments for purposes of consistency and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1344, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1344, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Kaho'ohalahala, Halford and Pendleton.

SCRep. 914 Agriculture on H.B. No. 336

The purpose of this bill is to facilitate the import into and use of microorganisms in the State by, among other things:

- (1) Requiring the Department of Agriculture (DOA) to maintain lists of approved, restricted, and prohibited microorganisms;
- (2) Providing on a case-by-case basis, a procedure for allowing the importation of microorganisms that are not on any list; and
- (3) Allowing DOA to publish interim rules in a newspaper of general circulation and increasing the number of days currently required for publishing from the date of issuance.

The Hawaii Agriculture Research Center testified in support of this bill. The Department of Agriculture, the University of Hawaii (UH), and the Hawaii Branch of the American Society of Microbiology commented on this bill.

Your Committee recognizes that due to the ever-increasing and changing uses of microorganisms, particularly in the area of biotechnology, Hawaii's business and research community and others must be allowed greater flexibility to import and use microorganisms. However, your Committee is also aware that the import and use of microorganisms must also be done in a manner that will not be detrimental to agriculture, horticulture, the environment, animals, and humans.

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

- (1) Deleting the requirement that importers of animals that are not on the lists of prohibited, restricted, or conditionally-approved animals meet permit requirements consistent with Centers for Disease Control and National Institute of Health guidelines before a special permit may be issued by DOA;
- (2) Requiring the Board of Agriculture to maintain a list of nonrestricted microorganisms, rather than approved microorganisms, allowed entry into the State without a permit;
- (3) Authorizing DOA to issue emergency permits on a case-by-case basis to state or federal agencies or the state university for the import and possession of microorganisms that are on the list of prohibited microorganisms;
- (4) Changing on a case-by-case basis the procedures for allowing the importation of microorganisms not on any list;
- (5) Allowing DOA to publish interim rules at least once statewide within ten days of issuance, rather than at least once within seven days of issuance in each newspaper of general circulation in the State; and
- (6) Making technical, nonsubstantive amendments for clarity and style.

Your Committee notes that there is agreement by DOA and UH that this bill, as amended, is a step in the right direction to facilitate the import and use of microorganisms. Your Committee further notes that DOA and UH will work together during the legislative interim to address other concerns related to this issue.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 336, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 336, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Chang, Herkes and Whalen.

SCRep. 915 Agriculture on H.B. No. 945

The purpose of this bill, as referred to your Committee on Agriculture, is to authorize the Department of Agriculture to allow lessees to conduct agriculture-related commercial operations in agricultural park complexes.

Your Committee finds that many of Hawaii's agricultural park lessees lack the resources and skills to market their crops and commodities to area residents and the public. Your Committee further finds that the agricultural park program's statutory limitation prevents lessees from operating a commercial venture within the agricultural park complex.

Testimony in support of this bill was received from the Department of Agriculture, the Office of Hawaiian Affairs, the Hawaii Farm Bureau Federation, the Big Island Farm Bureau, the Hawaii Island Landscape Association, and several Keohole AG Park Association members.

Your Committee has amended this bill by changing "shall" to "may" on page 2, line 6, to give the Department of Agriculture the flexibility of determining whether or not commercial activity is feasible in an agricultural park complex.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 945, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 945, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Chang, Herkes and Whalen.

SCRep. 916 Judiciary and Hawaiian Affairs on H.B. No. 1529

The purpose of this bill is to clarify that the offense of robbery does not require the victim or any other person present to be aware of the theft or the attempted theft of the property.

Testimony in support of this bill was received by the Department of the Prosecuting Attorney, City and County of Honolulu. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that a recent Hawaii Supreme Court decision in *State v. Mitsuda*, 86 Haw. 37 (1997), recon. denied October 13, 1997, held that where a defendant threatens the imminent use of force against any person present with the intent to compel acquiescence to the taking of or escaping with property, the victim must be aware of the theft of the property for the offense of robbery in the first degree to have occurred. Your Committee believes that this was not the intent of the legislature when it originally enacted this law providing for the offense of robbery in the first degree.

Your Committee has amended this bill by deleting its contents and inserting amendments to section 708-840, robbery in the first degree and section 708-841 robbery in the second degree to clarify that the respective offenses occur when a person threatens the use of force with the intent to take or escape with the property.

Your Committee believes that this measure in its amended form will sufficiently clarify the law and give effect to the legislature's original intent.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1529, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 917 Judiciary and Hawaiian Affairs on H.B. No. 67

The purpose of this bill is to reform the tort system in the State of Hawaii.

Testimony in support of this bill was received from Hawaii Pacific Engineers, Inc., Hawaii Association of Realtors, National Federation of Independent Business Hawaii, Hawaii Society of Certified Public Accountants, Hawaii Medical Association, the Chamber of Commerce of Hawaii, Construction Industry Legislative Organization, General Contractors Association of Hawaii, American Council of Life Insurance, Building Industry Association of Hawaii, Small Business Economic Revival Force, and Pacific Geotechnical Engineers, Inc.

Testimony in opposition to this bill was received from Consumer Lawyers of Hawaii and a concerned individual.

Your Committee concurs that a person victimized by the negligence or wrongful act of another must be equitably compensated for those injuries. At the same time, your Committee recognizes that the present system often times leaves defendants with virtually limitless exposure in many of these cases. Your Committee finds that there is a need for a mechanism to discourage frivolous claims and facilitate the fair and quick resolution of meritorious claims.

Your Committee believes that these changes in the civil justice system will create the balance needed to ensure that fairness and equity prevail while improving our business climate and economy.

Your Committee has amended this bill by:

- (1) Adding a provision to change the degree of negligence for which a joint tortfeasor will become subject to the imposition of joint and several liability;
- (2) Adding language clarifying that in certain instances noneconomic damage awards may exceed \$500,000;
- (3) Deleting the effective date; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 67, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 67, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 918 Judiciary and Hawaiian Affairs on H.B. No. 1004

The purpose of this bill is to:

- (1) Create a new version of murder in the second degree, which incorporates felony murder;
- (2) Revise the statutory elements of murder; and
- (3) Revise the extreme mental or emotional disturbance defense to one that reduces the level of the offense by only one level.

Testimony in support of this bill was received from the Attorney General, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Maui County Police Department, the County of Hawaii Police Department, and the Honolulu Police Department. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that in a trial for murder there is a burden placed upon the prosecution to disprove the existence of an extreme mental or emotional disturbance which reduces the charge to that of manslaughter. The defendant in a prosecution for murder should carry the burden of proof to the preponderance that the defendant was at the time of the killing under the influence of extreme mental or emotional disturbance for which there is a reasonable explanation.

Your Committee has amended this bill by deleting its substance and inserting a provision which creates an affirmative defense that the defendant was, at the time the defendant caused the death of the other person, under the influence of extreme mental or emotional disturbance for which there is a reasonable explanation. Your Committee further amended this bill by deleting the effective date.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1004, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 919 Judiciary and Hawaiian Affairs on H.B. No. 1007

The purpose of this bill is to clarify that the penalty for the offense of carrying or using a firearm in the commission of a felony is in addition to, and not in lieu of, the penalty for the included felony offense.

Testimony in support of this bill was received from the Attorney General, the Department of the Prosecuting Attorney for the City and County Honolulu, and the Honolulu Police Department. Additional testimony was received from the Office of the Public Defender.

The Hawaii Supreme Court, in State v. Jumila, 87 Haw. 1 (1998), ruled that due to "attenuated legislative history," the offense of carrying or using a firearm in the commission of a felony was not punishable as a separate offense for a second degree murder felony. Your Committee believes that this measure clearly states the Legislature's intent to permit conviction of both the firearms offense and the underlying felony offense.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1007 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 920 Judiciary and Hawaiian Affairs on H.B. No. 1471

The purpose of this bill is to:

- (1) Extend to six years the first term of three Elections Appointment Panel (Panel) members, to be selected by the Governor; and
- (2) Appropriate \$5,000 to cover the additional costs to extend the terms of the three Panel members.

Testimony commenting on this bill was received from the Elections Appointment Panel.

Your Committee has amended this bill by:

- (1) Deleting the statutory amendments pertaining to the Panel;
- (2) Extending to June 30, 2001, the sunset date for Act 27, Special Session Laws of Hawaii 1995;
- (3) Deleting the appropriation; and
- (4) Changing the effective date to June 29, 1999.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1471, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 921 Judiciary and Hawaiian Affairs on H.B. No. 1501

The purpose of this bill is to replace the current state wiretapping and electronic surveillance law with a version which conforms more closely to federal law.

Your Committee received testimony in support of this bill from the Department of the Attorney General, Office of Information Practices, Department of the Prosecuting Attorney, City and County of Honolulu, and the Honolulu Police Department. Testifying in opposition to this bill was the Office of the Public Defender. Also testifying as to the experience federal prosecutors have had with national wiretapping and eavesdropping legislation was the United States Attorney's Office for the District of Hawaii.

Your Committee finds that the use of wiretaps and electronic surveillance is important to effective law enforcement. Such methods can provide valuable information and evidence which may be used in the prevention or prosecution of criminal acts or to exonerate persons under investigation. Such information may not be obtainable through any other means.

These considerations must be balanced against fundamental individual rights, such as the right to privacy and the right to a fair trial. Currently, Hawaii law provides its people with significant individual privacy protections.

Your Committee finds that the best way to maintain a balance between these two interests is to adopt certain distinct features of federal law while preserving the strong individual protections existing in Hawaii's current law.

Accordingly, your Committee has amended this bill as follows:

- (1) By requiring that applications for wiretaps specify how the wiretap is to be conducted, whether physical entry upon private premises is necessary and support therefore;
- (2) By requiring an adversary hearing prior to the approval of a wiretap;
- (3) By preserving existing safeguards concerning the methods of targeting communications or conversations;
- (4) Allowing only the Attorney General or the Prosecutor of each County to authorize emergency wiretaps;
- (5) Changing the time in which the prosecutor must notify the defense of the intercepted communications and application material from ten days prior to trial or hearing to thirty days;
- (6) Removing the discretion of judges to allow discovery of intercepted communications and application material and require disclosure of the same;
- (7) Eliminating those provisions creating a surveillance applications oversight unit within the Department of the Attorney General and related provisions establishing funding mechanisms; and
- (8) Incorporating other non-substantive amendments for purposes of style, clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1501, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 922 Consumer Protection and Commerce on H.B. No. 664

The purpose of this bill is to permit securities listed on the Nasdaq National Market to be added to the list of securities investments in which a depository financial services loan company is permitted to invest up to twenty-five percent of its total reserves.

The National Association of Securities Dealers testified in support of the bill. The Hawaii Financial Services Association testified in support of the intent of the bill. The Department of Commerce and Consumer Affairs commented on the bill.

Your Committee finds that in 1996, the United States Congress recognized the equality of the Nasdaq National Market with the New York or American Stock Exchange and amended the federal securities laws to provide an exemption from state "blue sky" registration requirements for companies listed on the Nasdaq National Market. Prior to 1996, securities laws or regulations in all fifty states treated securities listed on the Nasdaq National Market the same as national stock exchanges.

Your Committee further finds that Hawaii's banking laws should be updated to allow depository financial services loan companies to invest up to twenty-five percent of their total reserves in securities listed on the Nasdaq National Market, as well as the New York or American Stock Exchange, in order to provide such companies with the ability to invest in the fastest growing stock market in the United States, a market that ranks second among the world's securities markets in terms of dollar value.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 664, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 664, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Halford.

SCRep. 923 Ocean Recreation and Marine Resources on H.B. No. 1296

The purpose of this bill is to provide to the Department of Land and Natural Resources (DLNR) flexibility in implementing the Kaneohe Bay master plan recommendations.

This bill specifies that in managing the commercial operation of ocean use activities in Kaneohe Bay:

- (1) The rules adopted by DLNR shall be:
 - (a) Based on, rather than in accordance with, the recommendations in the master plan; and
 - (b) In a manner that assures public safety, public health, resource protection, public access for recreation, efficient permit administration, and other matters of public welfare;
- (2) The permits issued by DLNR shall be consistent with the specifications described in the master plan until DLNR adopts applicable rules. Currently, the permits must comply with amendments made by the Kaneohe Bay Regional Council (Council) to the master plan. The intent is to clarify that the Council has no authority to amend the master plan.

Testimony in favor of this bill was submitted by the Kaneohe Bay Commercial Operators Association, Morning Star Cruises Inc., Dreamer Yacht Charters, BOATS/HAWAII Inc., and Mid Pacific of Hawaii Inc. DLNR submitted testimony in support of the intent of this measure. Testimony in opposition to this bill was received by concerned residents.

Your Committee has amended this bill by:

- (1) Requiring the Council to submit recommendations to amend the master plan, rather than amendments to the master plan, to the Legislature by December, 1999;
- (2) Directing DLNR not to adopt any rules prior to December 31, 1999, to allow the Council an opportunity to develop its recommendations;
- (3) Deleting provisions relating to the regulation of replacement vessels; and
- (4) Making technical, nonsubstantive amendments for the purpose of style and clarity.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1296, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 924 Consumer Protection and Commerce on H.B. No. 658

The purpose of this bill, as received, is to require that a time share plan that is subject to condominium and time share registration requirements conform to both, unless contradictory. In the event of conflicts, the bill provides that time share requirements for disclosure statements shall prevail.

The Real Estate Commission presented testimony generally supporting the bill, but expressed some concerns relating to whether the bill requires duplicative disclosure statements, and whether the consumer has seven calendar days to exercise a right of rescission. The Department of Commerce and Consumer Affairs (DCCA) did not oppose the bill, stating that the time share registration requirements under chapter 514E are not affected.

A real estate lawyer, with extensive experience in the time share area, proposed amendments that he stated are necessary to allow the alternative registration requirements involving a preliminary permit under section 514E to work properly. This alternative registration process is the subject of H.B. No. 657, H.D. 1, which was previously passed by your Committee.

The Time Share Administrator for DCCA was allowed time to work on the proposed amendments together with the real estate lawyer, and their jointly proposed amendments have been considered by your Committee. Your Committee finds that the proposed amendments are necessary to implement the alternative registration process that your Committee approved in H.B. No. 657, H.D. 1.

Accordingly, your Committee has amended the bill by:

- (1) Deleting the section regarding conformity with time share registration and condominium registration requirements;

- (2) Adding a section to allow postponing the requirement that a developer of a time share plan within a condominium project provide the purchaser with a public report prior to making sales, provided that the developer has obtained a preliminary permit authorizing commencement of such sales from the director of the Department of Commerce and Consumer Affairs; and
- (3) Adding a new section describing the intent and purpose of the amended bill.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 658, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 658, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Morita, Halford and Rath.

SCRep. 925 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1622

The purpose of this bill is to amend the liquor law to allow the holder of a liquor manufacturer's license to also hold any interest in a wholesale liquor license.

Your Committees received testimony supporting this bill from Anheuser-Busch Sales of Hawaii, Inc., (Anheuser-Busch), and the Hawai'i Restaurant Association (HRA). Testimony in opposition to the bill was submitted by the Hawaii Teamsters and Allied Workers, Local 996 (Local 996), who objected to the bill because allowing a manufacturer and wholesaler to become one in the same, would remove the wholesaler from the business equation and confer a definite marketing advantage on the manufacturer.

Anheuser-Busch testified that in July of 1996 it had obtained a wholesale license from the Maui Liquor Commission (Commission), and purchased a distributorship allowing it to operate in four counties of this state on July 29, 1996. Anheuser-Busch's Maui license was due to sunset in 2002, and after many hearings of the Commission, the question of renewal or grandfathering of that license had not yet been resolved. In December 1998, the Commission deferred to the Attorney General for resolution of the question of whether Anheuser-Busch may hold a wholesale license.

Anheuser-Busch testified that the uncertain status of its Maui license had caused considerable disruption of its normal business planning and long-term decisionmaking, and had generated a tremendous amount of employee stress. Anheuser-Busch stated that it had tried to be a good corporate citizen. When it acquired the Hawaii distributorship, it retained all existing personnel and brought in only five persons from the mainland. It employs over 200 persons, contributes \$13,000,000 in state and local taxes, and has invested over \$33,000,000 in its in-state holdings. Its community activities have included flying 100 of Hawaii's children stranded in Atlanta during the 1996 Olympics back home to the state, and contributing heavily to many charitable and nonprofit groups.

HRA stated that the question to be addressed by the Attorney General was whether "manufacturer" in section 281-31, Hawaii Revised Statutes, included a company like Anheuser-Busch, whose brewery is located outside of the state and that operates a wholesale in-state business.

A consultant for Anheuser-Busch who served as Deputy Director of the federal Bureau of Alcohol, Tobacco and Firearms, testified regarding the unlawful practice provisions of the Federal Alcohol Administration Act of 1935 (FAA Act), referenced in section 281-42(c). The consultant testified that the FAA Act outlawed monopolistic trade practices in the liquor industry and was consistent in prohibiting wholesaler and manufacturer ownership of retail outlets, but never prohibited manufacturers from owning wholesalers.

Your Committees find nothing to show that ownership of a wholesale dealer's license by Anheuser-Busch has been the source of detrimental consequences for the community. Your Committees also find that the ambiguity in the state's liquor laws that first allowed Anheuser-Busch to establish its wholesale business, and that has subsequently generated the problems that Anheuser-Busch has encountered in doing business in this state, should be resolved. Your Committees, cognizant of the concerns of Local 996, have narrowed the bill to reduce its effect on competition in the liquor industry by:

- (1) Removing provisions allowing holders of a manufacturer's license to hold any interest in a wholesaler's license; and
- (2) Replacing these provisions with language authorizing brewers of beer within or without the state, to hold any interest in a wholesale dealer's and a manufacturer's license, limited to manufacturing or wholesaling the beer brewed.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1622, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1622, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Kaho'ohalahala, Halford and Pendleton.

SCRep. 926 Finance on H.B. No. 185

The purpose of this bill is to improve educational outcomes by establishing maximum class sizes for the public elementary schools.

The Hawaii State Teachers Association, Information Services, the Kaumana Elementary School's School and Community-Based Management (SCBM) Council, the E.B. DeSilva Elementary School's SCBM Council, and several individuals testified in support of this measure. The Department of Education testified in support of the intent of this measure.

Your Committee has amended this measure by providing an appropriation to limit class sizes for fiscal years 1999-2000, 2000-2001, and 2001-2002 instead of requiring it statutorily.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 185, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 185, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 927 Finance on H.B. No. 199

The purpose of this bill is to convert the old Kaimuki Public Library (facility) to a senior center by:

- (1) Designating the facility as a senior center;
- (2) Requiring the Department of Accounting and General Services (DAGS) to submit to the Legislature a plan to convert the facility, including the transfer of the facility's existing tenants to another location by July 1, 2000; or
- (3) Appropriating funds to renovate the facility into a senior center.

Several individuals testified in support of this measure. The Department of Accounting and General Services and the Department of Education (DOE) commented on this measure.

Your Committee has amended this bill by:

- (1) Deleting the appropriation;
- (2) Specifying that the plan submitted to the Legislature is to include the transfer of the DOE, the library's current tenant, to available space in underused schools within the DOE system by July 1, 2000; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 199, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 199, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 928 Finance on H.B. No. 1683

The purpose of this bill is to demonstrate Hawaii's commitment to strengthening the development of its high technology industry by:

- (1) Establishing a high technology research park at the research park of the University of Hawaii at Hilo (UHH); and
- (2) Providing incentives to encourage high technology businesses, including biotechnology businesses, to locate their operations in the high technology park.

The Hawaii Community Development Corporation and UHH testified in support of this measure. The Department of Taxation testified in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Establishing specific boundaries for the high technology research park based on tax map key numbers; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1683, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1683, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 929 Finance on H.B. No. 1040

The purpose of this bill is to create a mechanism to build a financial reserve to be used when there is:

- (1) An emergency or economic downturn; or
- (2) An unforeseen reduction in revenues,

by establishing an Emergency and Budget Reserve Fund (Fund).

The Department of Budget and Finance testified in support of this measure. The Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this measure by:

- (1) Requiring the Legislature to appropriate to the Fund an amount not more than fifty percent of the general fund balance in excess of the five percent level;
- (2) Authorizing the Legislature to make appropriations from the Fund to:
 - (A) Maintain current services for federally-assisted state programs when federal funds for the programs are reduced or are less than anticipated;
 - (B) Meet debt service payments when interest costs are higher than anticipated; and
 - (C) Capital investment costs when high interest rates prevent the State from borrowing at reasonable rates in the long-term borrowing market;
- (3) Instead of appropriating moneys for the Fund from tobacco settlement moneys, transferring an unspecified amount from the general fund to be deposited into the Fund; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1040, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 930 Finance on H.B. No. 1039

The purpose of this bill is to establish a mechanism to build a financial reserve to be used when there is an emergency or economic downturn, or when there is an unforeseen reduction in revenues, by proposing an amendment to the State Constitution to:

- (1) Repeal the Excess Revenues Tax Refund (Refund) and, in its place, establish an Emergency and Budget Reserve Fund (Fund); and
- (2) Clarify when the general fund expenditure ceiling shall apply to certain appropriations of State funds.

The Department of Budget and Finance testified in support of this measure. The Tax Foundation of Hawaii and We The People Speak commented on this measure.

Your Committee has amended this measure by:

- (1) Instead of repealing the Refund, changing the distribution of excess state general fund revenues as follows:
 - (a) No more than half to the Fund; and
 - (b) The rest to taxpayers in the form of a tax refund or credit;
and
- (2) Making technical, nonsubstantive amendments for clarity and style and to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1039, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1039, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

(Representative Meyer voted no.)

SCRep. 931 Finance on H.B. No. 1682

The purpose of this bill is to:

- (1) Require any organization that files a Form 990 (Return of Organization Exempt From Income Tax) with the Internal Revenue Service to file a copy of that form with the Department of Taxation (DOTAX);
- (2) Require DOTAX to file and track the information contained in the forms; and
- (3) Appropriate an unspecified sum for DOTAX.

DOTAX and the Tax Foundation of Hawaii commented on the bill.

Your Committee has amended this bill by:

- (1) Deleting the appropriation provision;
- (2) Requiring the Legislative Auditor to compile the information contained in the forms; and
- (3) Making technical, nonsubstantive amendments for consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1682, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1682, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 932 Finance on H.B. No. 1055

The purpose of this bill is to require the counties to impose a tax on motor vehicles at a rate of one percent of the value of the vehicle.

The Department of Taxation testified in support of the bill. The Department of Budget and Finance, the Department of Transportation, the City and County of Honolulu Department of the Budget, the Hawaii Transportation Association, the Hawaii Automobile Dealers' Association, the Hawaii Association of Realtors, the Tax Foundation of Hawaii, and Catrala-Hawaii commented on the measure.

Your Committee has amended the bill by:

- (1) Authorizing, rather than mandating, the counties to impose the county vehicle ad valorem tax;
- (2) Setting one percent of the vehicle's value as the ceiling for the tax, rather than the required tax rate;
- (3) Setting one-half of one percent of the vehicle's value as the ceiling for the tax for vehicles valued at \$50,000 or less;
- (4) Mandating that the respective county retain all of the revenues of the county ad valorem tax, rather than apportioning it among the counties, the state highway fund, and the state general fund;
- (5) Changing the effective date of the bill to "upon its approval", rather than January 1, 2000; and
- (6) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1055, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1055, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Kahikina, Marumoto, Meyer and Moses voted no.)

SCRep. 933 Finance on H.B. No. 1056

The purpose of this bill is to:

- (1) Raise from \$2 to \$3 per day the monthly rental motor vehicle surcharge tax rate; and

- (2) Transfer from the highway special fund to the general fund effective July 1, 1999, the entire tax revenues collected under the rental motor vehicle and tour vehicle surcharge law.

The Department of Taxation, the Department of Transportation, the Tax Foundation of Hawaii, the Department of Budget and Finance, Catrala-Hawaii, Alamo Rent A Car, Budget Rent A Car, Enterprise Rent-A-Car, National Car Rental, Avis Rent A Car, and a member of the public commented on this bill.

Your Committee has amended this bill by:

- (1) Deleting the provision that transfers all rental motor vehicle and tour vehicle surcharge tax collections to the general fund;
- (2) Providing that the surcharge increase will take effect on July 1, 1999; and
- (3) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1056, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1056, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
(Representatives Fox, Marumoto, Meyer and Moses voted no.)

SCRep. 934 Judiciary and Hawaiian Affairs on H.B. No. 77

The purpose of this bill is to improve the current real property encroachment laws by:

- (1) Including industrial property under the de minimus structure position discrepancy of 0.25 feet;
- (2) Disregarding the date at which discrepancies arose; and
- (3) Making the owner of the property upon which the improvement is substantially located responsible when the owner who constructed the improvement is not readily identifiable.

Testimony in support of this bill was received from the Hawaii Association of Realtors, Title Guaranty of Hawaii, and Real Estate Update, Inc.

Your Committee finds that the current laws pertaining to de minimus encroachments already apply to commercial property and that fairness and equity dictate that they apply to industrial property as well.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 77, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 77, H.D. 1.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 935 Judiciary and Hawaiian Affairs on H.B. No. 1173

The purpose of this bill is to authorize the Board of Land and Natural Resources (BLNR) to authorize the officers and employees of the Boating and Ocean Recreation Division of the Department of Land and Natural Resources (DLNR) to issue summons and citations to enforce boating and ocean recreation programs.

Testimony in support of the measure was received from the BLNR. Testimony in opposition to the measure was received from Boats/Hawaii Inc.

Your Committee finds that the present staffing of the Conservation and Resources Enforcement Division of DLNR is not sufficient to provide adequate security and enforcement within boating facilities if that division is to carry out its functions of performing offshore boat patrols and other necessary safety and enforcement functions.

By allowing the DLNR to assign harbor agents and other selected personnel from the DLNR's Division of Boating and Ocean Recreation to provide security and enforcement functions within boating facilities, your Committee believes that safety and security standards can be met without the need for increased personnel.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1173, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1173, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 936 Judiciary and Hawaiian Affairs on H.B. No. 1177

The purpose of this bill is to allow private marinas and yacht clubs to take custody and dispose of vessels abandoned on their premises.

Testimony in support of this bill was received from the Board of Land and Natural Resources and Boats/Hawaii, Inc.

By allowing the disposition of abandoned vessels without administrative intervention by the Department of Land and Natural Resources, your Committee believes that this measure will enable private marinas and yacht clubs to clear their premises of abandoned vessels in a timely and cost-effective manner while eliminating unnecessary government intervention and "paper work".

Your Committee has amended this bill by:

- (1) Clarifying that the thirty-day notice of sale or disposition of the abandoned vessel is deemed received by the legal or registered owner five calendar days after the mailing of the notice; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1177, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1177, H.D. 2.

Signed by all members of the Committee except Representatives Cachola, Hiraki, Morita and Yoshinaga.

SCRep. 937 Judiciary and Hawaiian Affairs on H.B. No. 936

The purpose of this bill is to allow persons to assess a service charge of not more than \$20 for a dishonored check or other negotiable instrument.

Testimony in support of this bill was received from the Life of the Land, the Retail Merchants of Hawaii, Credit Associates of Maui, Ltd., the Hawaiian Collectors Association, Inc., State Wide Collections, the Legislative Information Services of Hawaii and a member of the public. Testimony in opposition to this bill was received from the Department of Commerce and Consumer Affairs.

Your Committee finds that the \$20 service fee is fair and reasonable to deter the writing of bad checks and to defray collection costs. Testimony received from the Department of Commerce and Consumer Affairs raised the concern that the measure lacked a notice requirement at the point of sale specifying the \$20 fee. Your Committee believes that point of sale notice of dishonored check fees may have been necessary when fees were left to the discretion of the vendor, however, since this measure limits fees to a maximum of \$20, your Committee finds that enactment of this law is sufficient notice to the public and that point of sale disclosures would create an unnecessary burden and expense to business.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 936, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 936, H.D. 2.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 938 Judiciary and Hawaiian Affairs on H.B. No. 5

The purpose of this bill is to prevent persons with outstanding traffic bench warrants from obtaining or renewing a driver's license or from registering or transferring a motor vehicle.

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

Your Committee finds that encumbering the ability of drivers with outstanding bench warrants to renew their driver's license or to obtain a license will encourage these people to clear up their outstanding bench warrants.

Your Committee has amended this bill by deleting the provisions that would have prevented registration of a motor vehicle by an individual with an outstanding bench warrant.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 5, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 5, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 939 Judiciary and Hawaiian Affairs on H.B. No. 798

The purpose of this bill is to clarify the jurisdiction over Convention Center noise issues.

Testimony in support of this bill was received from the State Department of Health, the Convention Center Authority, the Yacht Harbor Towers Board of Directors, and a concerned individual.

Testimony in opposition to this bill was received from a concerned individual.

Your Committee finds that the proposed amendments will provide an adequate mechanism for noise control at the Convention Center.

Your Committee has amended this bill by:

- (1) Clarifying that authority to regulate noise at the Convention Center will lie with the Department of Health; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 798, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 798, H.D. 2.

Signed all members of the Committee except Representatives Cachola, Chang, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 940 Judiciary and Hawaiian Affairs on H.B. No. 1

The purpose of this bill is to increase the safety of children riding as passengers in motor vehicles.

Testimony in support of this bill was received from the State Department of Health, Department of Transportation, Hawaii Insurers Council, State Farm Insurance Companies, Mothers Against Drunk Driving, and Keiki Injury Prevention Coalition.

Your Committee finds that the use of seat belts is an unsafe practice for some children between the ages of three and four due to their small size.

Your Committee has amended this bill by:

- (1) Allowing children between the ages of three and four who weigh in excess of 40 pounds to be restrained by a seat belt assembly while riding as passengers in a motor vehicle operated on a public highway;
- (2) Revising the findings and purpose section; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

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

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 941 Judiciary and Hawaiian Affairs on H.B. No. 4

The purpose of this bill is to provide that failure to comply scrupulously with police procedures that exceed the minimum statutory roadblock requirements will not invalidate a roadblock that otherwise meets the minimum statutory criteria.

Your Committee received testimony in support of this bill from the Governor's Highway Safety Council, the Department of Transportation, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, Mothers Against Drunk Driving, and concerned individuals. Comments were received from the Office of the Public Defender.

Your Committee finds that the failure to comply scrupulously with police procedures that exceed the minimum statutory roadblock requirements should not invalidate a roadblock that otherwise meets the minimum statutory criteria.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 4, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 4, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 942 Judiciary and Hawaiian Affairs on H.B. No. 1210

The purpose of this bill is to permit the Department of Transportation to form a reciprocal driver licensing agreement with a foreign jurisdiction.

Testimony in support of this bill was received by the Department of Transportation.

Your Committee finds that the measure will expedite State responses to licensing needs of drivers from foreign jurisdictions.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1210, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1210, H.D. 1.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 943 Judiciary and Hawaiian Affairs on H.B. No. 212

The purpose of this bill is to discourage driving under the influence of alcohol while having passengers who are minors in the automobile.

Your Committee received testimony in support of this bill from the Department of Transportation, the Department of the Prosecuting Attorney for the County of Maui, Mothers Against Drunk Driving, Keiki Injury Prevention Coalition, and concerned individuals. The Office of the Public Defender submitted comments on this measure.

Your Committee finds that the creation of sanctions against adults who drive drunk and endanger minors who are their passengers would promote driver awareness of their responsibility to passengers.

Your Committee amended this bill by clarifying that the sanctions apply only to adult drivers.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 212, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 212, H.D. 1.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 944 Judiciary and Hawaiian Affairs on H.B. No. 138

The purpose of this bill to help prevent theft of agricultural goods and commodities by requiring proof of ownership of produce lots of fruits, nuts, and vegetables.

Testimony in support of this bill was received from the Hawaii Agriculture Research Center, the Pineapple Growers Association of Hawaii, and the Hawaii Aquaculture Association. Additional comments were submitted by the Board of Agriculture and the Hawaii Farm Bureau.

Your Committee finds that there exists a compelling need to discourage agricultural theft. Given the rich history of agriculture in our State and the transition from major crops to diversified crops, it is vital to safeguard against losses resulting from theft.

This bill has been amended by:

- (1) Deleting the requirement that one copy of the certificate be given to the Department of Agriculture;
- (2) Adding three new subsections that provide provisions for citations and summons; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 138, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 138, H.D. 2.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Morita, Yoshinaga and Pendleton.

SCRep. 945 Judiciary and Hawaiian Affairs on H.B. No. 102

The purpose of this bill is to eliminate the ambiguity in penalties assessed against employers who fail to timely pay wages by establishing that the penalties assessed shall be in amounts equal to unpaid wages.

Testimony in support of this bill was received from the State Department of Labor and Industrial Relations, Consumer Lawyers of Hawaii, and the National Employment Lawyers Association.

Your Committee finds that the provisions of this bill will promote the fair and equitable resolution of disputes arising under Chapter 388, Hawaii Revised Statutes.

Your Committee has amended this bill by making a technical, nonsubstantive amendment for the purpose of correcting a drafting error.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 102, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 102, H.D. 2.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 946 Judiciary and Hawaiian Affairs on H.B. No. 45

The purpose of this bill is to make driving with an expired driver's license a lesser violation than that of driving without ever having obtained a driver's license.

Testimony commenting on provisions of this bill was received from the Judiciary and the City and County of Honolulu Department of the Prosecuting Attorney.

Your Committee finds that the provisions of this bill are in accordance with the principles of justice.

Your Committee has amended this bill by:

- (1) Specifying that driving within 30 days after the expiration of a driver's license shall be a violation subject to the penalty in section 286-136, Hawaii Revised Statutes;
- (2) Adding a savings clause; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 45, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 45, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Morita and Yoshinaga.

SCRep. 947 Judiciary and Hawaiian Affairs on H.B. No. 162

The purpose of this bill is to clarify the scope of the subpoena powers of state and county legislative bodies by removing references to the obsolete loyalty oath of repealed Chapter 85, Hawaii Revised Statutes.

Testimony in support of this bill was received from the Maui County Council.

Your Committee finds that the proposed amendments preserve the integrity of state and county legislative bodies in the State of Hawaii.

Your Committee has amended this bill by making a technical, nonsubstantive amendment for the purpose of correcting a drafting error.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 162, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 162, H.D. 1.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 948 Judiciary and Hawaiian Affairs on H.B. No. 1178

The purpose of this bill is to allow the Department of Land and Natural Resources to sell or take action to cause the sale of perishable natural resources that are seized.

The Department of Land and Natural Resources (DLNR), the Hawaii Fishermen's Foundation and Boats Hawaii Inc., testified in support of this measure.

Your Committee finds that setting up procedures to manage perishable seized natural resources by timely sale of the items will prevent waste of valuable resources.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1178, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1178, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Chang, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 949 Judiciary and Hawaiian Affairs on H.B. No. 34

The purpose of this bill is to:

- (1) Amend or repeal certain aquatic resources laws related to licenses, permits, bag limits, sales restrictions, prohibitions, open and closed seasons, fishing gear, area restrictions, and net sizes; and
- (2) Transfer authority to the Department of Land and Natural Resources (DLNR) to adopt administrative rules implementing or replacing the amended or repealed statutes.

Testimony in support of this bill was received by the Board of Land and Natural Resources, University of Hawaii Environmental Center, Hawaii Institute of Marine Biology, Hawaii Cooperative Fishery Unit, Hawaii Audubon Society, Boat Owners Association of The State of Hawaii Inc., and a private fisherman.

Your Committee finds that the current system for fisheries management is inadequate. The complexities of resource management require year-round attention. Presently, changes in the law can only take place when the Legislature is in session. As a result, sound management techniques are often implemented in an untimely fashion, significantly limiting their effectiveness.

Your Committee has amended this bill by making technical and non-substantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 34, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 34, H.D. 2.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 950 Judiciary and Hawaiian Affairs on H.B. No. 1528

The purpose of this bill is to allow police officers to arrest persons who fail to provide proof of identification.

Testimony in support of this bill was received from the Honolulu Police Department and Common Cause Hawaii. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that police officers have a difficult time verifying identities when persons do not have valid driver's licences on their persons at the time of a traffic stop.

Your Committee has amended this bill by:

- (1) Deleting the contents of the bill;
- (2) Amending section 286-116, Hawaii Revised Statutes, to clarify that officers may issue citations if a driver is not in possession of a valid driver's license; and
- (3) Adding section 286-116, Hawaii Revised Statutes, to the list of offenses for which a fine of not more than \$1000 or imprisonment of not more than thirty days may be imposed.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1528, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1528, H.D. 2.

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

SCRep. 951 Judiciary and Hawaiian Affairs on H.B. No. 582

The purpose of this bill is to grant property owners immunity from civil liability when a person, engaged in a recreational activity, is injured on the property owner's land.

Testimony in support of this bill was received from the Board of Land and Natural Resources, the Department of the Corporation Counsel, City and County of Honolulu, the County Council, County of Maui, the County of Hawaii Advisory Committee on Bicycle and Pedestrian Safety, the Peoples Advocacy for Trails Hawaii, The Gentry Companies, the Hawaii Rifle Association, the Hawaii Cattlemen's Council, Inc., the Land Use Research Foundation of Hawaii, and the Hawaii Equestrian and Trails Association. Testimony in opposition to the bill was received from the Consumer Lawyers of Hawaii.

Your Committee finds that the State's ability to provide public access to mountain and shoreline areas for recreational purposes will be enhanced if it is provided the same level of protection as is provided to private landowners.

Your Committee has amended this bill by:

- (1) Deleting language that provided complete immunity for owners or lessees of land from civil liability for injuries while persons are using the land for recreational purposes;
- (2) Retaining provisions in Section 520-4, Hawaii Revised Statutes; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 582, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 582, H.D. 2.

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

SCRep. 952 Judiciary and Hawaiian Affairs on H.B. No. 746

The purpose of this bill is to designate hula as the official dance of the State of Hawaii.

Testimony in support of this bill was received from the Office of Hawaiian Affairs, the Japan Hula Association, Ka Leo O Na Hula, A.C., and Halau Ho'okipa Aloha.

Your Committee finds that hula has and will continue to play a major role in the unique culture of our State. Hula provides us all with an important link to the heritage of these very special islands. The art of hula is synonymous with flower leis and the spirit of aloha and is worthy of such recognition.

This bill has been amended by:

- (1) Inserting language to accurately reflect hula's date of origin; and
- (2) Making technical and non-substantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 746, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 746, H.D. 1.

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

SCRep. 953 Judiciary and Hawaiian Affairs on H.B. No. 848

The purpose of this bill is to permit employers to use substance abuse on-site screening tests that meet the commercial distribution guideline requirements of the United States Food and Drug Administrations (FDA) for pre-employment screening purposes only.

Your Committee received testimony in support of this bill from the Department of Health and Hoffman LaRoche Pharmaceuticals.

Your Committee finds that the use of approved methods for on-site substance abuse screening tests would bring uniformity and conformity with set standards.

Your Committee amended this bill by exempting substance abuse on-site testing from Chapter 329B of the Hawaii Revised Statutes, based on the fact that the on-site testing device to be used must meet the strict requirement of the FDA.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 848, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 848, H.D. 2.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 954 Judiciary and Hawaiian Affairs on H.B. No. 885

The purpose of this bill is to impose penalties for failure to render reasonable assistance to a person suffering from or exposed to grave physical harm in emergency situations.

Your Committee received testimony in support of this bill from the Hawaii Medical Association. The Office of the Public Defender also submitted comments on the bill.

Your Committee finds that current law mandates that any person at the scene of a crime who knows that a person is suffering from serious physical harm obtain or attempt to obtain aid from law enforcement or medical personnel if the person can do so without danger or peril to any person. Violation of this law is a petty misdemeanor. This bill would add a duty to give reasonable assistance to persons exposed to or suffering from grave physical injury at the scene of an emergency.

Your Committee has amended this bill by deleting its substance and inserting provisions:

- (1) Requiring any person at the scene of a crime who knows a victim is suffering from serious bodily injury to obtain or attempt to obtain aid from law enforcement or medical personnel if the person can do so without danger or peril to any person;
- (2) Requiring any person at the scene of an emergency who knows that another person is exposed to or has suffered serious bodily injury to give reasonable assistance to the exposed person;
- (3) Stipulating that any person who fails to provide reasonable assistance at the scene of a crime or at the scene of an emergency shall not be liable for civil damages;
- (4) Incorporating provisions making failure to obtain aid for a victim at the scene of a crime a petty misdemeanor;
- (5) Incorporating provisions making failure to give reasonable assistance to a person at the scene of an emergency a violation; and
- (6) Repealing Section 663-1.6, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 885, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 885, H.D. 2.

Signed by all members of the Committee except Representatives Cachola, Chang, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 955 Judiciary and Hawaiian Affairs and Public Safety and Military Affairs on H.B. No. 32

The purpose of this bill is to allow for privately funded industrial hemp research to be conducted in Hawaii.

Testimony in support of this bill was received from the Department of Agriculture, Department of Business, Economic Development, and Tourism, University of Hawaii, Life of the Land, Fredrick Brewing Co., Hemptech, Libertarian Party of Hawaii, The Larch Company, GaMeTec, ILWU, Indiana University, Hemp Industries Association, and numerous private citizens.

Testimony in opposition to this bill was received from the Office of the Prosecuting Attorney, County of Hawaii, County of Hawaii Police Department, Honolulu Police Department, and the Hawaii Island Economic Development Board. Additional comments were submitted by the Office of Information Practices.

Your Committees find that given the demise of both sugar and pineapple it is vital that the State explore the feasibility of various diversified agricultural crops. The data collected by conducting this research project will provide direction in future deliberations regarding the viability of industrial hemp as a diversified agricultural crop in Hawaii.

This bill has been amended by:

- (1) Deleting portions of the findings and purpose section to clarify the purpose of the bill;
- (2) Modifying language regarding the disclosure of proprietary information; and
- (3) Making technical and non-substantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 32, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 32, H.D. 2.

Signed by all members of the Committees except Representatives Cachola and Yoshinaga.

SCRep. 956 Consumer Protection and Commerce on H.B. No. 830

The purpose of this bill is to provide Hawaii businesses with the capital needed to start-up and grow, through the adoption of the Small Corporate Offerings Registration (SCOR) program that:

- (1) Provides access to new sources of capital; and
- (2) Simplifies the process of obtaining capital through the use of uniform registration requirements and forms.

The Department of Commerce and Consumer Affairs (DCCA) and Department of Business, Economic Development, and Tourism (DBEDT) submitted testimony supporting this measure and suggesting amendments. The Hawaii Congress on Small Business (HCSB) offered testimony in support of the bill.

HCSB testified that Hawaii is a capital-poor State, and that lack of available capital is one of the most frequent reasons for small business failures in Hawaii. Your Committee finds that a SCOR program would make it possible for businesses to obtain capital in a more efficient and less costly manner, through a uniform registration system that allows companies to sell common stock directly to the public and that greatly reduces the level of support services required from consultants and attorneys. To date, 48 states have adopted SCOR programs. According to HCSB, small business owners and operators attending the HCSB Conference on September 25, 1998, included the establishment of SCOR program in their ten most crucial recommendations for improving Hawaii's small business climate.

DCCA testified that the bill allows the use of Form U-7, a uniform question and answer document developed by the North American Securities Administrators Association (NASAA), which substitutes for the prospectus currently required under section 485-10(b)(3), Hawaii Revised Statutes (HRS). DCCA requested that the definition of SCOR in section 210-1, HRS, be removed from the bill because the term is already defined under NASAA guidelines.

DBEDT stated that a SCOR program could provide an additional benefit, because the Small Business Administration will allow Hawaii to use SCOR documents to establish an Angel Capital Electronic Network (ACE-Net), a nationwide directory of "angels" or high net worth individual investors seeking investments in high growth companies.

DBEDT recommended the addition of an Accredited Investor Exemption to section 485-6, HRS, to provide an additional means to attract new capital. The exemption would authorize registration and other filing exemptions for sales of securities to "accredited investors," which as defined by the Securities Exchange Commission includes banks, insurance companies, pension funds, and other organizations and trusts with assets over \$5,000,000, as well as individuals whose net worth exceeds \$1,000,000 or whose annual income exceeds \$2,000,000.

Upon consideration of the testimony submitted, your Committee has amended this measure as requested by DCCA and DBEDT.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 830, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 830, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Hiraki, Morita, Takumi, Yoshinaga, Halford and Thielen.

SCRep. 957 Consumer Protection and Commerce on H.B. No. 765

The purpose of this bill is to permit rent-a-car lessors to visibly pass on their airport concession and access fees to lessees, as an amount separate from the periodic rental rate.

Testimony in favor of this bill was received from Alamo Rent A Car, Catrala-Hawaii, and Budget Rent-A-Car in Hawaii. Supporting testimony stated that lessors in this State do factor in their concession and access fees when quoting rates for rental vehicles, but are not allowed to unbundle and show these fees separately from the basic rental rate. Other competing tourist destinations, such as Florida, allow such "unbundling," which permits those lessors to quote base prices consistent with nationally advertised rates, while separately adding on airport fees. Lessors in our State, however, must quote a price which is higher than a nationally advertised price since the airport fees must be included in the quoted price.

The Department of Transportation and the Department of Commerce and Consumer Affairs submitted testimony in opposition to this bill.

Your Committee finds that consumers who compare quoted prices against nationally advertised prices can be confused and conclude that they are being overcharged in Hawaii. This can have a negative impact upon our tourist industry. Furthermore, since this bill provides for disclosure of any separate airport fees, your Committee believes that the consumer is not being deceived by separately and visibly showing such fees in addition to the basic rental cost. In fact, the visible separation of airport fees could add clarity to the quoted prices, and allow this State's tourist industry to compete more fairly with other tourist destinations.

Your Committee has amended the bill by:

- (1) Including a legislative findings and purpose section;
- (2) Requiring that lessors submit an annual report to the Department of Transportation and the Department of Commerce and Consumer Affairs in order to further protect the consumer and assure that the airport fees passed on to consumers are fairly assessed; and
- (3) Making technical and nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 765, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 765, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Garcia, Yoshinaga, Halford and Rath.

SCRep. 958 Consumer Protection and Commerce on H.B. No. 47

The purpose of this bill is to allow full implementation of the Board of Medical Examiners' (BME) rules governing physician assistants (PAs), by changing the statutory nomenclature applicable to PA regulation from "certification" to "licensing," thus allowing PAs to, among other things, be recognized by the Department of Public Safety as licensed individuals who may be registered to write prescriptions for schedule III to V controlled substances.

Your Committee received testimony supporting this measure from the BME, the Legislative Auditor (Auditor), Hawai'i State Primary Care Association, Hawaii Academy of Physician Assistants, and three PAs. Kaiser Permanente and a number of organizations providing medical care on Kauai and the Big Island also submitted testimony in support. The Hawaii Government Employees Association testified in opposition to the measure. The Hawai'i Nurses' Association took no position on the licensing of PAs but requested that the Legislature treat PAs and advanced practice registered nurses equally with regard to prescriptive authority.

Your Committee finds that this bill provides the basis upon which to fully implement the BME's 1997 PA rules, and is consistent with the Auditor's recommendations in Report 98-19, "Analysis of a Proposal to Modify the Regulation of Physician Assistants," that was written in response to the 1998 House Concurrent Resolution No. 14, H.D.1, S.D.1 (HCR No. 14, 1998).

HCR No. 14, 1998, found that in 1984 the Auditor had recommended revision of the rules applicable to PAs because the rules were overly restrictive to the detriment of optimal PA practice and utilization. In December 1997, the BME revised its PA administrative rules consistent with the American Medical Association Model Guidelines for Physician/Physician Assistant Practice as well as the American Academy of Physician Assistants Model Regulations.

HCR No. 14, 1998, stated that to fully implement the new PA rules the regulatory terminology used in the PA statutes should be amended from "certification" to "licensure," because laws and rules concerning medical practice assume that medical practitioners such as PAs are licensed. HCR No. 14, 1998, requested that the Auditor analyze the probable effects of the language change.

The Auditor's Report 98-19 found that in adopting the 1997 rules, the BME knew that the Narcotics Enforcement Division did not, at that time, register PAs to prescribe controlled substances because PAs were certified and not licensed. Knowing this, the BME recognized PA competence, and authorized physician delegation of authority to PAs to prescribe schedule III to V controlled substances.

The report further found that a change in statutory terminology from certified to licensed would more accurately reflect the regulatory intent and practice, and would have:

- (1) Minimal fiscal and operational impact on the DCCA;
- (2) Little to no effect on the public's health, safety, or welfare because safeguards currently in place in statutes or administrative rules are sufficient to ensure consumer protection; and
- (3) No effect on insurance coverage because physician assistant services are generally billed through the supervising physician.

Examining safeguards for public health and safety under statute and rules, Report 98-19 found that physician supervision mandated by law ensures public health and safety. Under the law, physicians retain full professional and legal responsibility for the performance of PAs, and patient care and treatment. Although the physical presence of the physician is not required, supervision must be continuous and there must be a means of direct communication between the physician and PA.

Report 98-19 also found that as of August 1998, PAs had prescribing privileges in 43 states, including Hawaii. Only 13 of these states imposed restrictions such as the use of a formulary. Thirty-four states allow PAs to prescribe controlled substances, and of these, 18 allow PAs to prescribe schedule II through V substances, with another 14 allowing only schedule III to V substances. Only two states restrict controlled substance prescription to schedule V substances.

Your Committee heard concerns that allowing physicians to delegate authority to PAs to prescribe controlled substances would compromise public health and safety. Although your Committee believes that the legally required supervisory relationship between physician and PA ensures public safety and is an essential prerequisite to the prescriptive authority allowed under the BME rules, your Committee feels that continued examination of the Auditor's findings and discussion of the issue of public safety would be beneficial.

Your Committee has therefore amended the bill by leaving the effective date of this measure blank.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 47, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 47, H.D. 1.

Signed by all members of the Committee except Representative Halford.

SCRep. 959 Finance on H.B. No. 1111

The purpose of this bill is to address potential legal problems arising from Year 2000 computer errors by:

- (1) Creating a process for resolving disputes that includes non-binding arbitration; and
- (2) Providing protections for persons who exercise reasonable efforts to identify and solve these errors.

The State Attorney General, the Department of Accounting and General Services, AT&T, Hawaii Medical Service Association, Hawaii Long Term Care Association, Hawaii Bankers Association, the Queen's Health Systems, State Farm Insurance Companies, Kaiser Permanente, the Chamber of Commerce of Hawaii, and Bank of Hawaii testified in support of the bill. The Judiciary testified in support of the intent of the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1111, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1111, H.D. 2.

Signed by all members of the Committee.

SCRep. 960 Finance on H.B. No. 286

The purpose of this bill is to promote safer streets by establishing maximum speed limits and fines for speeding violations in school zones and construction areas.

The Department of Transportation (DOT), the Police Department of the City and County of Honolulu, and Jas W. Glover, Ltd., testified in support of this measure. The Department of Education testified in support of the intent of this measure.

Your Committee recommends that DOT consider the following factors when designating school zones and construction areas, establishing maximum speed limits, and establishing the times in which maximum speed limits will be in effect:

- (1) The times in which schools in a school zone are in operation;
- (2) The times in which construction activities are being conducted in a construction area;
- (3) The placement of official signs; and
- (4) Existing maximum speed limits.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 286, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 286, H.D. 2.

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

SCRep. 961 Finance on H.B. No. 1409

The purpose of this bill is to allow the Land Use Commission (Commission) to assess fees for:

- (A) Court reporter expenses; and
- (B) Other hearing reimbursement expenses.

The Commission testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1409, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1409, H.D. 2.

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

SCRep. 962 Finance on H.B. No. 500

The purpose of this bill is to develop a commercial hunting industry by allowing nonresident aliens to bring firearms into the State for recreational purposes.

The Honolulu Police Department, the Hawaii Citizens' Rights Political Action Committee, the Hawaii Rifle Association, Lessons in Firearms Education, the Hawaii Hunting Advisory Council, and one individual testified in support of this measure. The Department of Land and Natural Resources testified in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 500, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 500, H.D. 3.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 963 Finance on H.B. No. 71

The purpose of this bill is to:

- (1) Amend campaign spending and disclosure laws to include contributions made to committees for ballot issues;
- (2) Provide that organizations raising or expending funds for the purpose of informational and educational advertising are not "committees" subject to campaign contribution and expenditure laws;
- (3) Change the dates on which preliminary reports must be filed with the commission; and
- (4) Repeal short form reporting.

Common Cause Hawaii testified in support of this measure. The Campaign Spending Commission commented on the measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 71, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 71, H.D. 2.

Signed by all members of the Committee.

SCRep. 964 Finance on H.B. No. 1083

The purpose of this bill is to allow the Department of Commerce and Consumer Affairs (DCCA) to become fiscally self-sufficient by combining most of the DCCA's special and revolving trust funds into the DCCA Compliance Resolution Fund (CRF). The CRF would be managed by DCCA to fund DCCA operations, and the CRF would not be subject to central service and departmental administrative expense reimbursement deductions or other reversions to the general fund.

The Department of Commerce and Consumer Affairs testified in support of this bill.

Your Committee has amended this measure by:

- (1) Clarifying that additional special or revolving funds to be administered by the insurance commissioner that are established by an act passed this session would not be combined into the CRF; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1083, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1083, H.D. 2.

Signed by all members of the Committee.

SCRep. 965 Finance on H.B. No. 252

The purpose of this bill is to prevent "diploma mills" from issuing Hawaii degrees by prohibiting unaccredited institutions from issuing degrees unless they comply with certain standards.

The Department of Commerce and Consumer Affairs, the Hawaii State Teachers Association, the Chamber of Commerce of Hawaii, the University of the Nations, the University of Phoenix, and the International University of Professional Studies submitted testimony in support of this measure. The University of Hawaii at Manoa submitted testimony in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 252, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 252, H.D. 3.

Signed by all members of the Committee.

SCRep. 966 Finance on H.B. No. 1286

The purpose of this bill is to issue special purpose revenue bonds to assist the North Hawaii Community Hospital, Inc., in financing, refinancing, or both, of one or more of the following:

- (1) Retirement of outstanding debt;
- (2) Construction of new additions to existing facilities;
- (3) Acquisition and installation of additional equipment; and
- (4) Renovation and repair.

The North Hawaii Community Hospital testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1286, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1286, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 967 Finance on H.B. No. 235

The purpose of this bill is to support the concept of self-determination by authorizing the election of the members of the Hawaiian Homes Commission by Hawaiian voters.

The Office of Hawaiian Affairs, the Waianae Kai Homestead Association, the State Council of Hawaiian Homestead Associations, the Waimanalo Hawaiian Homes Association, the Hawaiian Political Action Council of Hawaii, the Island of Kauai Ahupuaa, the Ahupua'a o' Oahu, and one individual testified in support of this measure. The Office of Elections, the Department of Hawaiian Home Lands, and the Native Hawaiian Legal Corporation commented on this measure.

Your Committee has amended this measure by:

- (1) Replacing the appropriation with \$1 for purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity and to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 235, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 235, H.D. 2.

Signed by all members of the Committee.

SCRep. 968 Finance on H.B. No. 122

The purpose of this bill is to enforce the prompt payment of contracts by providing for penalties for the failure of a contractor to promptly pay a subcontractor.

Alaka'i Mechanical Corporation, the Plumbing and Mechanical Contractors Association of Hawaii, and the Subcontractors Association of Hawaii testified in support of this measure. The Department of Accounting and General Services testified in support of the intent of this measure. The General Contractors Association of Hawaii commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 122, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 122, H.D. 2.

Signed by all members of the Committee.

SCRep. 969 Finance on H.B. No. 756

The purpose of this bill is to:

- (1) Redesignating the Universal Service Fund (Fund) as a special fund that is outside the state treasury to be administered by the Public Utilities Commission (PUC) to implement the policies and goals of the PUC;
- (2) Exempt the Fund from the administrative surcharges required by sections 36-27 and 36-30, Hawaii Revised Statutes; and
- (3) Appropriate moneys from the Fund to be used by the PUC to carry out the purposes of the Universal Service Program.

The PUC, the Consumer Advocate, AT&T, GST Telecom Hawaii, Oceanic Communications, AARP Hawaii State Legislative Committee, and GTE testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 756, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 756, H.D. 2.

Signed by all members of the Committee.

SCRep. 970 Finance on H.B. No. 1079

The purpose of this bill is to establish procedures by which corporations, partnerships, limited liability partnerships, and limited liability companies can convert to another form of business entity.

The Business Registration Division of the Department of Commerce and Consumer Affairs and the Hawaii Business League testified in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1079, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1079, H.D. 3.

Signed by all members of the Committee.

SCRep. 971 Finance on H.B. No. 789

The purpose of this bill is to provide substance abuse treatment for inmates by appropriating supplemental funds to:

- (1) Continue the KASHBOX Substance Abuse Treatment Program; and
- (2) Expand the Ho'omana Substance Abuse Treatment Program at the Women's Community Correctional Center.

The Department of Public Safety, the Hawaii State Commission on the Status of Women, and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 789, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 972 Finance on H.B. No. 1595

The purpose of this bill is to issue special purpose revenue bonds to assist Plasma Environmental Technologies to establish waste processing facilities.

Kauai Electric and a member of the public testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1595, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 973 Judiciary and Hawaiian Affairs on H.B. No. 273

The purpose of this bill is to deter child abuse by, among other things:

- (1) Creating two new offenses: child abuse in the first degree and child abuse in the second degree; and
- (2) Adding the condition of the minor as another factor to determine whether the force used by a parent, guardian, or other responsible person was justifiable to safeguard the minor; and
- (3) Increasing criminal penalties for perpetrators of child abuse.

Testimony in support of this bill was received from the Honolulu Police Department and the Department of the Prosecuting Attorney for the City and County of Honolulu. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that instances of child abuse are on the rise and that stronger penalties are warranted.

Your Committee has amended this bill by:

- (1) Lowering the age of the victim from fourteen to ten years or younger;
- (2) Deleting the requirement of "recklessly" so that penalties attach to only those who intentionally or knowingly cause serious or substantial bodily injury to the minor;
- (3) Preserving current law with respect to the minimum age requirement necessary to invoke extended terms of imprisonment under section 706-662, Hawaii Revised Statutes;
- (4) Preserving current law with respect to sections 706.60.2, 709.903.5, and 709-904, Hawaii Revised Statutes;
- (5) Adding language to ensure that this measure does not violate ex post facto constitutional protections; and
- (6) Making technical, nonsubstantive amendments for purposes of style and clarity and to conform the measure with the amendments made herein.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 273, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 273, H.D. 2.

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

SCRep. 974 Judiciary and Hawaiian Affairs on H.B. No. 266

The purpose of this bill is to:

- (1) Require the State Commission on the Status of Women to accumulate, compile, and publish information about instances of discrimination involving breastfeeding or expressing breastmilk in the workplace; and

- (2) Prohibit employers or labor organization from refusing to hire, or from discharging, withholding pay, demoting, or penalizing a lactating woman who breastfeeds or expresses breastmilk in the workplace.

Your Committee received testimony in support of this bill from the Department of Health, the Civil Rights Commission, Healthy Mothers Healthy Babies Coalition of Hawaii, Kapiolani Hospital, the Breastfeeding Promotion Counsel, Mothers Care for Tomorrow's Children, and other concerned individuals.

Your Committee amended this bill by:

- (1) Adding a provision whereby an employer may provide employees with time during the work day for breastfeeding or expressing milk; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 266, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 266, H.D. 2.

Signed by all members of the Committee except Representatives Cachola, Chang, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 975 Judiciary and Hawaiian Affairs on H.B. No. 123

The purpose of this bill is to authorize the forfeiture of the motor vehicle that was driven by a defendant who is convicted of a third driving under the influence offense or habitually driving under the influence offense of intoxicating liquor or of drugs (DUI).

Testimony in support of this bill was received from the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Repeat Offender Sub-Committee of the Impaired Driving Task Force, and Mothers Against Drunk Drivers. Additional testimony was received from the Department of Transportation and the Office of the Public Defender.

Your Committee finds that driving while under the influence of drugs or intoxicating liquor is still a serious problem in this State. Persons driving while intoxicated or drug impaired pose a danger to themselves, to other drivers, as well as to pedestrians. Over the years, the Legislature has passed significant legislation in an attempt to curb the instances of DUI's; however, DUI arrests continue to occur at significant levels. Your Committee believes that this measure will send a stronger message to deter persons from driving while intoxicated.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 123, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 123, H.D. 2.

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

SCRep. 976 Judiciary and Hawaiian Affairs on H.B. No. 171

The purpose of this bill is to support the execution of advance health-care directives.

Your Committee received testimony in support of this bill from the Executive Office on Aging, Hospice Hawaii, Hawaii Medical Association, Healthcare Association of Hawaii, and Hawaii Nurses Association. The Judiciary also submitted comments.

Your Committee finds that this measure is based upon the Governor's Blue Ribbon Panel on Living and Dying with Dignity's unanimous recommendation that provisions regarding advance health-care directives be made more specific and more binding. Your Committee further finds that the provisions of this measure will ensure that all citizens of this State will have their health care decisions honored in the event of incapacitation.

Your Committee has adopted the following amendments:

- (1) Deleted provisions of the bill establishing a task force on end-of-life health decisions within the Department of Health;
- (2) Amended provisions regarding decisions by guardians, to clarify that the advance health care directive was made while the ward was competent, and to expand the relevant authorization to courts other than the appointing court;
- (3) Deleting references to a "class" and class decisions, and replacing it with a provision mandating that a meeting be called by the supervising health-care provider to determine who will act as surrogate; and
- (4) Incorporating technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 171, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 171, H.D. 2.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 977 Consumer Protection and Commerce on H.B. No. 1021

The purpose of this bill is to clarify that projects created as condominium property regimes (CPRs) are subject to county zoning and other county building and development ordinances and rules. This bill expressly gives counties authority over the physical development of condominium projects, and clarifies that the bill applies to condominium projects and amendments.

The Real Estate Commission generally supported the bill subject to incorporation of amendments proposed separately by the Office of Planning (OP) of the Department of Business, Economic Development, and Tourism.

Testimony from OP supported the intent of the bill and proposed amendments that reflect the consensus of the following agencies and groups: the County of Kauai Planning Department, the County of Hawaii Planning Department, the Department of Planning and Permitting of the City and County of Honolulu, the Real Estate Commission, Hawaii's Thousand Friends, the Land Use Research Foundation, the Land Use Commission, Gentry Homes, Ltd., and a private attorney experienced with CPRs.

Many of these entities presented testimony supporting the proposed amendments, including Hawaii's Thousand Friends, the Land Use Research Foundation, Gentry Homes, Ltd., and the City and County of Honolulu.

Testimony generally supporting the bill also was received from a Maui County Council member and an interested individual, both of whom expressed concern for protecting agricultural lands.

Testimony opposing the bill was received from the Hawaii Association of Realtors and the Condominium Property Regime Committee of the Hawaii State Bar Association (HSBA CPR Committee).

The HSBA CPR Committee, after having learned of OP's proposed amendments, indicated that the amendments were a step in the right direction.

Your Committee finds it important to end uncertainty regarding county jurisdiction over CPRs. While your Committee recognizes that not all concerns are fully addressed by the amendments proposed by OP, your Committee concurs with its recommendations and has amended the bill by:

- (1) Within the new part to chapter 514A, Hawaii Revised Statutes (HRS), removing the express statement of county jurisdiction over condominium development and adding a reference to section 514A-45, HRS, that allows counties to adopt supplemental rules and regulations to ensure conformance with county ordinances;
- (2) Within the new part to chapter 514A, HRS, deleting language expressly restricting the total number of condominium units to the number of dwelling units permitted under county zoning laws, and restating more generally that CPRs shall conform to existing underlying county zoning and permitting requirements;
- (3) Replacing the prior amendment to section 514A-11(13), HRS, to provide instead that, prior to recordation, a declaration under penalty of law must be filed stating that the CPR project is in compliance with zoning and building ordinances and codes;
- (4) Removing amendments to sections 514A-12 and 514A-36, HRS, which had required that project site plans be filed with the county prior to recordation;
- (5) Removing amendments to section 514A-40(a)(9), HRS, and adding language to require a declaration under penalty of law, rather than a signed statement or other administrative evidence, that the project is in compliance;
- (6) Removing amendments to section 514A-40(b), HRS, which had added city and county officers to county officers, whose signed statement that the project is in compliance, is necessary prior to issuance of an effective date for a final public report; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

Your Committee is aware that two issues are still not addressed by these amendments, upon which your Committee urges further discussion as the bill progresses through the legislative process:

- (1) The use of condominium property regimes to avoid one-time subdivision restrictions on the subdivision of agricultural lands; and

- (2) The potential for the establishment of an ownership interest in a condominium unit or a use that may be generally allowed under county code but may not otherwise be granted by the county for a specific parcel.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1021, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1021, H.D. 2.

Signed by all members of the Committee except Representatives Kaho'ohalahala and Halford.

SCRep. 978 Water and Land Use on H.B. No. 982

The purpose of this bill is to remove reference to the management of aquaculture programs from the statutory purview of the Department of Land and Natural Resources (DLNR).

Your Committee received testimony in support of this bill from the Board of Agriculture.

Your Committee finds that the Department of Agriculture (DOA) currently administers the aquaculture program and the Aquaculture Advisory Council. The bill will update the Hawaii Revised Statutes to clarify that DOA serves as the lead agency for aquaculture development and not DLNR.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 982 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Morita, Takumi and Meyer.

SCRep. 979 Water and Land Use on H.B. No. 368

The purpose of this bill is to provide the Board of Agriculture with the same authority over the water it purveys as the county water agencies exercise over the water that they purvey.

Your Committee received testimony in support of this bill from the Board of Agriculture; the Commission on Water Resource Management, and the Hawaii Farm Bureau Federation.

Your Committee finds that the authority of the Board of Agriculture over the water that it purveys should be comparable to the authority exercised by the county water agencies over water for municipal purposes.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 368 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Morita, Takumi and Meyer.

SCRep. 980 Finance on H.B. No. 8

The purpose of this bill is to protect a person's privacy by prohibiting the use of the person's social security number as the identification number on a driver's license.

The City and County of Honolulu testified in support of this measure. The Department of Transportation testified in support of the intent of this measure. The Judiciary commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 8, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 981 Finance on H.B. No. 89

The purpose of this bill is to commemorate the 100th Anniversary of the arrival of the Okinawan people to Hawaii by appropriating funds for the Okinawan Centennial Celebration Commission (Commission) and its activities.

The Hawaii United Okinawa Association testified in support of this measure.

It is your Committee's intent that the funds appropriated under this bill be used to support the planning and coordination of events and activities of this statewide centennial celebration.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 89, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 982 Finance on H.B. No. 140

The purpose of this bill is to create a public-private infrastructure program to:

- (1) Transfer projects to improve infrastructure systems and facilities from the public to the private sector; and
- (2) Allow and expedite the creation of infrastructure systems and facilities.

Jas. W. Glover and the Estate of James Campbell testified in support of this bill. The Department of Budget and Finance and the Department of Transportation testified in support of the intent of this bill. The Board of Water Supply commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 140 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 983 Finance on H.B. No. 174

The purpose of this bill is to appropriate funds for the Federal Children's Health Insurance Program (CHIP) to match available federal funds.

Papa Ola Lokahi, the Hawaii State Primary Care Association, the American Academy of Pediatrics, the Healthy Mothers Health Babies Coalition of Hawaii, and the Healthcare Association of Hawaii supported this bill. The Department of Human Services supported the intent of this bill. The Department of Health provided comments on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 174 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 984 Finance on H.B. No. 318

The purpose of this bill is to appropriate funds for 292 temporary school clerical positions.

The Department of Education, the Hawaii Government Employees Association, the Hawaii State Teachers Association, the Hawaii School Office Services Association, 13 school administrative service assistants, and one school account clerk testified in support of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 318 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 985 Finance on H.B. No. 375

The purpose of this bill is to foster Hawaii's economic growth by:

- (1) Exempting exported services from the general excise tax (GET); and
- (2) Imposing a use tax on imported services to not only level the playing field between the local service providers and out-of-state providers, but compensating for the revenue loss caused by the GET exemption.

The Hawaii Association of Realtors and the American Institute of Architects Hawaii State Council testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 375, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 986 Finance on H.B. No. 531

The purpose of this bill is to ensure that both male and female incarcerated substance abusers are given fair and equitable access to drug rehabilitation services by appropriating funds for the expansion of the KASHBOX Drug Rehabilitation Program.

The Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this measure. The Department of Public Safety and an individual commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 531 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 987 Finance on H.B. No. 602

The purpose of this bill is to change the procedure for the registration of a trailer by:

- (1) Extending the time period for recording the transfer of ownership from twenty to thirty days; and
- (2) Increasing the penalty for delinquent recording of a transfer of ownership from five to fifty dollars.

The Department of Customer Services of the City and County of Honolulu testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 602 and recommends that it pass Third Reading.

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

SCRep. 988 Finance on H.B. No. 706

The purpose of this bill is to assist homestead lessees to obtain mortgages to improve their leaseholds by allowing for the suspension of the succession provision in homestead leases for the duration of a mortgage on an existing lease.

The Department of Land and Natural Resources testified in support of the measure.

The Office of Hawaiian Affairs commented on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 706, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 989 Finance on H.B. No. 849

The purpose of this bill is to help Hawaii's economy by allowing special facility revenue bonds to be used for the construction and maintenance of facilities for air cargo operations.

The Department of Transportation, the Department of Budget and Finance, the Airlines Committee of Hawaii, and Hawaiian Airlines testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 849, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 990 Finance on H.B. No. 938

The purpose of this bill is to appropriate funds to implement a statewide litter control campaign.

The Community Work Day Program, the Mayor of Maui, and members of the public testified in support of this bill. The Department of Health and the Department of Transportation testified in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 938, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 991 Finance on H.B. No. 1060

The purpose of this bill is to change the employer contributions to the Hawaii Public Employees Health Fund by:

- (1) Eliminating state and county employer contributions for health benefits for beneficiaries of employees hired after June 30, 2000; and
- (2) Limiting employer contributions to a single plan at a percentage based on the employee's years of service.

The Department of Budget and Finance, the Hawaii Public Employees Health Fund, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, the United Public Workers, AFSCME, Local 646, AFL-CIO, the State of Hawaii Organization of Police Officers, the Honolulu Police Department, and the Hawaii State Teachers Association commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1060, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 992 Finance on H.B. No. 1282

The purpose of this bill is to:

- (1) Authorize the Department of Agriculture to extend the existing operation and maintenance contract for six months or until such time the Honokaa-Paauilo Irrigation District administrative rules become effective; and
- (2) Appropriate funds to establish water tolls to cover the cost of running the irrigation district.

The Big Island Farm Bureau, the Hawaii Farm Bureau, and the Kamehameha Schools Bernice Pauahi Bishop Estate testified in support of this bill. The Department of Agriculture testified in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1282 and recommends that it pass Third Reading.

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

SCRep. 993 Finance on H.B. No. 1287

The purpose of this bill is to obtain lower interest rate bond financing for capital improvement projects and to reduce gas rates for the general public by:

- (1) Authorizing the issuance of \$19,600,000 in special purpose revenue bonds for capital improvement programs for the local furnishing of utility gas by The Gas Company; and
- (2) Authorizing the issuance of refunding special purpose revenue bonds.

The Gas Company testified in support of the measure.

Your Committee finds that the issuance of special purpose revenue bonds and refunding special purpose revenue bonds would be in the public interest.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1287, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 994 Finance on H.B. No. 1457

The purpose of this bill is to reclassify spilling load violations as traffic offenses, to compel the defendant to appear in court so that appropriate penalties and sanctions may be imposed.

The Judiciary and the Department of Transportation testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1457 and recommends that it pass Third Reading.

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

SCRep. 995 Finance on H.B. No. 1703

The purpose of this bill is to allow the Department of Land and Natural Resources to continue to:

- (1) Enter into long-term lease negotiations; and
- (2) Execute long-term leases;

with eligible Waimanalo farmers, by extending the sunset date of Act 257, Session Laws of Hawaii 1996, to July 1, 2001.

The Board of Land and Natural Resources commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1703 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 996 Finance on H.B. No. 1726

The purpose of this bill is to provide necessary funds to enable the Department of Human Services to raise the medically needy income eligibility level for the medically needy program.

Life Foundation and a member of the public testified in support of the bill. The Department of Human Services testified in support of the intent of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1726, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 997 Finance on H.B. No. 1151

The purpose of this bill is to provide emergency funding to prevent the reduction or discontinuance of services to certain emotionally disturbed children and adolescents.

Your Committee has received a message from the Governor, dated February 3, 1999:

- (1) Stating that passage of this measure will allow the Department of Health (DOH), Child and Mental Health Division to continue to provide mental health services to certain emotionally disturbed children and adolescents; and
- (2) Requesting the timely passage of this measure since a funding requirement for the DOH, Child and Adolescent Mental Health Division must be accommodated by March 1, 1999, and the timely passage of a Supplementary Appropriations Act amending fiscal year 1999 appropriations cannot be assured.

The Department of Education testified in support of this measure. The DOH commented on this measure.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation from \$31,928,758 for fiscal year 1998-1999 to \$40,459,294 for fiscal year 1998-1999; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1151, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1151, H.D. 1.

Signed by all members of the Committee.

SCRep. 998 Finance on H.B. No. 1183

The purpose of this bill is to provide for the restoration of public beach lands by:

- (1) Authorizing the Board of Land and Natural Resources and the Department of Land and Natural Resources to do all things necessary, useful, and convenient to restore beach land; and
- (2) Creating a Beach Restoration Special Fund (Fund).

The Department of Business, Economic Development, and Tourism, the Board of Land and Natural Resources, and the Kamehameha Schools Bernice Pauahi Bishop Estate testified in support of this bill. Members of the public commented on this bill.

Your Committee has amended this bill by:

- (1) Changing specific appropriation amounts to \$1 for discussion purposes;
- (2) Changing the effective date to July 1, 2010; and

- (3) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1183, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1183, H.D. 2.

Signed by all members of the Committee.

SCRep. 999 Finance on H.B. No. 1257

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Pacific Wellness Center, Inc., a not-for-profit Hawaii corporation, in the development of a health care facility in the Koa Ridge area of central Oahu with a special focus on traditional Hawaiian healing arts, medicinal plants, and acupuncture.

The Central Oahu Physician Hospital Organization, Wahiawa General Hospital, and a concerned private physician testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1257, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1257, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1000 Finance on H.B. No. 1653

The purpose of this bill is to issue general obligation bonds for the Ala Wai Canal Watershed Improvement Project.

The Ala Wai Canal Watershed Improvement Project, Life of the Land, the Waikiki Improvement Association, and members of the public testified in support of this bill. The Department of Health and the Board of Land and Natural Resources commented on this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1653, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1653, H.D. 2.

Signed by all members of the Committee.

SCRep. 1001 Finance on H.B. No. 287

The purpose of this bill is to appropriate funds for the Peer Education Program (Program) to maintain the Program at the twenty-six schools now being served and to expand it to ten new schools in the upcoming biennium.

The Department of Health, the Commission on the Status of Women, the Keiki Injury Prevention Coalition, the Hawaii State Teachers Association, two school principals, three Program coordinators, twenty-nine students, and four former participants in the Program testified in support of the bill. The Department of Education testified in support of the intent of the bill.

Your Committee has amended the bill by:

- (1) Changing the overall appropriation for each year of the fiscal biennium to \$1 for the purpose of continued discussion;
- (2) Changing the breakdown of these amounts for existing and new schools to unspecified amounts for the purpose of continued discussion; and
- (3) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 287, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 287, H.D. 1.

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

SCRep. 1002 Finance on H.B. No. 310

The purpose of this bill is to include athletics as an integral part of the educational process by requiring funding for coaches' salaries, athletic health care trainers, athletic equipment and supplies, and the transportation of athletic teams to be considered standard workload increase items when planning and budgeting for new public schools.

The Department of Education, the Hawaii State Teachers Association, the athletic directors of the forty public high schools testified in support of this measure. The Department of Budget and Finance commented on this measure.

Your Committee has amended this measure by changing the effective date to July 1, 2010.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 310, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 310, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1003 Finance on H.B. No. 353

The purpose of this bill is to:

- (1) Simplify, streamline, clarify, update, and deregulate the real estate licensing law; and
- (2) Provide additional options to license applicants, without compromising consumer protection.

Among other things, this bill:

- (1) Allows candidates for real estate licenses to request a preliminary decision from the Real Estate Commission (Commission) to avoid unnecessary expenditures and delays;
- (2) Authorizes recognition of out-of-state licensing qualifications and allows the Commission to require that applicants pass specific portions of the examination;
- (3) Abolishes license display and site office registration requirements for real estate broker businesses; and
- (4) Transfers the responsibility for approval of real estate continuing education instructors to education providers.

The Real Estate Commission testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 353, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 353, H.D. 2.

Signed by all members of the Committee except Representatives Goodenow and Moses.

SCRep. 1004 Finance on H.B. No. 424

The purpose of this bill is to:

- (1) Protect investments already made in forestry; and
- (2) Allow the planting and maintenance of additional commercial timber;

by applying moneys accrued from the harvest of forest products from state lands and the sale of tree seedlings from state nurseries.

Specifically, this bill:

- (1) Provides for the reforestation and maintenance of harvested plantation areas on state lands;
- (2) Enhances the management of public forest reserves to improve Hawaii's natural environment and economy; and
- (3) Develops environmental education and training programs.

The Department of Land and Natural Resources, the Department of Hawaiian Home Lands, the Big Island Farm Bureau, the Hawaii Forest Industry Association, the Hawaii Farm Bureau Federation, the Nature Conservancy of Hawaii, C.A.M. Resource Management, and the Hawaii Agriculture Research Center testified in support of this measure. The Board of Trustees of the Office of Hawaiian Affairs testified in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 424, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 424, H.D. 2.

Signed by all members of the Committee.

SCRep. 1005 Finance on H.B. No. 632

The purpose of this bill is to provide necessary services for persons with developmental disabilities (DD) and mental retardation (MR) by:

- (1) Authorizing the Department of Health (DOH) to designate area agencies or managed support organizations;
- (2) Providing supported living stipends to enable persons with DD or MR to live independently in a setting other than a licensed residential facility;
- (3) Establishing the Developmental Disabilities Special Fund for targeted case management services for persons with DD or MR;
- (4) Appropriating funds for home and community-based services and a programmatic evaluation of case management services provided by DOH; and
- (5) Requiring the Legislative Auditor to conduct an audit of case management services provided by DOH.

The State Planning Council on Developmental Disabilities, the Arc of Hilo, Easter Seals Hawaii, Catholic Charities, the Protection and Advocacy Agency of Hawaii, Research Center of Hawaii, and numerous individuals testified in support of this measure. The DOH and Kona Krafts, the Arc of Kona testified in support of the intent of this measure. The Department of Human Services, The Arc of Kauai, The Arc in Hawaii, Home & Community Services of Hawaii, Inc., Winners at Work, Goodwill Industries of Hawaii, and an individual commented on this measure.

Your Committee has amended this bill by:

- (1) Deleting the establishment of the Developmental Disabilities Special Fund;
- (2) Clarifying the appropriation to the Department of Human Services for home and community-based waiver services; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 632, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 632, H.D. 2.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1006 Finance on H.B. No. 719

The purpose of this bill is to generate adequate funds for each county to manage abandoned vehicles and the wastes that result from the use of those vehicles by increasing from \$1 to \$2 the vehicle registration fee surcharge.

The City and County of Honolulu testified in support of this measure. The Department of Health testified in support of the intent of this measure. Catrala-Hawaii commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 719, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 719, H.D. 2.

Signed by all members of the Committee.

SCRep. 1007 Finance on H.B. No. 806

The purpose of this bill is to approve the exchange of public lands in North Kona for private lands along the Kona coast to develop a new motor speedway industry.

The Department of Business, Economic Development, and Tourism, the Hawaii International Motor Speedway, the Mayor of Hawaii, and the Board of Land and Natural Resources testified in support of this bill. The Governor and the Representative from the Fifth district commented on this bill.

Your Committee is concerned that a number of issues remain unresolved but believes that the bill has merit and further discussion is warranted. Your Committee has therefore amended the effective date to July 1, 2010, to promote further discussion.

Your Committee has also amended this bill by making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 806, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 806, H.D. 2.

Signed by all members of the Committee.

SCRep. 1008 Finance on H.B. No. 899

The purpose of this bill is to appropriate funds to Teen Care to provide:

- (1) Substance abuse treatment;
- (2) Counseling; and
- (3) Intervention services;

to certain substance-abusing children and adolescents at King Intermediate School.

The Department of Health, Tu Tangata-Hawaii, and members of the public testified in support of this bill. The Department of Education testified in support of the intent of this bill. The Alcoholic Rehabilitation Services of Hawaii, Inc., dba HINA MAUKA commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the specific appropriation amount to \$1 for discussion purposes; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 899, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 899, H.D. 1.

Signed by all members of the Committee.

SCRep. 1009 Finance on H.B. No. 972

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Wahiawa Central-Oahu Health Center, Inc., a not-for-profit Hawaii Corporation.

The Central Oahu Physician Hospital Organization and Wahiawa General Hospital testified in strong support of the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 972, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 972, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1010 Finance on H.B. No. 1020

The purpose of this bill is to provide a continued source of financing to businesses under the Hawaii Capital Loan Program (Program) by extending the business loan guarantee and the neighbor island preferential business loan interest rate under the Program.

The Department of Business, Economic Development, and Tourism testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments to correct drafting errors, including setting forth section 210-6, Hawaii Revised Statutes, in its entirety to prevent its ultimate repeal and reenactment as required in Act 311, Session Laws of Hawaii (SLH) 1996; Act 104, SLH 1998; and Act 118, SLH 1998.

As amended and set forth in this measure, section 210-6 includes all of the amendments to the section made to date since Act 311, SLH 1996, to confirm the form and substance of the section as intended by your Committee to survive upon enactment.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1020, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1020, H.D. 2.

Signed by all members of the Committee.

SCRep. 1011 Finance on H.B. No. 20

The purpose of this bill is to:

- (1) Increase judicial salaries by 14 percent effective July 1, 1999, and by an additional 13 percent effective July 1, 2000;
- (2) Eliminate the early retirement provision for judges, including the provision allowing judges to retire whenever the member's allowance reaches 75 percent of the member's average final compensation; and
- (3) Ensuring that changes to the early retirement provision will not adversely affect the accrued rights of current judges as of June 30, 1999, and individuals who are or were members of the Employees' Retirement System and who accrued benefits as judges before July 1, 1999.

The Judiciary, the Hawaii Government Employees Association, the United Public Workers, Common Cause Hawaii, the Hawaii State Bar Association, the American Judicature Society, Hawaii Women Lawyers, and members of the public testified in support of this bill. The Hawaii State Teachers Association testified in support of the intent of this bill. The Employees' Retirement System and members of the public commented on the bill.

Your Committee has amended this bill by:

- (1) Blanking out specific salary amounts for discussion purposes; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 20, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 20, H.D. 2.

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

SCRep. 1012 Finance on H.B. No. 37

The purpose of this bill is to:

- (1) Establish a revolving fund to be administered by the Department of Business, Economic Development, and Tourism to fund and assist film production in the State; and
- (2) Appropriate funds for the new revolving fund and to assist Hawaii-based film companies in the production of documentary films about the Pacific region.

The Kauai Film Commission, the Hawaii State AFL-CIO, the Hawaii Film & Entertainment Board, the Screen Actors Guild, and members of the public testified in support of this bill. The Department of Business, Economic Development, and Tourism commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1 for discussion purposes; and
- (2) Making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 37, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 37, H.D. 1.

Signed by all members of the Committee.

SCRep. 1013 Finance on H.B. No. 119

The purpose of this bill is to encourage investment in Hawaii businesses by increasing the four percent tax credit for the purchase of capital goods as follows:

- (1) 10 percent for taxable years beginning after December 31, 1998;
- (2) 8 percent for taxable years beginning after December 31, 2001; and
- (3) 4.5 percent for taxable years beginning after December 31, 2003, and thereafter.

The Department of Taxation testified in support of the intent of this measure.

Your Committee has amended this measure by:

- (1) Deleting the specified percentages; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 119, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 119, H.D. 2.

Signed by all members of the Committee.

SCRep. 1014 Finance on H.B. No. 201

The purpose of this bill is to appropriate funds for the continued operation of the Blue Water Marine Laboratory Program and the Marine Option Program.

The Waikiki Aquarium and members of the public supported this measure. Several individuals commented on this bill.

Your Committee has amended this bill by making technical, nonsubstantive changes for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 201, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 201, H.D. 2.

Signed by all members of the Committee.

SCRep. 1015 Finance on H.B. No. 354

The purpose of this bill is to appropriate funds for a comprehensive review of the condominium property regimes law.

The Real Estate Commission, the Hawaii Association of Realtors, and the Community Associations Institute testified in support of the bill.

Your Committee has amended the bill by:

- (1) Including in the review a review of zoning and subdivision laws and issues related to condominiumization of agricultural lands; and
- (2) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 354, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 354, H.D. 2.

Signed by all members of the Committee.

SCRep. 1016 Finance on H.B. No. 510

The purpose of this bill is to enable the Board of Education (BOE) to respond more efficiently to the legal needs of the BOE, the Department of Education, and the Hawaii State Public Library System by allowing the BOE to employ or retain its own attorneys without the approval of the Attorney General.

The BOE testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 510, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 510, H.D. 1.

Signed by all members of the Committee.

SCRep. 1017 Finance on H.B. No. 635

The purpose of this bill is to issue special purpose revenue bonds to assist the Hilo Residency Training Program, Inc., a not-for-profit Hawaii corporation that is engaged in the development of a health care facility in Hilo, in the financing, refinancing, or both, of one or more of the following:

- (1) Retirement of outstanding debt and purchase of leases;
- (2) Planning, design, construction, and operation of new additions;
- (3) Acquisition and installation of additional equipment; and
- (4) Renovation or repair of existing facilities.

The Hilo Residency Training Program, Inc., testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 635, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 635, H.D. 2.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1018 Finance on H.B. No. 170

The purpose of this bill is to encourage individuals to better prepare for their long-term health needs by offsetting the financial burden of having to purchase long-term care insurance.

Specifically, this bill conforms Hawaii's tax laws to federal tax laws, which permit taxpayers to deduct amounts paid on expenses and premiums for certain tax qualified long-term care insurance as medical expenses. Currently, Hawaii taxpayers cannot claim a similar deduction under state law.

The Department of Commerce and Consumer Affairs, the Executive Office on Aging, the Hawaii Medical Service Association, the American Council of Life Insurance, the Hawaii State Association of Life Underwriters, State Farm Insurance Companies, the Policy Advisory Board for Elder Affairs, the American Association of Retired Persons State Legislative Committee, the Hawaii Long Term Care Association, the National Association of Retired Federal Employees in Hawaii, and Healthcare Association of Hawaii testified in support of this measure. The Department of Taxation supported the intent of this measure. The Tax Foundation of Hawaii commented on this bill.

Your Committee has made a technical, nonsubstantive amendment to the bill to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 170, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 170, H.D. 2.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1019 Finance on H.B. No. 657

The purpose of this bill is to provide timeshare developers alternatives to registration requirements to expedite sales by:

- (1) Allowing the acceptance of an out-of-state time share plan that has been previously registered in another jurisdiction if that jurisdiction's registration requirements are deemed to exceed or be equal to those required by Hawaii; and
- (2) Allowing the issuance of a six-month preliminary permit that would allow a developer to offer and sell time share interests before the developer's registration is accepted by the Department of Commerce and Consumer Affairs (DCCA).

An individual testified in support of the measure. DCCA commented on the measure.

Your Committee is concerned that a number of issues remain unresolved, but believes that the bill has merit and further discussion is warranted. Your Committee has therefore amended the effective date of the bill to July 1, 2010, to promote further discussion.

Other technical, nonsubstantive amendments were made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 657, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 657, H.D. 2.

Signed by all members of the Committee.

SCRep. 1020 Finance on H.B. No. 791

The purpose of this bill is to clarify the provision of continuing education courses for real estate brokers and salespersons by:

- (1) Specifying the responsibilities of the Real Estate Commission (Commission), as well as continuing education providers and instructors, relating to continuing education requirements;
- (2) Increasing the flexibility, range, and number of options available in the provision of continuing education courses;
- (3) Codifying the principal brokers' responsibilities, including requirements for training and educating associated real estate licensees; and
- (4) Requiring the Department of Commerce and Consumer Affairs, in consultation with the Hawaii Association of Realtors (HAR), to initiate a work study group during the legislative interim to discuss continuing education and administration issues and to report back to the next Legislature.

HAR testified in support of this measure. The Commission commented on the measure.

Your Committee has amended this bill by:

- (1) Clarifying that HAR rather than the Commission shall initiate a work study group over the interim;
- (2) Directing HAR to work with the Commission, the Department of Commerce and Consumer Affairs, as well as other interested parties; and
- (3) Making technical, nonsubstantive revisions for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 791, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 791, H.D. 2.

Signed by all members of the Committee.

SCRep. 1021 Finance on H.B. No. 827

The purpose of this bill is to stimulate tourism in east Hawaii by creating incentives for reinvestment in the resort infrastructure of the Banyan Drive resort area of Hilo, Hawaii, by authorizing the Department of Land and Natural Resources to issue or extend new resort leases to eligible existing lessees of the Banyan Drive resort area, subject to certain conditions, for up to thirty years.

The Hawaii Naniloa Hotel testified in support of the bill. The Banyan Drive Association testified in support of the bill and provided additional clarifying comments. The Department of Land and Natural Resources commented on the bill.

While your Committee is concerned that a number of issues remain unresolved, it also believes that the bill has merit and further discussion is warranted. Your Committee has therefore amended the effective date of the bill to July 1, 2010, to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 827, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 827, H.D. 3.

Signed by all members of the Committee.

SCRep. 1022 Finance on H.B. No. 833

The purpose of this bill is to treat sales of tangible personal property to the University of Hawaii (University) as wholesale sales under the general excise tax.

For purposes of the public hearing, your Committee circulated a proposed H.D. 1 version that deleted the provisions of the bill and inserted new language that would increase the flexibility accorded to the University to manage its resources by:

- (1) Expanding the authority of the University to make loans from an aggregate of \$100,000 to an aggregate of \$10,000,000;
- (2) Authorizing the University to make loans from financial institutions, in addition to the state treasury;
- (3) Authorizing the University to carry over funds from one fiscal year to the next; and
- (4) Authorizing the University to issue revenue bonds for activities, in addition to facilities.

The University of Hawaii and the Department of Budget and Finance submitted comments on the proposed H.D. 1 version of the bill.

Your Committee has amended this bill by deleting its contents and inserting language that:

- (1) Authorizes the University to make loans of up to \$10,000,000;
- (2) Creates the University Activities Revolving Fund as a mechanism to account for moneys generated by loans and moneys to repay loans;
- (3) Authorizes the University to carryover funds from one year to the next;
- (4) Exempts the University from the prohibition that state agencies may not expend more than their allotments; and
- (5) Repeals the bill on June 30, 2001, and reenacts sections 37-32, 37-41, and 37-42, Hawaii Revised Statutes, in the form in which they read on June 30, 1999.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 833, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 833, H.D. 1.

Signed by all members of the Committee.

SCRep. 1023 Finance on H.B. No. 877

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for Kuakini Medical Center to finance construction of, improvement to, and equipment for its health care facilities.

Kuakini Medical Center testified in support of the bill. The Department of Budget and Finance commented on the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 877, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 877, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1024 Finance on H.B. No. 970

The purpose of this bill is to develop a high quality, community-based cardiac center in Central Oahu by authorizing the issuance of special purpose revenue bonds to assist Pacific Cardiac Institute, Inc., a not-for-profit Hawaii corporation, to develop a cardiac facility at Koa Ridge.

The Board of Directors of the Wahiawa General Hospital, the Central Oahu Physician Hospital Organization, and many individuals testified in support of this measure.

Your Committee has amended this measure by making a technical, nonsubstantive amendment for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 970, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 970, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1025 Finance on H.B. No. 971

The purpose of this bill is to serve the health care needs of families living in Central Oahu and North Shore communities by authorizing the issuance of special purpose revenue bonds for Wahiawa General Hospital a not-for-profit corporation.

The Central Oahu Physician Hospital Organization, the Board of Directors of the Wahiawa General Hospital, and many individuals submitted testimony in support of this measure.

Your Committee has amended this measure for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 971, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 971, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1026 **Finance on H.B. No. 973**

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Pacific Sports Medicine & Research Center, Inc., a not-for-profit Hawaii Corporation.

The Central Oahu Physician Hospital Organization, Wahiawa General Hospital, and several private physicians testified in support of the bill.

Your Committee finds that the issuance of special purpose revenue bonds to assist Pacific Sports Medicine & Research Center, Inc., is in the public interest.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 973, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 973, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1027 **Finance on H.B. No. 1038**

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items for Units 1, 2, 3, 4, 6, 8, 9, 10, and 13 and their excluded counterparts as well as other cost adjustments negotiated between the State and the bargaining unit representatives.

The Office of Collective Bargaining, United Public Workers, AFSCME, Local 646, AFL-CIO, and the Hawaii Government Employees Association, AFSCME, Local 152, AFL-CIO testified in support of this measure. The Ombudsman and the State Auditor commented on the measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1 for the purpose of continued discussion;
- (2) Inserting an appropriation for employees of legislative service agencies; and
- (3) Making technical, nonsubstantive revisions to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1038, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1038, H.D. 1.

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

SCRep. 1028 **Finance on H.B. No. 949**

The purpose of this bill is to encourage the development of agricultural parks/developments by appropriating funds and directing the Agribusiness Development Corporation to establish them.

The Agribusiness Development Corporation (ADC), the Hawaii Farm Bureau Federation, and the Big Island Farm Bureau testified in support of the bill. Life of the Land commented on the measure.

The Big Island Farm Bureau has initiated a deep soil agricultural subdivision project, hopeful that the land will be developed and subdivided by ADC and made available to new and existing farmers. The subdividing of large parcels into smaller economical size units of ten and fifteen acres would enable more farmers to use the land at affordable prices. ADC is the appropriate agency to develop the agricultural subdivision because it is authorized to float bonds, offer subleases, and manage such enterprises.

The parcels designated for the proposed Hamakua agricultural subdivision are identified as TMKs: 4-5-01-7 and 4-5-01-13, totalling about 160 acres. These parcels are two of larger remaining State-owned parcels still available for diversified agricultural use in Hamakua. More significantly, these parcels are located below the Lower Hamakua ditch with plantation-installed irrigation mains already in place, making the land ideally suited for a variety of diversified agricultural uses. One parcel in particular was used by the plantation for years as a dumping ground for the mud and excess baggass generated by the mill.

Your Committee strongly believes that specific funding should be appropriated this year for the planning, design, and construction of a deep soil agricultural subdivision in the Hamakua district of the Big Island. This subdivision will serve as a pilot project for future developments by ADC.

Your Committee has amended the bill by:

- (1) Authorizing ADC to develop agricultural subdivisions rather than agricultural parks/developments;
- (2) Amending section 163D-17, Hawaii Revised Statutes, to reflect ADC's authority to develop agricultural subdivisions; and
- (3) Making technical, nonsubstantive revisions to correct drafting errors and for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 949, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 949, H.D. 2.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1029 Consumer Protection and Commerce on H.B. No. 1034

The purpose of this bill is to remove burdensome motor carrier temporary authority application requirements and enable the Public Utilities Commission (PUC) to respond quickly to emergency needs for motor carrier service. The bill removes the requirement that motor carriers applying for temporary authority show proof of service of the application upon all holders of the class of operating authority applied for.

Testimony in support of this bill was received from the Public Utilities Commission, and the Department of Commerce and Consumer Affairs.

Your Committee finds that present proof of service requirements can cause unacceptable delays in responding to urgent needs for transportation services in times of natural disasters or other emergencies. This bill would restore to the PUC, flexibility and discretion in granting temporary authority under emergency circumstances.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1034 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Halford and Rath.

SCRep. 1030 Consumer Protection and Commerce on H.B. No. 324

The purpose of this bill is to implement Act 9, Session Laws of Hawaii (SLH) 1997, authorizing dental hygienists to administer intra-oral block anesthesia, by establishing:

- (1) Educational requirements for the administration of infiltration local anesthesia and intra-oral block anesthesia; and
- (2) Documentation to the board of certification in the administration of these procedures.

Testimony in support of this measure was provided by the Hawaii Institute for Wellness in Dentistry and many dentists and dental hygienists. The Hawaii Dental Association (HDA) supported amendments to delete the three riskiest categories of block anesthesia.

The Queens Medical Center and a number of dentists and dental hygienists provided testimony in opposition to this bill.

The Department of Commerce and Consumer Affairs (DCCA) presented a proposed H.D. 2, which addressed some of the concerns raised by other testifiers. The proposed H.D. 2 was reviewed and supported by the Hawaii Dental Hygienists' Association (HDHA), HDA, and Chair of the Board of Dental Examiners in his individual capacity.

HDHA testified in favor of DCCA's proposed H.D. 2.

Based on the testimony presented, your Committee finds that the minimum standards of education and certification for dental hygienists administering intra-oral block anesthesia is of serious concern to many people, whether as professionals, patients, or parents.

Your Committee reviewed several issues, including:

- (1) Whether the minimum number of hours of didactic studies and clinical experience should exceed the 39 hours mandated in the bill;
- (2) Whether the three most dangerous categories of block anesthesia should be administered at all by dental hygienists when even dentists often choose not to administer them due to the risks involved; and
- (3) Whether the dental hygienist's administration of intra-oral block anesthesia should be limited to the scope of practice of clinical dental hygiene.

Your Committee finds that there is sufficient expert support for the mandated minimum hours of training, particularly since the University of Hawaii's Department of Dental Hygiene, in its course criteria for block anesthesia, has determined that these hours are adequate to assure competency.

Furthermore, there is adequate protection for the consumer in the fact that these forms of anesthesia must be administered under the direct supervision of a licensed dentist, and thus the decision of whether to permit a dental hygienist to administer such anesthesia is within the control of the dentist. No dentist need allow any hygienist to perform these procedures, and all dentists are free to use their judgment about the type and level of anesthesia they will permit to be administered under their supervision.

In reviewing the current statutory provisions of section 447-3(b), Hawaii Revised Statutes, your Committee notes that dental hygienists are allowed to perform procedures other than the services defined to be within the scope of clinical dental hygiene, if those procedures are delegated by the dentist in accordance with rules of the Board of Dental Examiners. Therefore, your Committee believes that it would be unduly restrictive to limit the administration of anesthesia only to services within the scope of clinical dental hygiene.

Upon further consideration of the testimony, your Committee has amended this bill by incorporating DCCA's proposed amendments with a few minor changes, as well as including the proposed revisions from various dentists and dental hygienists. Specifically, your Committee has amended this bill by:

- (1) Removing any ambiguity that the course of study for intra-oral block anesthesia shall cover all ten categories of block anesthesia;
- (2) Removing the three riskiest categories of block anesthesia from the original list of 13 categories within the educational requirements and scope of certification;
- (3) Requiring the passage of an examination to determine the proficiency of an applicant or licensed dental hygienist to administer intra-oral block anesthesia;
- (4) Allowing the Board of Dental Examiners to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, relating to the education and certification of dental hygienists to administer intra-oral block anesthesia; provided that the adopted rules will supersede existing statutes; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, style, and conformity.

Your Committee has been assured that these amendments are supported by DCCA, the Board of Trustees and officers of the HDA, HDHA, and individual dentists, including a current member and chair of the Board of Dental Examiners. These Board members offered their support in their individual capacities and not on behalf of the Board of Dental Examiners.

As affirmed by the record of votes of the Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 324, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 324, H.D. 2.

Signed by all members of the Committee except Representative Halford.

SCRep. 1031 Consumer Protection and Commerce on H.B. No. 642

The purpose of this bill is to modify the prohibition against motor vehicle lessors paying commissions to their employees for selling collision damage waivers (CDWs) to motor vehicle lessees. While the payment of direct commissions is still prohibited, this bill permits payment of commissions on an indirect basis, so that CDW sales may be one of several factors considered in the determination of commissions, bonuses, and other remuneration.

Testimony supporting the bill was presented by Budget Rent A Car, Alamo, and Catrala-Hawaii. Supporting testimony stated that the ban on commissions was appropriate when abuses in sales tactics were occurring prior to 1990, but that the industry has drastically changed both in terms of competition and complaints about CDW sales. Supporters also stated that Hawaii is the only state that does not allow a company, directly or indirectly, to consider CDW sales in evaluating job performance or in paying commissions to an employee. This, they claim, places the Hawaii motor vehicle rental lessors and their employees at a disadvantage when sales figures are compared with affiliated rental companies in other states.

Testimony opposing the bill was presented by the Office of Consumer Protection (OCP) of the Department of Commerce and Consumer Affairs. One of OCP's concerns is that the distinction between direct and indirect commissions in the bill is unclear and confusing.

Your Committee finds that the climate of competition in the motor vehicle rental industry has changed considerably since the time the prohibition was passed, and that motor vehicle rental companies in this State and their employees should not be placed at a disadvantage when compared to their mainland counterparts for performance evaluation and bonus payment purposes.

Accordingly, your Committee has amended the bill by:

- (1) Clarifying the definition of "direct commission for selling collision damage waivers," which is a practice that will continue to be prohibited;
- (2) Deleting an amendment to section 437D-15(3), which is not necessary since misrepresentations are already prohibited in section 437D-15(1); and
- (3) Making technical, nonsubstantive amendments for purposes of conforming to drafting conventions and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 642, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 642, H.D. 1.

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

SCRep. 1032 Consumer Protection and Commerce on H.B. No. 325

The purpose of this bill is to protect the health of patients affected by the medical decisions made by the medical director of a managed care plan by requiring that these clinical decisions be made by a medical director who possesses an unlimited license to practice medicine in the State.

Testimony strongly supporting this bill was submitted by the Hawaii Medical Association, the Hawaii Federation of Physicians and Dentists, and the Hawaii Psychiatric Medical Association. Your Committee also received testimony from Hawaii Medical Service Association (HMSA) and Queen's Health Management (Queen's) supporting the intent of this bill and suggesting an amendment.

HMSA and Queen's recommended amending the definition of "medical director" to recognize that medical directors' decisions are based not only on medical necessity, but also on whether the treatment or service is a covered benefit of the health plan.

Your Committee heard testimony that standards of medical necessity have generally been established with reference to accepted practices within the local medical community, and that medical directors responsible for making medical necessity decisions that affect patients in Hawaii should be familiar with the local community and its medical standards and practices, and accountable to the local licensing authorities.

Your Committee has amended this bill by:

- (1) Amending the definition of "medical director" as suggested by HMSA and Queen's;
- (2) Making technical, nonsubstantive amendments for clarity and style; and
- (3) Amending the effective date for purposes of continued discussion.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 325, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 325, H.D. 2.

Signed by all members of the Committee except Representatives Kaho'ohalahala, Halford and Rath.

SCRep. 1033 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 134

The purpose of this bill is to expand the existing exclusion from workers' compensation coverage of mental stress injuries resulting solely from good faith employer disciplinary action, by removing the requirement that the injury result solely from the disciplinary action, and adding an exclusion for mental stress injuries caused by good faith personnel actions.

Your Committees received testimony supporting this measure from the Attorney General, the City and County of Honolulu, the Building Industry Association of Hawaii, the Chamber of Commerce of Hawaii, the Hawaii Insurers Council, the Small Business Economic Revitalization Group, and a concerned business proprietor. Testimony in opposition was received from the Hawai'i Nurses'

Association, the Hawaii State Teachers Association, the ILWU Local 142, the Hawaii State AFL-CIO, the Laborers' International Union of North America Local 368, AFL-CIO, and Unity House, Inc.

Those opposing the measure stated that the mental stress compensability exclusion should be limited to the issues in Mitchell v. State of Hawaii, 85 Haw. 250 (1997), and that this bill expands the exclusion too far. There was testimony that the claims excluded from workers' compensation law could consequently be brought as tort actions for emotional distress, and the bill would therefore impose potentially greater, largely unknown liability risks on employers. Those opposing the bill also felt that the law currently works well to distinguish between legitimate and frivolous claims, and that expanding the exclusion would result in denial of meritorious claims. Others stated that it was too early to determine the effect of the current law and lacking practical experience of its application, this bill was premature. Finally, there was testimony that by deleting the word "solely", any injury, even if partially the result of good faith disciplinary or other personnel action, might be found to be non-compensable.

On the other hand, your Committees heard testimony supporting this measure stating that the existing exclusion for mental stress injuries caused by good faith disciplinary actions was unfairly limited and did not provide employers with adequate relief, because it:

- (1) Required that the excluded mental stress result "solely" from disciplinary actions; and
- (2) Did not include stress caused by necessary and legitimate personnel actions such as layoffs, performance evaluations, demotions, and job transfers.

Your Committees believe that further examination and discussion of the issues raised by testifiers is necessary to determine the best course of action. To facilitate discussion leading to satisfactory resolution of the questions raised by this bill, your Committees have amended the effective date of the bill by leaving it blank.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 134, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 134, H.D. 2.

Signed by all members of the Committees except Representatives Chang, Herkes, Hiraki, Takumi, P. Oshiro, Yoshinaga, Pendleton and Whalen.

SCRep. 1034 Judiciary and Hawaiian Affairs on H.B. No. 3

The purpose of this bill is to consolidate and make consistent statutory provisions relating to driving while impaired by drugs or intoxicating liquor.

Testimony in support of this bill was received from the Judiciary, the Department of Transportation, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Governor's Highway Safety Council, Impaired Driving Task Force, the Department of Land and Natural Resources, the Honolulu Police Department, Mother's Against Drunk Driving, and a member of the public. Additional testimony was received from the Office of the Public Defender.

Your Committee finds that there currently is a backlog of cases of driving under the influence of drugs. Your Committee believes that reduction of the maximum imprisonment for these and other similar offenses to 30 days will ensure that the right to jury trial in these cases will not attach.

Your Committee further finds that although the law prohibits the operation of a marine vessel while intoxicated, there is no prohibition for operating a marine vessel while under the influence of drugs.

Your Committee has amended this bill by:

- (1) Deleting its contents and replacing it with language to conform the jail terms for driving under the influence of drugs and operating a vessel under the influence of intoxicating liquor with existing jail terms for driving under the influence of intoxicating liquor; and
- (2) Creating a new offense of operating a vessel under the influence of drugs which is also consistent with the penalties provided in other impaired driving or boating statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3, H.D. 2.

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

SCRep. 1035 Judiciary and Hawaiian Affairs on H.B. No. 351

The purpose of this bill is to protect individual privacy rights through comprehensive regulation of the use, handling, and release of personal medical information by health care providers and others.

Testimony in support of this bill was received from the Departments of Health, Human Services, and Commerce and Consumer Affairs, the Office of Information Practices, the Hawaii Medical Association, the Hawaii Medical Service Association, Queen's Health Management, Hawaii Health Information Corporation, the Hawaii Coalition for Health, Kaiser Permanente, State Farm Insurance Companies, Common Cause Hawaii, and the Schering-Plough Corporation.

Testimony in opposition to this bill was received from the American Council of Life Insurance, and several concerned individuals.

Your Committee finds that the provisions of this bill as amended set reasonable parameters for limited disclosure, use, and handling of personal medical information. Your Committee's main intent in passing this bill is to protect medical care recipients from unwanted or unwarranted disclosures of personal medical information.

Your Committee has amended this measure by:

- (1) Deleting proposed Section -11(b)(3)(A), regarding information subject to the attorney-client privilege and information that is attorney work product;
- (2) Adding language clarifying that disclosures of protected health information made pursuant to proposed Sections -35 and -36 are confidential and shall not be further disclosed;
- (3) Requiring notice to be given to the Regulated Industries Complaints Office or any other agency that has regulatory oversight over a person, rather than just to the Insurance Commissioner when applicable;
- (4) Deleting proposed Sections -57, -39(g), and 622-52(g), Hawaii Revised Statutes;
- (5) Deleting the effective date; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 351, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 351, H.D. 2.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 1036 Finance on H.B. No. 72

The purpose of this bill is to clarify the state campaign spending laws concerning the voluntary expenditure limit and public matching fund program by:

- (1) Amending the definition of "qualifying campaign contribution" to mean an aggregate monetary contribution of \$100 or less by a person during any matching payment period;
- (2) Deleting the provision allowing a candidate to withdraw the affidavit of compliance with voluntary spending limits;
- (3) Changing the deadline for filing of affidavits of compliance with voluntary expenditure limits from January 31 of the election year to the time of filing of nomination papers with the chief elections officer or county clerk;
- (4) Clarifying that expenditure limits apply to each primary, special, or general election;
- (5) Requiring that a candidate or committee who has voluntarily agreed to expenditure limits and who subsequently exceeds that limit notify contributors, in writing, within thirty days of the day on which the expenditure limit was exceeded;
- (6) Amends the procedure if the Hawaii Election Campaign Fund is near depletion from distribution by order in which the affidavit is filed, to distribution by order in which the application for public funds is filed;
- (7) Clarifies that maximum public matching funds available to any candidate is based on the maximum expenditure limit per election;
- (8) Reducing the deadline for filing a qualifying campaign contribution statement from no later than sixty days to no later than thirty days after the general election;
- (9) Increasing the time in which the initial public funds check must be issued from ten to twenty days from the date of the candidate's initial application;
- (10) Deleting the provision that a candidate who exceeds the expenditure limit by no more than one percent need only return 25 percent of public funds; and
- (11) Clarifying that all unspent public funds must be returned.

The Campaign Spending Commission and Common Cause Hawaii testified in support of the bill.

Your Committee has amended this bill by:

- (1) Deleting the exemption for certain fundraising costs from the voluntary campaign expenditures limit; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 72, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 72, H.D. 2.

Signed by all members of the Committee except Representative Meyer.

SCRep. 1037 Finance on H.B. No. 967

The purpose of this bill is to strengthen the College of Hawaiian Language (CHL) at the University of Hawaii at Hilo by:

- (1) Allowing CHL to contract in the Hawaiian language directly with providers rather than with the Research Corporation of the University of Hawaii; and
- (2) Deleting a provision that prohibits the appropriation of general funds for the continuation of CHL if initial funds are deemed to be inadequate or become unavailable.

The University of Hawaii at Hilo and two CHL employees testified in support of this measure. The Office of Hawaiian Affairs offered comments.

Your Committee has amended this bill by:

- (1) Continuing the prohibition of not appropriating general funds for CHL if initial funds are deemed inadequate or become unavailable; and
- (2) Making technical, nonsubstantive amendments for consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 967, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 967, H.D. 3.

Signed by all members of the Committee.

SCRep. 1038 Finance on H.B. No. 1027

The purpose of this bill is to support the State's efforts to become an aviation training center for the Asia-Pacific region by:

- (1) Exempting from the general excise tax amounts received by an aviation training facility (facility) from the construction of a facility or for a certified training program; and
- (2) Exempting from the use tax the use of materials, parts, or tools imported or purchased that are used by a facility for a certified training program or the construction of a facility.

The Office of the Lieutenant Governor, the Department of Taxation, the Department of Transportation, and the University of Hawaii testified in support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Repealing the provisions of this bill on July 1, 2001; and
- (2) Making technical, nonsubstantive amendments to the bill to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1027, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1027, H.D. 1.

Signed by all members of the Committee.

SCRep. 1039 Finance on H.B. No. 1067

The purpose of this bill is to establish a mandatory continuing education program for general agents, subagents, solicitors, designated representatives, and nonresident agents licensed to do business in Hawaii's insurance industry.

The Department of Commerce and Consumer Affairs and the State Farm Insurance Companies testified in support of this bill. The Hawaii State Association of Life Underwriters, the Hawaii Independent Insurance Agents Association, and the Atlas Insurance Agency, Inc., commented on this bill.

Your Committee advises the Insurance Commissioner (Commissioner) to meet with representatives from:

- (1) The Hawaii Chapter of Financial Service Professionals;
- (2) Chartered Property and Casualty Underwriters;
- (3) The Hawaii State Association of Life Underwriters;
- (4) The Hawaii Independent Insurance Agents;
- (5) State Farm Insurance Companies; and
- (6) The Hawaii Insurers Council;

to receive advice on the scope and nature of the continuing education courses to be provided, as to be consistent with the provisions of this bill. Your Committee further advises that the Commissioner seek representation by individuals from these organizations who are involved in a variety of lines of insurance.

Your Committee has amended this bill by:

- (1) Increasing the limit that the Commissioner may expend from the Insurance Licensing Administration Special Fund (Fund) from \$1,000,000 to \$1,500,000 during fiscal years 1999-2000 and 2000-2001;
- (2) Specifying that Fund moneys will not revert to the general fund;
- (3) Raising fees by fifty percent rather than one hundred percent;
- (4) Instituting an assessment of fifty percent of the current fees during FY 1999-2000 and FY 2000-2001, for all insurers, general agents, subagents, non-resident agents, brokers, solicitors, adjusters, limited licensees under section 431:9-214(c) Hawaii Revised Statutes (HRS), managing general agents, reinsurance intermediaries, surplus line brokers, and designated representatives;
- (5) Establishing the penalties for late payment of assessments; and
- (6) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1067, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1067, H.D. 2.

Signed by all members of the Committee.

SCRep. 1040 Finance on H.B. No. 1105

The purpose of this bill is to protect government from serving as a "deep pocket" for claims based on Year 2000 errors generated by a government computer system.

This bill clarifies that government immunity against claims includes claims arising out of or relating to a Year 2000 error produced, calculated, or generated by a government computer system or any other computer-based system, regardless of the cause for the Year 2000 error. This bill also extends the immunity past June 30, 1999.

The State Attorney General, the University of Hawaii, the Department of Accounting and General Services, the City and County of Honolulu Department of Budget and Fiscal Services, the Hawaii Health Systems Corporation, the Bank of Hawaii, and the Hawaii Medical Services Association testified in support of this bill. The Department of Transportation supported the intent of this measure. An individual testified in opposition to this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1105, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1105, H.D. 2.

Signed by all members of the Committee.

SCRep. 1041 Finance on H.B. No. 1593

The purpose of this bill is to improve the efficiency of the county departments of water supply by designating the heads of the county boards of water supply as the chief procurement officers.

The Maui County Department of Water Supply and Kauai County Department of Water testified in support of this measure. The State Procurement Office commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1593, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1593, H.D. 1.

Signed by all members of the Committee.

SCRep. 1042 Finance on H.B. No. 1617

The purpose of this bill is to assist in the development of a health care facility in the Koa Ridge area of central Oahu by authorizing the issuance of special purpose revenue bonds to assist Pacific Saging Center, Inc., a Hawaii nonprofit corporation, in the acquisition, planning, design, construction, and operation of its facility.

The Central Oahu Physician Hospital Organization, Wahiawa General Hospital, and a private physician testified in support of the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1617, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1617, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1043 Finance on H.B. No. 1621

The purpose of this bill is to issue special purpose revenue bonds to assist Pacific Community Health & Wellness, Inc., a not-for-profit Hawaii corporation, in the development of a health care facility in the Koa Ridge area of central Oahu.

The Central Oahu Physician Hospital Organization and the Wahiawa General Hospital testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1621, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1621, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1044 Finance on H.B. No. 1693

The purpose of this bill is to care for Hawaii's aging population by authorizing the issuance of special purpose revenue bonds for a senior citizen lifecare retirement community.

Graham Murata Russell testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1693, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1693, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1045 Finance on H.B. No. 1085

The purpose of this bill is to appropriate funds to:

- (1) Enable the Department of Education (DOE) to fulfill the requirements of the Felix v. Cayetano Consent Decree; and
- (2) Prevent the reduction or discontinuance of essential services for students in regular and special education programs.

DOE and the Hawaii State Teachers Association testified in support of this measure.

Your Committee has amended this bill by:

- (1) Providing that the appropriation be used for operational expenses of the DOE, rather than specific positions; and
- (2) Making technical, nonsubstantive revisions to correct drafting errors and for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1085, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1085, H.D. 1.

Signed by all members of the Committee.

SCRep. 1046 Finance on H.B. No. 1149

The purpose of this bill is to provide emergency funding for the Hawaii Health Systems Corporation (Corporation) to:

- (1) Meet Year 2000 compliance for its systems and equipment; and
- (2) Reduce workers' compensation costs.

Your Committee has received a message from the Governor, dated February 3, 1999:

- (1) Stating that the funding is needed to meet Year 2000 compliance for systems and equipment and reduce workers' compensations costs of the Corporation; and
- (2) Requesting the timely passage of this measure because a funding requirement for the Corporation must be accommodated by March 1, 1999, and the timely passage of a Supplemental Appropriations Act that amends fiscal year 1999 appropriations cannot be assured.

The Corporation commented on this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1149, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1149, H.D. 1.

Signed by all members of the Committee except Representative Meyer.

SCRep. 1047 Finance on H.B. No. 1750

The purpose of this bill is to appropriate funds for three business specialist positions for Neighbor Island districts.

The Department of Education's (DOE) Hawaii District and Maui District testified in support of the bill. DOE testified in support of the intent of the bill. DOE's Kauai District and Kalaheo School commented on the measure.

Your Committee has amended the bill by:

- (1) Clarifying that one position shall be allocated to each of the Hawaii, Kauai, and Maui districts, for a total of three positions;
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1750, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1750, H.D. 1.

Signed by all members of the Committee except Representatives Goodenow and Moses.

SCRep. 1048 **Finance on H.B. No. 1686**

The purpose of this bill is to address problems associated with computer systems and the year 2000 in the Office of Ombudsman (Office) by appropriating funds to the Office to replace non-year-2000-compliant equipment and software.

The Office testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion on this bill;
- (2) Authorizing the appropriation to be used to maintain system compatibility;
- (3) Specifying that the appropriation is to take effect upon the approval of this bill and will lapse on June 30, 2000; and
- (4) Making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1686, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1686, H.D. 1.

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

SCRep. 1049 **Finance on H.B. No. 1170**

The purpose of this bill is to make the library system more efficient by authorizing the Board of Education to charge fees for:

- (1) The recovery of the costs of lost books and the collection of overdue fines and fees;
- (2) Seminars and workshops; and
- (3) The use of various research and reference materials requiring special equipment to read.

The Department of Commerce and Consumer Affairs and Information Services commented on the bill.

Your Committee has amended the bill by:

- (1) Creating an exemption for contracts with the library system from the statute that prohibits collection agencies from collecting collection fees or commissions from debtors; and
- (2) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1170, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1170, H.D. 2.

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

SCRep. 1050 **Finance on H.B. No. 1596**

The purpose of this bill is to initiate revitalization and redevelopment of the historic Oahu Railway and Land (OR&L) Building site in Iwilei by appropriating funds to design the renovation of the OR&L Building for low- and moderate-income housing and/or state offices.

The Housing and Community Development Corporation of Hawaii testified in support of the intent of the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1596, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1596, H.D. 2.

Signed by all members of the Committee.

SCRep. 1051 **Finance on H.B. No. 1616**

The purpose of this bill is to issue special purpose revenue bonds to assist the Pacific Women's Center, Inc., a not-for-profit corporation, in the development of a health care facility in the Koa Ridge area of central Oahu.

The Central Oahu Physician Hospital and Wahiawa General Hospital Organization testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1616, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1616, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1052 Finance on H.B. No. 1413

The purpose of this bill is to require the Department of Human Services (DHS) to modify the QUEST risk factor adjustment by taking into account serious medical conditions in determining compensation to individual community health centers.

AlohaCare, the Hawaii Nurses' Association, Kalihi-Palama Health Center, Waianae Coast Comprehensive Health Center, Waimanalo Health Center, and several individuals submitted testimony in support of the measure. The Department of Human Services, the Hawaii State Primary Care Association, Hawaii Medical Service Association, Kaiser Permanente, and Queen's Health Management commented on the measure.

Your Committee has amended the bill by:

- (1) Requiring DHS to conduct an annual review of risk factor adjustment;
- (2) Clarifying that DHS compensates health plans under contract and not the individual community health centers;
- (3) Specifying that any risk factor adjustment shall use actual QUEST member experience data;
- (4) Requiring DHS to consult with the various health plans to identify high risk health characteristics to be used in readjusting the risk factor; and
- (5) Deleting section 3 which required DHS to adjust its current payment to health centers.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1413, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1413, H.D. 1.

Signed by all members of the Committee.

SCRep. 1053 Finance on H.B. No. 749

The purpose of this bill is to establish a licensure program for dietitians that restricts the use of the title "licensed dietitian" to those persons meeting specified educational and other requirements.

Numerous individuals representing the full-range of health care professionals working on Oahu and the neighbor islands, including testimony from doctors, nurses, dietitians, health care administrators, pharmacists, medical researchers and professors, and private citizens, testified in support of this measure. The Department of Commerce and Consumer Affairs and several individuals and health care professionals commented on this measure.

Your Committee finds that certification and licensure for dietitians is a complex issue. The consumer continues to be challenged in discerning between the educated, qualified practitioner, and the untrained, unqualified practitioner. To date, over 40 documented cases of harm related to dietetic practice have occurred in Hawaii.

Your Committee finds that although there is a need for some regulation in the field of dietetics, the dietitians are in a difficult position to achieve licensure because of the cost factor of having to create and take a new exam.

Your Committee has amended this measure by:

- (1) Changing the licensure program to a certification program; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 749, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 749, H.D. 3.

Signed by all members of the Committee.

SCRep. 1054 Finance on H.B. No. 855

The purpose of this bill is to appropriate funds for permanent teacher positions to recognize that special needs children are being placed in regular classrooms and that they should be counted in determining the student-teacher ratio.

The Department of Education, the Hawaii State Teachers Association, and a large number of public school teachers testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing specific appropriation amounts to \$1 for discussion purposes; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 855, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 855, H.D. 1.

Signed by all members of the Committee.

SCRep. 1055 Finance on H.B. No. 1029

The purpose of this bill is to improve the consolidated application process by:

- (1) More specifically delineating the membership of the Permit Process Task Force (Task Force);
- (2) Limiting the Task Force's examination of the state permit approval process rules to those pertaining to county building permit applications; and
- (3) Establishing a June 30, 2002, sunset date for the Task Force.

The Department of Business, Economic Development, and Tourism testified in support of this bill.

Your Committee has amended this bill to make technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1029, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1029, H.D. 3.

Signed by all members of the Committee.

SCRep. 1056 Finance on H.B. No. 1041

The purpose of this bill is to authorize the Board of Trustees of the Hawaii Public Employees Health Fund (Fund) to use rate credits and reimbursements to:

- (1) Improve plan benefits;
- (2) Reimburse identifiable employee-beneficiaries; and
- (3) Reduce employee-beneficiaries' monthly contributions.

The Hawaii State Teachers Association and the United Public Workers testified in support of this measure. The Board of Trustees of the Fund commented on this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1041, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1041, H.D. 2.

Signed by all members of the Committee.

SCRep. 1057 Finance on H.B. No. 1522

The purpose of this bill is to exempt county real property appraisers from state regulation governing the licensure or certification of real estate appraisers.

The Department of Commerce and Consumer Affairs and the Department of Budget and Fiscal Services of the City and County of Honolulu testified in support of this measure. The Hawaii Chapter of the Appraisal Institute and the Hawaii Public Interest Advocate commented on this measure.

Act 180, Session Laws of Hawaii 1998, amended chapter 466K, Hawaii Revised Statutes, and required that all real estate appraisals in the State be performed by licensed or certified appraisers. Your Committee finds that Act 180 raises a constitutional question as to whether chapter 466K was meant to apply to county real estate appraisers. The 1978 Constitutional Convention granted the counties exclusive authority over matters concerning real property taxation, which includes the appraisal of real property for tax purposes. It is the intent of your Committee to clarify that county real estate appraisers be exempt from chapter 466K.

Your Committee has amended this bill to set forth more clearly that exemption from regulation applies only to appraisers employed by the county while appraising property for ad valorem taxation. Other technical, nonsubstantive amendments were also made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1522, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1522, H.D. 1.

Signed by all members of the Committee except Representative Meyer.

SCRep. 1058 Finance on H.B. No. 1594

The purpose of this bill is to issue special purpose revenue bonds for an Intergenerational Care Center in the Ewa Villages.

The Ewa Villages Community Development Corporation and an individual testified in support of this bill.

Your Committee has amended this bill by:

- (1) Specifying \$1 as the amount of special purpose revenue bonds for discussion purposes; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1594, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1594, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1059 Finance on H.B. No. 154

The purpose of this bill is to convert the operations of public television in Hawaii from a not-for-profit organization, Hawaii Public Broadcasting Authority, to a community-based system, the Hawaii Public Television Foundation.

The Hawaii Consortium for the Arts, the Hawaii Public Broadcasting Authority, and a member of the board of the Hawaii Public Television Foundation testified in support of this measure. The Hawaii Government Employees Association and an individual commented on the measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 154, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 154, H.D. 1.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1060 Finance on H.B. No. 178

The purpose of this bill is to improve the State's land use system by establishing an eleven-member task force, administratively attached to the Department of Business, Economic Development, and Tourism (DBEDT), to study and recommend constitutionally-acceptable structural changes to the State's land use system.

The Land Use Commission, the Department of Land and Natural Resources, the Hawaii Business Roundtable, the Land Use Research Foundation of Hawaii, the Hawaii Hunting Advisory Council, the Hawaii Rifle Association, and the Estate of James Campbell testified in support of this measure. DBEDT testified in support of the intent of this measure. The Sierra Club, Hawaii Chapter, commented on this measure.

Your Committee has amended this measure by:

- (1) Deleting the reference to reducing the processing time to obtain business approvals since business licensing and permitting are beyond the scope of the land use regulatory system;
- (2) Removing the representatives from each of the four county planning departments to serve on the task force, and replacing them with the Directors of each of the four county Departments of Planning;
- (3) Designating the Office of Planning instead of DBEDT as the expending agency; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 178, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 178, H.D. 2.

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

SCRep. 1061 Finance on H.B. No. 231

The purpose of this bill is to reduce the tax imposed on certain businesses by:

- (1) Reducing the income tax rate for corporations, regulated investment companies, and real estate investment trusts by fifty percent and changing the tax brackets to reflect the lowest tax bracket for incomes of \$50,000 and less; and
- (2) Reducing the franchise tax rate to 4.72 percent to reflect a decrease only in that portion of the tax that serves as a substitute for the income tax; and
- (3) Reducing the alternative tax under the franchise tax by fifty percent.

The Department of Taxation, the Hawaii Business Roundtable, the Chamber of Commerce of Hawaii, the Hawaii Farm Bureau, the Honolulu Japanese Chamber of Commerce, and the Oahu Economic Development Board testified in support of this bill.

Your Committee has amended this bill by:

- (1) Leaving blank the specific percentage amounts for discussion purposes;
- (2) Deleting language relating to the limitation of the dividend deduction for regulated investment companies and real estate investment trusts; and
- (3) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 231, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 231, H.D. 2.

Signed by all members of the Committee.

SCRep. 1062 Finance on H.B. No. 232

The purpose of this bill is to lower the cost of doing business in Hawaii by establishing a new general excise tax (GET) structure that retains the four percent tax on the final service provided, and gradually, over a period of four years, lowers the tax on intermediary services and wholesale goods to half a percent.

The Hawaii Business Roundtable, the Hawaii Society of Certified Public Accountants, the Chamber of Commerce of Hawaii, the Hawaii Farm Bureau Federation, the Tax Section of the Hawaii State Bar Association, and the Honolulu Japanese Chamber of Commerce testified in support of this measure. The Department of Taxation commented on this measure.

Your Committee has amended this measure by providing for the gradual implementation of the decrease in GET on intermediary services and the sale of wholesale goods over a seven-year period instead of over four years.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 232, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 232, H.D. 2.

Signed by all members of the Committee.

SCRep. 1063 Finance on H.B. No. 377

The purpose of this bill is to spur economic development and foster the growth of knowledge-based industries in Hawaii by:

- (1) Requiring tourism market plans to target information industries and be integrated with existing and potential communications and information networks and services;
- (2) Providing a technology-related job creation tax credit to offset the cost of technology-related job creation costs;
- (3) Establishing the Hawaii Internet Exchange to serve as a catalyst for the development of internet-focused businesses;
- (4) Providing for high-speed internet access for the University of Hawaii and the public schools;
- (5) Accelerating work force development programs to create a pool of information technology professionals;
- (6) Providing a tax credit for making increased expenditures in certain technological and scientific research and development; and
- (7) Providing a tax credit for investing in high technology businesses.

The Department of Education, the High Technology Development Corporation, and the Evershine Group testified in support of this bill. The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority testified in support of the intent of this bill. The Department of Taxation, the University of Hawaii, and the Tax Foundation of Hawaii commented on this bill.

Your Committee has amended this bill by:

- (1) Deleting provisions which:
 - (A) Required tourism market plans to target information industries and be integrated with existing and potential communications and information networks and services; and
 - (B) Provided for high speed access to the internet for the University of Hawaii and the public schools; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 377, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 377, H.D. 2.

Signed by all members of the Committee.

SCRep. 1064 Finance on H.B. No. 136

The purpose of this bill is to upgrade Hawaii's hotel stock by creating a tax credit for improvements made to hotel properties.

The Department of Business, Economic Development, and Tourism, the Waikiki Improvement Association, the Hawaii Hotel Association, the Sheraton Princess Kaiulani, the Hilton Hawaiian Village, the Estate of James Campbell, Louis Vuitton Hawaii, Outrigger Enterprises, Inc., and Hyatt Resorts testified in support of the bill. The Department of Taxation testified in support of the intent of the measure. The Tax Foundation of Hawaii commented on the bill.

Your Committee has amended the bill by:

- (1) Changing the amount of the tax credit from four per cent of the improvement costs to a sliding scale of 25 to 100 per cent, based upon the cost of improvements;
- (2) Changing and extending the duration for which tax credits may be taken for the period from December 31, 1998, to December 31, 2003, to a period to be determined by the taxpayer of up to ten consecutive years;
- (3) Specifying that the tax credit is allowed for improvement costs incurred during taxable years beginning after December 31, 1998, and before January 1, 2004;

- (4) Expanding the application of the tax credit to the general excise tax, the transient accommodations tax, and the public service company tax;
- (5) Providing that distribution and share of the tax credit shall be determined by rules adopted by the Director of Taxation, rather than by provisions contained in Section 235-110.7(a), Hawaii Revised Statutes; and
- (6) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 136, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 136, H.D. 2.

Signed by all members of the Committee.

SCRep. 1065 Finance on H.B. No. 151

The purpose of this bill is to address the long-standing problem of teacher shortages in public schools by appropriating funds for the University of Hawaii (UH) to:

- (1) Expand teacher training programs in shortage fields such as special education, counseling, mathematics, science, and Hawaiian language immersion;
- (2) Recruit, prepare, and retain teachers in certain geographical areas that have long-standing shortages;
- (3) Establish a teacher induction program;
- (4) Integrate technology into teacher training;
- (5) Expand professional development opportunities; and
- (6) Promote teaching as a career.

The Department of Education (DOE), the Hawaii State Teachers Association, and two individuals testified in support of this measure. The UH also commented on this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriations to \$1 for the purpose of continued discussion;
- (2) Requiring UH to provide DOE with projections of the additional number of students UH expects to graduate from the College of Education as a result of the appropriations contained in this bill; and
- (3) Making technical, nonsubstantive amendments to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 151, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 151, H.D. 2.

Signed by all members of the Committee.

SCRep. 1066 Finance on H.B. No. 157

The purpose of this bill is to reduce prison overcrowding by appropriating funds or authorizing positions for:

- (1) Implementation of the integrated community sanctions program;
- (2) Drug treatment programs;
- (3) Community reintegration programs;
- (4) Residential work-furlough programs;
- (5) Establishment of the "Halfway-In, Halfway-Back" Program for inmates who are within the last six months of their incarceration;
- (6) The early parole program; and
- (7) Sex offender and substance abuse treatment services.

The Department of the Prosecuting Attorney of Honolulu, numerous case workers and residents of T.J. Mahoney, and concerned individuals testified in support of this measure. The Department of Public Safety testified in support of the intent of the measure. The Judiciary, the Department of Health, and concerned individuals commented on this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 157, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 157, H.D. 2.

Signed by all members of the Committee.

SCRep. 1067 **Finance on H.B. No. 167**

The purpose of this bill is to promote highway safety by:

- (1) Establishing a graduated licensing procedure for persons under the age of eighteen; and
- (2) Mandating driver education courses and behind-the-wheel driver training for all new drivers.

The Department of Transportation, the Governor's Highway Safety Council Impaired Driving Task Force, the Department of Customer Services of the City and County of Honolulu, and Mothers Against Drunk Driving testified in support of this measure. The Honolulu Police Department and an individual testified in support of the intent of this measure.

It is your Committee's understanding that the Department of Transportation will confer with the Department of Education in deciding on the amount to assess students for the driver education and training courses. Your Committee believes that the amount assessed for the courses should be a reasonable amount to enable the programs to be self-sufficient and to prevent any undue financial hardship on the driver applicants.

Your Committee has amended this bill by:

- (1) Specifying that the bill is to take effect upon its approval; and
- (2) Making technical, nonsubstantive amendments to correct drafting errors and for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 167, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 167, H.D. 3.

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

SCRep. 1068 **Finance on H.B. No. 1078**

The purpose of this bill is to simplify the business registration process in the State by:

- (1) Clarifying and updating the statutes governing business registration under the Hawaii Business Corporation and the Hawaii Nonprofit Corporation Acts;
- (2) Requiring each corporation to have a registered office and registered agent in the State; and
- (3) Allowing domestic corporations to amend and restate their articles of incorporation at any time by complying with procedures and requirements under sections 415B-37 and 415B-40, Hawaii Revised Statutes.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in support of this measure.

Your Committee has amended this bill by:

- (1) Eliminating certain signature requirements related to mergers; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1078, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1078, H.D. 2.

Signed by all members of the Committee.

SCRep. 1069 Finance on H.B. No. 718

The purpose of this bill is to enhance the Hawaii Community Development Authority's (HCDA) capabilities to implement its redevelopment objectives, including development of the Kakaako Makai Area, by:

- (1) Consolidating HCDA's three separate bonding capabilities -- district-wide improvement bonds, reserved housing loan bonds, and public facilities revenue bonds -- into one new comprehensive bonding capability;
- (2) Authorizing the issuance of \$250,000,000 in revenue bonds for the purposes set forth under HCDA's powers; and
- (3) Authorizing the issuance of revenue bonds to assist the Food Distribution Center (Center) in its relocation from the Kakaako Community Development District.

HCDA testified in support of the intent of this measure. The Departments of Budget and Finance and Taxation commented on this measure.

Your Committee has amended this measure by:

- (1) Authorizing the issuance of \$10 million in revenue bonds and appropriating the sum to assist the Center in its relocation; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 718, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 718, H.D. 1.

Signed by all members of the Committee.

SCRep. 1070 Finance on H.B. No. 316

The purpose of this bill is to promote arts education in public secondary schools by directing the State Foundation on Culture and the Arts (SFCA), in consultation with the Department of Education (DOE), to:

- (1) Review, revise, and complete by June 1, 2000 the Hawaii Content and Performance Standards in the arts for grades K-12; and
- (2) Develop by December 1, 2000, a statewide strategic plan for arts education that incorporates and integrates the content and performance standards.

Funds are appropriated for this purpose.

Testimony in support of this measure was submitted by the Hawaii Alliance for Arts Education, the Hawaii Consortium for the Arts, Calabash Hawaii, the Honolulu Academy of Arts, the Maui Arts and Cultural Center, the Leeward Community College Theatre, the Honolulu Theatre for Youth, the Kauai Academy of Creative Arts, the Hawaii Orff-Schulwerk Association, the College of Arts and Humanities of the University of Hawaii at Manoa, The Art Exploratory, Hawaii Youth Symphony Association, the principals from Kuhio and Palolo Elementary Schools, and nine individuals. The SFCA commented on this measure. The DOE testified in support of the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive revisions to the bill for the purpose of clarity.

Your Committee notes that Article X, sections 2 and 3 of the Constitution of the State of Hawaii establishes an elected Board of Education and empowers it to formulate policy and exercise control over the public school system, including subjects such as arts education.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 316, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 316, H.D. 2.

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

SCRep. 1071 Finance on H.B. No. 838

The purpose of this bill is to exempt from the general excise tax amounts received by employee leasing companies that are passed through as leased employees' compensation, so long as the employee leasing company does not deprive the leased employee of rights or benefits through contract negotiations between the employee leasing company and the leasing employer.

Goodsill Anderson Quinn & Stifel testified in support of this measure. The Department of Taxation, the Department of Commerce and Consumer Affairs, the Department of Labor and Industrial Relations, the Tax Foundation of Hawaii, and ALTRES, Inc. commented on this measure.

Your Committee has amended this bill by:

- (1) Establishing license requirements for any person who engages in or offers employee leasing services in the State; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 838, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 838, H.D. 1.

Signed by all members of the Committee.

SCRep. 1072 Finance on H.B. No. 179

The purpose of this bill is to establish a commission to identify and classify lands in Hawaii that are of agricultural importance.

The Department of Agriculture, the Department of Land and Natural Resources, the Land Use Commission, the Department of Business, Economic Development, and Tourism, the Office of Hawaiian Affairs, the Hawaii Farm Bureau, and the Estate of James Campbell testified in support of the bill. The Land Use Research Foundation of Hawaii commented on the measure.

Your Committee has amended the bill by:

- (1) Expanding the options for the classification systems that the commission may use from the Agricultural Lands of Importance to the State of Hawaii (ALISH) classification system to any one or more of the rating systems described in the 1986 report by the State of Hawaii Land Evaluation and Site Assessment (LESA) Commission;
- (2) Deleting specific criteria for the three classes into which the commission shall categorize important agricultural land;
- (3) Deleting the requirement that the commission classify as prime agricultural land those lands identified as national prime farm land by the U.S. Department of Agriculture Natural Resources Conservation Services, Honolulu, Hawaii; and
- (4) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 179, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 179, H.D. 2.

Signed by all members of the Committee.

SCRep. 1073 Finance on H.B. No. 661

The purpose of this bill is to implement a cost recovery mechanism to allow commercial mobile radio service providers to recover costs incurred for providing wireless enhanced 911 services by, among other things:

- (1) Creating the Wireless Enhanced 911 Fund (Fund) to ensure cost recovery for the deployment of wireless enhanced 911 service in Hawaii; and
- (2) Establishing a Wireless Enhanced 911 Advisory Board (Board) within the Department of Health (DOH) with authority to adjust surcharges to ensure full recovery of enhanced 911 costs, adjust disbursements from the Fund, and undertake collection actions.

The Honolulu Police Department, Kauai E911 Public Safety Answering Point, and GTE testified in support of this measure. DOH, the Consumer Advocate, AT&T, and VoiceStream Wireless commented on this measure.

Your Committee has amended this bill by:

- (1) Deleting the amount of the rate of the surcharge and the amount of the maximum rate of the surcharge; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 661, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 661, H.D. 3.

Signed by all members of the Committee.

SCRep. 1074 Finance on H.B. No. 1142

The purpose of this bill is to:

- (1) Place certification of cesspool pumping firms with the Department of Health (DOH) to provide more effective control over illegal dumping;
- (2) Expand DOH's authority to include management practices relating to water pollution;
- (3) Place domestic sewage, recycled water, and animal wastewater dumping under the water pollution provisions of Chapter 342D, Hawaii Revised Statutes, thereby subjecting knowing violations of rules to criminal penalties; and
- (4) Make explicit DOH's authority to deal with recycled water.

The DOH testified in support of this measure. The City and County of Honolulu Department of Environmental Services, the Hawaii Farm Bureau, the Hawaii Agriculture Research Center, and the Hawaii Pork Industry Association commented on this bill.

Your Committee has amended this bill by:

- (1) Excluding animal wastewater from the types of management practices controlled under Chapter 342D, Hawaii Revised Statutes;
- (2) Revising the definition of "recycled water" or "reclaimed water" by clarifying that the wastewater has been treated at a treatment works;
- (3) Deleting references to management practices relating to water pollution; and
- (4) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1142, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1142, H.D. 3.

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

SCRep. 1075 Finance on H.B. No. 259

The purpose of this bill is to ensure that all children are safe, healthy, and ready to succeed in school by:

- (1) Providing parents and guardians access to psychological and physiological screening for their child when the child is between the ages of two and three; and
- (2) Requiring the Departments of Health, Education, and Human Services (DOH, DOE, and DHS), and the University of Hawaii (UH), in conjunction with the American Academy of Pediatrics (AAP), to plan and develop, among other things, a screening tool.

The Hawaii Early Intervention Coordinating Council, the AAP, and the Center for Disabilities Studies testified in support of this measure. DOH, DOE, the Good Beginnings Alliance, the Hawaii Chapter of the American Physical Therapy Association, and the Hawaii State Teachers Association testified in support of the intent of this measure. DHS commented on this measure.

Your Committee has amended this measure by:

- (1) Authorizing, rather than requiring, access to child screening;
- (2) Designating DOH to develop and plan standardized screening, in conjunction with DOE, DHS, UH, and AAP; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 259, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 259, H.D. 3.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1076 Finance on H.B. No. 260

The purpose of this bill is to ensure that all of Hawaii's children will be safe, healthy, and ready to succeed in school by appropriating funds to improve the affordability, accessibility, and quality of early childhood services.

Kama'aina Kids, the Healthy Mothers Healthy Babies Coalition of Hawaii, and Maui County's Good Beginnings testified in support of this measure. The Departments of Human Services and Education and the Good Beginnings Alliance testified in support of the intent of this measure. The Department of Health commented on this measure.

Your Committee has amended this measure by:

- (1) Authorizing rather than mandating the Department of Human Services (DHS) to establish a Child Care Facilities Revolving Loan Fund;
- (2) Authorizing DHS to develop child care subsidy reimbursement rates on a sliding scale, which reflect higher reimbursements for programs that are:
 - (A) Accredited by a nationally recognized accredited organization; and
 - (B) Regulated and licensed under the State; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 260, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 260, H.D. 2.

Signed by all members of the Committee except Representative Goodenow.

SCRep. 1077 Finance on H.B. No. 544

The purpose of this bill is to protect access to health care for Hawaii's poor and underserved populations by creating and mandating the implementation of the Safety Net Health Plan Program using QUEST funding.

The Hawaii State Primary Care Association, Waimanalo Health Center, Hawaii Nurses' Association, AlohaCare, the Waikiki Health Center, and an individual testified in support of this measure. The Department of Human Services, Hawaii Medical Service Association, Queen's Health Management, Kaiser Permanente, and the Waianae Coast Comprehensive Health Center commented on this measure.

Your Committee has amended the bill by:

- (1) Allowing, rather than mandating, the Department of Human Services to implement the Safety Net Health Plan program; and
- (2) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 544, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 544, H.D. 1.

Signed by all members of the Committee.

SCRep. 1078 Finance on H.B. No. 1080

The purpose of this bill is to give corporations, partnerships, limited liability partnerships, and limited liability companies the ability to seek administrative relief against other entities who have registered or are using a name that is substantially identical or confusingly similar by setting up procedures through the Department of Commerce and Consumer Affairs' administrative hearing process.

The Department of Commerce and Consumer Affairs' Business Registration Division and the Hawaii State Bar Association's Business Law Section testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1080, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1080, H.D. 2.

Signed by all members of the Committee.

SCRep. 1079 Finance on H.B. No. 1637

The purpose of this bill is to allow tour buses to be used to transport student groups to and from school-related events or activities.

The Chamber of Commerce of Hawaii, Trans Hawaiian Services, Prevent Child Abuse Hawaii, Mid-Pacific Institute, Iolani School, International Management Services, Polynesian Adventure Tours, Hawaii State Teachers Association, and numerous individuals testified in support of the bill. The Public Schools of Hawaii Foundation and two individuals testified in support of the intent of the measure. The Department of Education, the Department of Transportation, the Hawaii Transportation Association, and several individuals commented on the bill.

Your Committee has amended the bill by limiting the student groups who may use tour buses to those composed of high school students.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1637, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1637, H.D. 2.

Signed by all members of the Committee.

SCRep. 1080 Finance on H.B. No. 1649

The purpose of this bill is to exempt from the conveyance tax, the transfer of real property executed in connection with the conversion of:

- (1) A general partnership or limited partnership to a limited liability company or corporation; or
- (2) A limited liability company or corporation to a general partnership or limited partnership.

The Outrigger Hotels and Resorts testified in support of this measure. The Department of Taxation and the Tax Foundation of Hawaii commented on the measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to 2010; and
- (2) Making a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1649, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1649, H.D. 2.

Signed by all members of the Committee.

SCRep. 1081 Finance on H.B. No. 1014

The purpose of this bill is to:

- (1) Allow the Convention Center Authority (CCA) to sunset on an unspecified date;
- (2) Assign the responsibility to market, operate, manage, and maintain the Hawaii Convention Center facility to the Hawaii Tourism Authority (HTA); and
- (3) Restructure the financial package of the Tourism Special Fund.

The Hawaii Tourism Authority, Life of the Land, and an individual testified in testimony support of this measure. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Department of Planning and Permitting of the City and County of Honolulu, CCA, the Tax Foundation of Hawaii, the Visitor Industry Coalition, Waikiki Beach Activities, Ltd., the Maui Hotel Association, Yacht Harbor Towers, the Maui Visitors Bureau, Neighbors of the Ala Wai, and an individual commented on the bill.

Your Committee has amended this measure by:

- (1) Sunsetting the CCA on June 30, 2000; and
- (2) Making numerous technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1014, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1014, H.D. 2.

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

SCRep. 1082 Finance on H.B. No. 1749

The purpose of this bill is to enhance geography competence in schools statewide by:

- (1) Incorporating the national geography standards set forth in Geography for Life: National Geography Standards 1994 into the Department of Education's (DOE) Hawaii Content of Performance Standards; and
- (2) Appropriating funds for the University of Hawaii, College of Social Sciences, Geography Department, to train and develop educators to promote local implementation of the national geography standards; provided that no funds shall be released unless matched dollar-for-dollar by the National Geographic Society.

Several individuals testified in support of this measure. DOE and the Hawaii State Teachers Association testified in support of the intent of this measure. The National Geographic Society Education Foundation commented on this measure.

Your Committee notes that Article X, sections 2 and 3, of the Constitution of the State of Hawaii establishes an elected Board of Education and empowers it to formulate policy and exercise control over the public school system, including subjects such as geography.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate continued discussion; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1749, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1749, H.D. 2.

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

SCRep. 1083 Finance on H.B. No. 1624

The purpose of this bill is to allow the Insurance Commissioner to set license and renewal fees for captive insurance companies through administrative rules, rather than by statute.

The Hawaii Captive Insurance Council, J&H Marsh & McLennan Management, Inc., and the Department of Commerce and Consumer Affairs, testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1624, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1624, H.D. 2.

Signed by all members of the Committee.

SCRep. 1084 Finance on H.B. No. 1620

The purpose of this bill is to provide needed retirement housing and health care by authorizing the Housing and Community Development Corporation of Hawaii (Corporation) to work in partnership with private sector entities to develop health care communities in the State.

The Wahiawa Hospital Association, the Zane Development Group, General Services, the Oahu Physician Hospital Organization, and many individuals testified in support of this measure. The Department of Business, Economic Development, and Tourism and one individual testified in support of the intent of this measure. The Corporation commented on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1620, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1620, H.D. 1.

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

SCRep. 1085 **Finance on H.B. No. 1403**

The purpose of this bill is to establish statutorily a State Hunting Advisory Council (Council).

The Board of Land and Natural Resources, the Hawaii Citizens' Rights Committee, and the Hawaii Rifle Association testified in support of this bill. The Hawaii Audubon Society, the Conservation Council for Hawaii, the Hawaii Hunting Association, the Hawaii Hunting Advisory Council, and members of the public commented on this bill.

Your Committee has amended this bill by:

- (1) Adding a member to the Council who is a member of a conservation organization and possesses a valid hunter's license;
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1403, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1403, H.D. 1.

Signed by all members of the Committee.

SCRep. 1086 **Finance on H.B. No. 1361**

The purpose of this bill is to impose statutory regulations on travel agencies operating charter tours by requiring:

- (1) Licensure;
- (2) Evidence of financial ability to perform contractual obligations; and
- (3) Periodic financial reporting,

to provide consumers who make advance purchases from charter tour operators with protection against the risk of loss resulting from the failure of these businesses.

The Department of Commerce and Consumer Affairs and Boyd Gaming Corporation testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1361, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1361, H.D. 2.

Signed by all members of the Committee.

SCRep. 1087 **Finance on H.B. No. 1280**

The purpose of this bill is to support the continued redevelopment of the agricultural industry in the State by:

- (1) Changing the composition of the Agribusiness Development Corporation Board (ADC);
- (2) Giving the Governor, rather than the Senate President and the House Speaker, the authority to appoint eight members to the ADC Board;
- (3) Changing the selection requirements of the ADC Board to include knowledge, experience, and expertise in banking, real estate, and promotion;
- (4) Enabling ADC to develop, promote, assist, and market export crops and other crops for local markets without the Board of Agriculture's approval; and
- (5) Appropriating funds for expenses incurred by the ADC Board.

The Hawaii Farm Bureau Federation and the Hamakua County Farm Bureau testified in support of this measure. The Big Island Farm Bureau testified in support of the intent of this measure. The Life of the Land and an individual commented on this measure.

Your Committee has amended this bill by giving the Senate President and the Speaker of the House, rather than the Governor, the authority to appoint eight members to the ADC Board.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1280, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1280, H.D. 2.

Signed by all members of the Committee.

SCRep. 1088 Finance on H.B. No. 1237

The purpose of this bill is to:

- (1) Allow the counties to regulate the use of non-aerial common fireworks through the issuance of certificates of use;
- (2) Require a license or permit for the possession or purchase of fireworks; and
- (3) Make it a misdemeanor to possess, purchase, set off, ignite, or discharge aerial common fireworks without a license or permit.

The Legislative Information Services of Hawaii, the Conservation Council for Hawaii, and several individuals supported this measure. The Honolulu Fire Department, the Hawaii Fire Chiefs Association, the American Lung Association, Hawaii Explosives and Pyrotechnics, Inc., and numerous individuals submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1237, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1237, H.D. 2.

Signed by all members of the Committee except Representative Meyer.

SCRep. 1089 Finance on H.B. No. 1172

The purpose of this bill is to provide for more efficient operations by the Bureau of Conveyances (Bureau) by:

- (1) Replacing the Bureau of Conveyances Equipment Modernization Special Fund with the Bureau of Conveyances Special Fund (Bureau Special Fund);
- (2) Authorizing the Bureau to change the fees charged for microfilm duplication;
- (3) Providing for the deposit of a portion of recordation fees received at the Bureau into the general fund;
- (4) Providing for the deposit of the remainder of recordation fees and other fees into the Bureau Special Fund;
- (5) Directing the Bureau to pay for equipment, software, administrative costs, personnel, and improvements necessary for modernization of the recording system out of the Bureau Special Fund; and
- (6) Making a \$3,000,000 appropriation out of the Bureau Special Fund to be expended by the Department of Land and Natural Resources (DLNR) for the purposes of the Bureau fund.

DLNR testified in support of the bill. The Tax Foundation of Hawaii commented on the bill.

Your Committee has amended the bill by:

- (1) Changing the required deposit to the credit of the State general fund from \$15 to \$23 for each document recorded at the Bureau;
- (2) Providing that moneys in the Bureau Special Fund may be used by the Bureau for modernization of the recording system;
- (3) Deleting the \$3,000,000 appropriation to DLNR; and
- (4) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1172, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1172, H.D. 2.

Signed by all members of the Committee.

SCRep. 1090 **Finance on H.B. No. 176**

The purpose of this bill is to ensure that state cigarette excise taxes are paid by:

- (1) Requiring that each package of cigarettes sold in the State be identified with a stamp signifying that the cigarette tax has been paid;
- (2) Including civil and criminal penalties to be enforced by the police departments, liquor commissions, prosecuting attorneys, and the Attorney General; and
- (3) Repealing the law in 2005 upon a finding by the Legislative Auditor that the law has not reduced the loss of tax revenue due to the illegal sale of untaxed cigarettes.

The Department of Health and the American Lung Association of Hawaii testified in support of this measure. The Department of Taxation and the Hawaii Food Industry Association supported the intent of this bill. The Tax Foundation of Hawaii and an individual commented on this bill.

Your Committee has made technical, nonsubstantive amendments to the bill for the purpose of clarity and to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 176, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 176, H.D. 2.

Signed by all members of the Committee.
(Representatives Meyer and Moses voted no.)

SCRep. 1091 **Finance on H.B. No. 499**

The purpose of this bill is to convert conservation and resources law enforcement officers of the Department of Land and Natural Resources from class C to class A members of the Employees' Retirement System (ERS).

The Department of Land and Natural Resources, the Hawaii Hunting Association, and two individuals testified in support of the bill. The Hawaii Government Employees Association testified in support of the intent of the measure. The Employees' Retirement System commented on the bill.

Your Committee has amended the bill by:

- (1) Giving current conservation and resources law enforcement officers of the Department of Land and Natural Resources the option of converting from class C to class A members of ERS;
- (2) Allowing current conservation and resources law enforcement officers of the Department of Land and Natural Resources to retire after 25 years of service irrespective of age;
- (3) Mandating that conservation and resources law enforcement officers of the Department of Land and Natural Resources hired after June 30, 1999, shall be class A members; and
- (4) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 499, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 499, H.D. 2.

Signed by all members of the Committee.

SCRep. 1092 **Finance on H.B. No. 1416**

The purpose of this bill is to convert deputy sheriffs of the Department of Public Safety from class C to class A members of the Employees' Retirement System (ERS).

The Hawaii Government Employees Association and three deputy sheriffs testified in support of the bill. The Department of Public Safety testified in support of the intent of the bill. The Employees Retirement System commented on the measure.

Your Committee has amended the bill by:

- (1) Giving current deputy sheriffs the option of converting from class C to class A members of ERS;
- (2) Allowing current deputy sheriffs to retire after 25 years of service irrespective of age;
- (3) Mandating that deputy sheriffs hired after June 30, 1999, shall be class A members; and
- (4) Making technical, nonsubstantive revisions for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1416, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1416, H.D. 2.

Signed by all members of the Committee.

SCRep. 1093 Finance on H.B. No. 1636

The purpose of this bill is to further improve traffic enforcement by allowing for the use of other photo technologies, in addition to photo speed imaging detectors and photo red light imaging detectors, to produce photographic identification of vehicles that illegally cross longitudinal traffic lane markings.

The Honolulu Police Department and two individuals testified in support of this measure. The Department of Transportation testified in support of the intent of this measure. The Judiciary commented on this measure.

As written, if a cited motorist appears in court, swears that the cited motorist was not the operator of the vehicle, and identifies another party, the "contractor shall cause a summons or citation to be mailed to the operator." Your Committee is concerned with the mechanism by which the contractor will receive the information. In other words, how will the information get from the court to the contractor?

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1636, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1636, H.D. 2.

Signed by all members of the Committee.

SCRep. 1094 Finance on H.B. No. 1711

The purpose of this bill is to protect the piers in the Kaneohe and Kahaluu area by:

- (1) Designating any unpermitted pier in Kaneohe Bay existing in whatever form on the effective date of this Act as a nonconforming use, and allowing the pier to continue although the use does not conform to the laws relating to the management and disposition of public lands and the conservation district;
- (2) Eliminating the requirement that all sunbathing and swimming piers built on submerged lands have signs placed on them indicating the public's right to use the pier; and
- (3) Including private residential noncommercial piers as items not requiring prior legislative and Governor approval on easement dispositions.

Protect Our Shoreline Ohana and many individuals testified in support of this measure. The Department of Land and Natural Resources commented on this measure.

Your Committee has amended this measure by:

- (1) Requiring any unpermitted, existing private residential noncommercial pier in Kaneohe Bay, located offshore of property between Kealohi Point and Nuupia Pond, on the effective day of this Act, to be considered a nonconforming use in the conservation district;
- (2) Expunging any related penalties assessed prior to enactment; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1711, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1711, H.D. 2.

Signed by all members of the Committee.

SCRep. 1095 Finance on H.B. No. 1675

The purpose of this bill is to extend the time to process individual Hawaiian Home Lands Trust claims by two years, to the year 2001.

The Hawaiian Home Lands Trust Individual Claims Review Panel (Panel), the Office of Hawaiian Affairs, the Nanakuli Hawaiian Homestead Community Association, and the Hawaiian Political Action Council of Hawaii testified in support of this bill. The Department of Hawaiian Home Lands, the Department of the Attorney General, and the Native Hawaiian Legal Corporation commented on this bill.

Your Committee has amended this bill to extend the life of the Panel for one year, to the year 2000.

Since the Panel's creation in 1991, the Legislature has twice extended the deadline (for a total of four years) for the Panel to complete its work. The purpose of this amendment is to ensure the timely adjudication of all claims. Timely adjudication will allow the Legislature to:

- (1) Take action in the year 2000;
- (2) Bring closure to this process; and
- (3) Expedite the payment of awards to claimants, some of whom have been awaiting resolution of claims which they filed in 1993.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1675, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1675, H.D. 1.

Signed by all members of the Committee except Representative Meyer.

SCRep. 1096 Finance on H.B. No. 1668

The purpose of this bill is to support the taro industry by appropriating funds for research on diseases and other problems afflicting taro.

This bill seeks to address the decline in taro yield by directing the College of Tropical Agriculture and Human Resources (CTAHR) of the University of Hawaii at Manoa to conduct research on fungal organisms, resistant varieties of taro, and cultural practices that may reduce the spread of disease.

The County of Kauai Office of Economic Development, the Kauai Taro Growers Association, the Office of Hawaiian Affairs, Hui Kalo o Kahana, and Ornamental Pacifica testified in support of this measure. The Hawaii Agriculture Research Center supported the intent of the bill. CTAHR submitted comments.

As part of the State's effort to diversify agriculture, your Committee recognizes taro cultivation as an integral part of that endeavor. Furthermore, your Committee finds that taro yields have been declining statewide in recent years and that diseases such as pocket rot and leaf blight will continue to have an adverse impact on the crop if they are not controlled or eliminated.

Your Committee has amended this bill by:

- (1) Establishing the Taro Research Special Fund to support research on diseases and other problems that affect taro, and depositing the appropriation into this special fund;
- (2) Directing the Agribusiness Development Corporation (ADC) to administer this special fund and designating the ADC as the expending agency for the appropriation;
- (3) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (4) Making technical, nonsubstantive revisions for consistency and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1668, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1668, H.D. 1.

Signed by all members of the Committee.

SCRep. 1097 Finance on H.B. No. 1664

The purpose of this bill is to strengthen the Hawaii Patient Bill of Rights and Responsibilities Act by implementing the recommendations of the Patients Rights and Responsibilities Task Force.

The Department of Health, Hawaii Medical Service Association, State Farm Insurance Companies, the Hawaii Health Information Corporation, the Hawaii Coalition for Health, Legal Aid Society of Hawaii, the University Health Alliance, and the Hawaii Nurses' Association testified in support of this measure. The Department of Commerce and Consumer Affairs, the Hawaii Medical Association, Kaiser Permanente, the Hawaii Insurers Council, and members of the Hawaii Patients Rights and Responsibilities Task Force commented on this measure.

Your Committee has amended this bill by:

- (1) Deleting the provision that the enrollee of a plan must prevail before the review panel to be awarded attorneys' fees and reasonable costs on an action brought against the plan; and
- (2) Making technical, nonsubstantive amendments to correct drafting errors and for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1664, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1664, H.D. 3.

Signed by all members of the Committee.

SCRep. 1098 Finance on H.B. No. 1298

The purpose of this bill is to appropriate funds to provide financial assistance for the proper burial of Filipino soldiers who served honorably in active duty:

- (1) Under the command of the U.S. Army Forces in the Far East;
- (2) Within the Philippine Army;
- (3) With the Philippine Scouts; or
- (4) With a recognized Philippine guerilla unit.

The Office of Veterans' Service and a member of the public testified in support of this bill. The Hawaii Chapter of WWII Fil-Am Veterans testified in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1298 and recommends that it pass Third Reading.

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

SCRep. 1099 Finance on H.B. No. 156

The purpose of this bill is to address prison overcrowding in the State by authorizing the Governor to proceed with the development of privately-developed in-state correctional facilities or an in-state correctional facility using public or private funds, subject to the developer obtaining a certificate of participation if private funds are used.

The Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this measure. The United Public Works, AFSCME, Local 646, AFL-CIO, testified in support of the intent. The Department of Public Safety, the Department of Budget and Finance, and the Department of Accounting and General Services commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 156, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1100 Finance on H.B. No. 423

The purpose of this bill is to appropriate funds to the Department of Land and Natural Resources (DLNR) to match federal funds for the Hawaii Forestry and Communities Initiative.

The Department of Hawaiian Home Lands, DLNR, Department of Labor and Industrial Relations, the Big Island Farm Bureau, the Hawaii Forest Industry Association, the Hawaii Reforestation Nursery LLC, the Hawaii Farm Bureau Federation, the Nature Conservancy of Hawaii, and several individuals testified in support of this measure.

The Department of Agriculture submitted comments. The Kauai Economic Development Board testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 423, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 1101 Finance on H.B. No. 797

The purpose of this bill is to allow for the issuance of hunting licenses to nonresidents under specific circumstances.

The Department of Land and Natural Resources, the Hawaii Rifle Association, the Hawaii Citizens' Rights Political Action Committee, and the Hawaii Hunting Advisory Council testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 797, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Goodenow and Nakasone.

SCRep. 1102 Finance on H.B. No. 142

The purpose of this bill is to create a representative task force to conduct a comprehensive review of the scope, implementation, efficiency, and effectiveness of Chapters 76 and 77, Hawaii Revised Statutes, dealing with state civil service and compensation laws.

The Judiciary and the Hawaii Government Employees Association testified in support of this bill. The Department of Human Resources Development testified in support of the intent of this bill. The Legislative Reference Bureau and the United Public Workers commented on this bill.

Your Committee finds that this bill will allow for a comprehensive review of the state's civil service and compensation laws within one year. If the task force fulfills its mandated obligations, then the Legislature should have a clear idea of what needs to be changed to modernize the State's civil service system. Your Committee acknowledges that there is merit in the Governor's proposal to repeal civil service outright by June 30, 2000. However, your Committee believes that it is in the public's best interest to conduct a comprehensive review in the spirit of cooperation and consensus-building. Additionally, if after the one-year task force review, the consensus is that civil service should be repealed, then there is still time to effect the Governor's proposal.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 142, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1103 Finance on H.B. No. 850

The purpose of this bill is to:

- (1) Delete the conviction for driving without a valid motor vehicle insurance policy as a basis for automatic license suspension; and
- (2) Extend the amnesty period for uninsured motorists to December 31, 1999.

A member of the public testified in support of this bill. The Insurance Commissioner, State Farm Insurance Companies, and the Honolulu Police Department commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 850, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Meyer.
(Representatives Fox, Marumoto and Moses voted no.)

SCRep. 1104 Finance on H.B. No. 166

The purpose of this bill is to enable the public to determine the source of a candidate's funds in a timely manner by requiring that campaign contributions:

- (1) In excess of \$500; and
- (2) Made or received during the period of fifteen days through three days prior to an election;

must be reported to the campaign spending commission or county clerk no later than two days prior to the election.

Common Cause Hawaii testified in support of this measure. The Campaign Spending Commission and the League of Women Voters of Hawaii testified in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 166, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 166, H.D. 1.

Signed by all members of the Committee.

SCRep. 1105 Finance on H.B. No. 149

The purpose of this bill is to provide for clear accountability in public education by changing the manner in which the Board of Education (BOE) is selected. Specifically, this bill proposes an amendment to the State Constitution that would have the members of the BOE be appointed by the Governor with the advice and consent of the Senate, rather than be elected by the voters.

The Hawaii Government Employees Association, the United Public Workers, and the Hawaii Business Roundtable testified in support of the bill. The BOE, the Hawaii State Teachers Association, Common Cause Hawaii, and Information Services commented on the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 149, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 149, H.D. 2.

Signed by all members of the Committee.
(Representatives Fox, Marumoto, Meyer and Moses voted no.)

SCRep. 1106 Judiciary and Hawaiian Affairs on H.B. No. 150

The purpose of this bill is to make statutory amendments to change the Board of Education from an elected to an appointed body.

Testimony in support of this bill was received from the Hawaii Government Employees Association, the United Public Workers, AFSCME Local 646, AFL-CIO, and the Hawaii Business Roundtable. Testimony in opposition to this bill was received from the Board of Education, The Hawaii State Teachers Association, and Common Cause Hawaii.

Your Committee finds public education in Hawaii has suffered as a result of a lack of accountability on the part of the government. While the Board of Education creates the educational policy of the state and the Legislature appropriates funds for educational purposes, the Governor still mandates which educational programs will or will not be funded. This creates an ambiguity as to whom is ultimately responsible for Hawaii's failing educational system. This measure will allow the Governor to appoint Board of Education members to better clarify the accountability issue by making the Governor accountable for public education in the same manner as the Governor is accountable for all other executive branch departments.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 150, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 150, H.D. 2.

Signed by all members of the Committee except Representatives Morita and Yoshinaga.
(Representatives Auwae, Pendleton, Thielen and Whalen voted no.)

SCRep. 1107

Finance on H.B. No. 100

The purpose of this bill is to appropriate operating and capital improvements program funds to the executive branch for the 1999-2001 biennium.

HISTORICAL PERSPECTIVE

While the rest of the U.S. economy has experienced growth, Hawaii's economy has not kept pace. This is due in part to our historical dependence on the strength of the tourism and agricultural industries. Furthermore, the recent foreign banking crisis in Japan and fiscal problems in several Asian nations have weakened the yen and other foreign currencies, resulting in even less visitor arrivals and decreased lengths of stay. The decline in tourist dollars has played a major role in state revenue shortfalls. As a result, over the past several years the Legislature has taken steps to bolster both our tourism industry, as well as other sectors of the economy.

One year ago, shortly after the Governor submitted the Administration's supplemental budget to the Legislature, the Council on Revenues (COR) revised its revenue projections downward. This required the Legislature to cut at least \$115 million from the budget.

At the same time, based on the recommendations of the Economic Revitalization Task Force, the Legislature implemented structural changes to government in an effort to put the state on the path to long-term economic recovery and growth.

Steps were taken to cut government spending by eliminating non-core programs and consolidating government services. Based upon the COR's updated projections, the Legislature worked diligently and responsibly, cutting over \$175 million from the Administration's original budget request.

To spur the construction industry and create jobs, the Legislature increased capital investment spending by approving the Governor's one-time fiscal biennium 1997-1999 accelerated capital improvement program (CIP) proposal. This included over \$1 billion in general obligation bonds, representing a 150 percent increase of planned general obligation bond funding levels.

Recognizing that short-term solutions are necessary until long-term solutions can come to fruition, the Legislature created the Hawaii Tourism Authority (HTA). The Legislature provided a dedicated funding source of over \$60 million per year - more than double the amount of funding in prior years - for the HTA to develop a comprehensive marketing plan and attract more visitors to Hawaii.

No state can hope to be successful in the next millennium without a highly skilled workforce. One of the key initiatives recommended by the Economic Revitalization Task Force was to provide the University of Hawaii (UH) with the autonomy to set its own course. With this flexibility, UH can undertake a more entrepreneurial role in education and research. The University will be better able to use its resources to attract students and academicians from around the world. Furthermore, autonomy will allow the University to: develop active partnerships with international businesses; build networks; increase private funding; and develop world-class standing in research areas.

Finally, last year the Legislature implemented the largest personal income tax cut in state history. Starting this year, the tax cut will put over \$759 million into the hands of consumers and small businesses over the next four years.

Your Committee realizes that it must continue to provide a better future for business in Hawaii. A strong, healthy economy is vital to the well being of the residents of this state. However, a strong, healthy economy built without Aloha - built at the expense of the most needy in our society will soon crumble.

The driving philosophy of your Committee is that only through the efforts of people individually and collectively will the state thrive economically and socially. Your Committee realizes that it must provide additional business incentives and structural changes in order to build upon the accomplishments of last year.

However, your Committee also realizes that the most valuable resources in the state are its residents. In other words, an investment in human capital is the key to putting the State on the road to long-term recovery, stability, and vitality.

CURRENT FISCAL BACKDROP

Currently, the state's revenue projections appear to have stabilized, and there are signs of improvement. The real estate market seems to be on the upswing, Asia has shown signs of recovery, and after a brief respite, the U.S. economy remains strong. Although the December COR report projects only modest growth, your Committee believes that this may be an optimistic sign since this growth has been sustained, despite last year's actions.

Using this as a starting point, your Committee cautiously approached the formulation of the 1999-2001 fiscal biennium budget. Your Committee acknowledges that times remain austere. Therefore, rather than take drastic actions, your Committee used this biennium budget to continue the restructuring of government begun in the previous biennium. This budget is designed to:

- (1) Spur economic stimulation;
- (2) Empower the citizens of this state to secure their own future; and,
- (3) Continue to maintain government responsibility for the care and well-being of those who cannot care for themselves.

Additional structural changes along with these goals of economic stimulation, empowerment, and responsibility, can be found in other measures that are related to the budget. In conjunction with these related measures, your Committee has formulated a budget that funds activities to implement these goals.

ECONOMIC STIMULATION

Your Committee understands that the economy is key to the well-being of individuals, families, and communities. Therefore, your Committee has adopted a two-tiered strategy that addresses immediate economic concerns and plans for long-term economic success. Both tiers consider an investment in human capital as the key to Hawaii's future success.

SHORT-TERM REVITALIZATION

WORKFORCE TRAINING

Your Committee recognizes that one sign of a strong economy is a low unemployment rate. Therefore, your Committee provided \$100,000 for fiscal year 1999-2000 to begin implementation of the Workforce Investment Act (WIA) of 1998. Over the next 5 years, approximately \$100 million in federal dollars is earmarked for workforce readiness training. In addition, the WIA will integrate all employment and training activities, including state apprenticeship programs, and create a one-stop delivery system in each county.

SMALL BUSINESS ASSISTANCE

Your Committee acknowledges the significant impact that small business has on our economy. However, your Committee also realizes that there are many obstacles that burden the success of small business.

To assist small businesses through the "growing pains" associated with new ventures, your Committee has appropriated nearly \$1.2 million over the biennium for the establishment of the Small Business Development program (UOH222). This program will house the Small Business Development Center and the Business Research Library, both of which are specifically designed to provide support for the creation of new businesses.

Taking steps to further strengthen reforms from last year, your Committee has adopted structural changes to Hawaii's general excise and use tax laws (H.B. No. 375, H.D. 1). By exempting from the general excise tax all professional services exported from Hawaii, and imposing the use tax on all professional services imported to Hawaii, Hawaii's professional services providers will be on a more even playing field with professional services providers around the world.

In addition, your Committee has provided funding for the Business Advocate Program in accordance with Act 168/98. Funds will be used to simplify the business registration process and, more importantly, provide legal services to small businesses to prepare in-depth studies of the regulatory statutes that are of utmost concern to the business community.

Your Committee has also provided incentives for:

- (1) The immediate revitalization of resort areas throughout the state in order to increase the attraction of Hawaii as a travel destination, and, at the same time, to infuse the economy with large amounts of capital investments (H.B. No. 136, H.D. 2);
- (2) The construction and operation of aviation training facilities, with the goal of establishing Hawaii as the preeminent location for training pilots of the next century (H.B. No. 1027, H.D. 1); and,
- (3) The establishment and growth of a high technology research park, the creation and growth of high technology related jobs, and the commitment to invest in long-term research and development (H.B. No. 377, H.D. 2 and H.B. No. 1683, H.D. 2).

Your Committee recognizes that Hawaii must be able to compete effectively in a global economy. In the competition to attract businesses with high paying jobs, a well-trained, highly skilled workforce is not only advantageous, but also required.

LONG-TERM REVITALIZATION

LOWER EDUCATION

Your Committee recognizes the important link between education and the long term viability of Hawaii's economy. The availability of a skilled and knowledgeable pool of labor is the backbone of economic strength. The role of our public education system is to instill a strong academic, cultural, and social foundation in our children so that they may become tomorrow's leaders.

Your Committee firmly believes that an educational system without any systematic means of measuring performance cannot be held accountable to the public. Therefore, your Committee has provided \$6 million over the course of the fiscal biennium to revise and implement the Hawaii Content and Performance Standards.

In addition, your Committee understands that our teachers are currently overburdened by large classes. Although the current ratio standards are twenty-one students to one teacher for grades K-3 and twenty-six students to one teacher for grades 4-12, many classrooms are operating at a much higher capacity. Your Committee finds that much of this is due to the current Department of Education policy of not including special education students in the class ratio formula. Therefore, your Committee, in accordance with H.B. No. 855 H.D. 1, has provided funding in the amount of \$4.4 million for fiscal year 1999-2000 and \$5.6 million for fiscal year 2000-2001 to support the inclusion of special education students in the class ratio.

Your Committee has also provided funding for the opening of new educational facilities and classrooms. Included are new schools at Kapolei, Lihue, and Keaau and new facilities for Konawaena Elementary, Mililani Intermediate, and Hookena Elementary. To support these new buildings, your Committee has provided approximately \$20 million for fiscal year 1999-2000 and approximately \$3 million for fiscal year 2000-2001.

Finally, your Committee has provided approximately \$17 million over the biennium for the Comprehensive Student Support System. This system of care will ensure that all students receive the appropriate level of academic and developmental support in order to succeed in life.

Your Committee has continued the Legislature's tradition of keeping the development and improvement of Department of Education facilities its top priority. Over \$150 million in capital improvement funds have been appropriated for facility improvements and the development of new facilities. In addition, your Committee has added to the Administration's request, \$10 million in capital improvement funds for miscellaneous school building improvements to provide for the repairs at existing public schools statewide. This funds will supplement the \$24 million per year provided in the operating budget for similar purposes.

HIGHER EDUCATION

As our only state supported higher education system, the University of Hawaii provides the educational opportunities required to create a workforce that will continue to support and stimulate economic growth. Your Committee has implemented several measures to ensure that these educational opportunities are furthered.

If the state is to create a workforce of highly trained individuals, accessibility to higher education must exist. Therefore, your Committee is encouraged by the potential of distance learning technology to eliminate the transportation barriers caused by a population dispersed over several islands. Your Committee has provided over \$1 million for the expansion of UH's technology and distance learning coordination program. This effort is expected to provide an additional 300 students with the opportunity to attain their bachelor's degrees.

Your Committee has also recognized the critical need to support research activities of the university system. Accordingly, the following programs and projects have been provided for:

- (1) \$4.9 million for biotechnology laboratory space for Dr. Ryuzo Yanagimachi's cloning research efforts;
- (2) \$1.5 million for the School of Ocean and Earth Science Technology oceanographic research vessel. The University has recently received a commitment of over \$45 million from the Federal government for this project; and,
- (3) \$1.1 million for international ocean and marine research joint ventures with Japan, the University of California at Berkeley, and NASA.

To provide for greater flexibility, your Committee also passed H.B. No. 833 H.D. 1, which further increases the University's autonomy. This measure allows UH to obtain up to \$10 million in loans from financial institutions and releases the university system from the allotment requirements of Chapter 37, Hawaii Revised Statutes.

An investment in the education and training of our residents provides a venue for the most important investment of all - an investment in human capital. In this regard, education and training are essential for sustained economic growth as well as individual empowerment.

EMPOWERMENT

In recent years, a paradigm shift has required policymakers and community leaders to reassess the role of government. Today, the role of government includes being a facilitator to work with communities in addressing needs and challenges. In this new relationship, empowerment becomes an essential ingredient.

Working with communities and allowing them to identify assets and marshal resources is key to achieving greater capacity building. This increases the sense of teamwork, and more importantly, the sense of community.

In this process, communities become more confident and are more willing to be accountable and responsible for creating their own economic opportunities. Government, by partnering and playing a supportive role, allows individuals and communities greater self-determination, resulting in a stronger sense of hope.

ASSISTANCE FOR AGRICULTURE

Your Committee recognizes that the agriculture industry is essential to the overall viability of the state economy. Moreover, as a result of several plantation closures throughout the state, a golden opportunity for transforming and reinventing the industry presents itself.

Agriculture currently generates nearly one-half billion dollars in farm gate revenues alone, and much more when "value added" products are considered. The industry provides thousands of direct jobs statewide, and even more when considering transportation and other related services.

To ensure the long term viability and success of diversified agriculture, and to assist many of the new farmers who have become part of the agriculture community, your Committee has done the following:

- (1) Supported the Agribusiness Development Corporation (ADC) and enabled it to work with farmers to facilitate conversion of former plantation lands to diversified agriculture farms. ADC will assist with maintaining infrastructure for water and access to land. Approximately \$2.3 million in each year of the biennium has been provided for the ADC's work.
- (2) Authorized the Department of Agriculture to issue loan guarantees of up to 90% to make financing more readily available to members of the agriculture community, especially new small farmers (H.B. No. 978).
- (3) Expanded the type of financial institutions that are authorized to provide farm loans. In addition, the number of credit denials that are required before farmers can qualify for the Agricultural Loan Program has been reduced. In this manner, the state is facilitating access to financial resources that currently are not available (H.B. No. 979 H.D. 2).
- (4) Provided an additional \$200,000 to the UH Small Business Development Center, to expand its efforts to assist small businesses, including small farmers, by providing entrepreneurial skills training.

COMMUNITY-BASED ECONOMIC DEVELOPMENT

The transition from an agrarian to a service-based economy, resulted in a restructuring of the economic foundation for many rural communities. With this transition many agriculture jobs were lost. In response to these changes, the Legislature created the Community-Based Economic Development (CBED) program. CBED provides communities with technical and financial assistance, that empowers the community and allows for the planning and creation of economic opportunities.

CBED and its central concept of empowerment, reinvents how government is responding to the changes occurring in the economy, and provides critical support for greater self-determination. Continued funding for CBED will allow more communities to play a greater role, and have more control in economic development planning.

RESPONSIBILITY

Your Committee believes that, parallel to traditional democratic values of helping the young, the needy, and the elderly, government has an obligation to assist those that lack the sufficient resources for shelter, food, medical care, and other essentials of daily living. It is in this spirit that your Committee, despite limited resources, has provided for core services. Fulfilling our responsibility to end social injustice and providing sufficient health and human services is not only sound social policy, but the means toward a higher quality of life for all.

HEALTH AND HUMAN SERVICES

Your Committee recognizes that Hawaii's citizens are faced with an overwhelming financial burden of caring for our elderly and disabled. The number of elderly and disabled who need long-term care (LTC) will continue to grow as the population ages. With increased demand and increased costs, more and more families can be expected to endure financial hardships unless an improved method of financing LTC is developed. Your Committee believes that we must

preserve personal assets, promote individual peace of mind, and relieve family economic pressure. Therefore, your Committee has provided a LTC tax credit (H.B. 170 H.D. 2) to facilitate the purchase of private LTC insurance policies.

Hawaii has long been considered the "Health State". However, your Committee is concerned with the growing population of medically uninsured. At present, the state is providing funding for the care of approximately 5,000 medically uninsured; unfortunately, there are many more who remain without coverage. Therefore, your Committee has provided an additional \$500,000 for this effort. This increase will allow 3,000 additional persons to receive health care.

Additionally, your Committee appropriated \$1 million for federally qualified health centers (FQHC). Since the advent of QUEST, FQHC's have had to adjust to a managed care capitated payment rate. However, because health care costs are normally much greater than capitated rates, many FQHC's are finding it difficult to continue their current levels of service.

Rural health care facilities protect and promote the physical well-being of their communities. Without these facilities, rural communities would be left vulnerable with impaired access to health services, due primarily to their geographic isolation. In light of difficult economic and fiscal conditions, your Committee finds it imperative to sustain current levels of service to these rural health care facilities. Therefore, your Committee has appropriated \$2.2 million for both years of the biennium for hospital and health care subsidies at Hana Medical Center, Kahuku Hospital, Molokai General Hospital, and Waianae Coast Comprehensive Health Center.

Due to age, disability, or blindness, some individuals are no longer able to maintain self-sufficiency. To protect these individuals from the misgivings of society, and assist those least able to fend for themselves, your Committee has appropriated an additional \$1.1 million for fiscal year 1999-2000 and an additional \$1.4 million for fiscal year 2000-2001 to provide cash benefits for food, clothing, shelter, and other essentials of daily living.

Another extremely vulnerable population are infants and children, specifically those who are from indigent families or in need of special services. Perhaps the most defenseless of this population are children between ages 0-3 who are biologically or environmentally at-risk. Your Committee has appropriated \$2.5 million in each year of the biennium to provide screening and services for this population. This undertaking will increase screening from 8,000 to 14,000 children, thereby screening every child born in the state.

In authorizing funding for the aforementioned health and human services programs, your Committee has pledged continued support for a "safety net" for Hawaii's citizens. Your Committee will remain vigilant in honoring this commitment to those less fortunate, even while addressing other areas of concern in the budget.

ISSUES OF CONCERN

Throughout your Committee's deliberations, a number of issues have weighed heavily on the budget.

FELIX CONSENT DECREE

One major concern of your Committee is that the state will not meet compliance with the Felix Consent Decree by its deadline of June 30, 2000. Since 1995, a significant barrier to compliance has been the lack of coordination and communication between the Department of Health (DOH) and the Department of Education (DOE). In addition, turnover in leadership and key personnel for each department has created a lack of a clear cut direction toward the compliance effort. Given the importance and urgency of the decree, these issues can no longer serve as barriers to the state's ability to meet its responsibilities. Addressing these issues is prerequisite to any further steps toward compliance.

Another concern in regard to this issue is fiscal accountability of the departments. For fiscal biennium 1999-2001 alone your Committee has appropriated over \$150 million in new funding. Your Committee hopes that the DOE and DOH will enact cost-effective measures which will mitigate the decree's effect on the budget, while still complying with the state's obligations to children with special needs.

PUBLIC SAFETY

Your Committee accepts the fact that it is government's responsibility and obligation to ensure the safety and security of its people. However, your Committee also realizes that a shortage of prison beds continues to plague Hawaii's criminal justice system. As a result overcrowded prisons have become the norm not the exception.

Your Committee is concerned with the early release of prisoners who have yet to be rehabilitated. This in turn leads to consistently high recidivism rates. To mitigate this dangerous situation, your Committee provided funding for the opening of almost 500 new beds over the course of the biennium. Nevertheless, with nearly 1,200 prisoners housed in mainland facilities, our prison system remains approximately 500 prisoners over operating capacity.

DEBT SERVICE

Your Committee also remains cautious about managing the state's debt limit in future fiscal years. During recent years, the Legislature authorized the issuance of approximately \$200 million in general obligations bonds annually for

capital projects. However, during the 1997-1999 fiscal biennium, the Governor recommended a one-time authorization of \$500 million in general obligation bonds for each fiscal year. The reasons behind this strategy were: to kick-start the economy, take advantage of low interest rates, and support a struggling construction industry. The Nineteenth Legislature approved the budget with the understanding that future CIP budget requests would revert to the \$200 million per fiscal year level. Accordingly, your Committee was disappointed to receive an inflated CIP request for \$300 million per fiscal year for the 1999-2001 fiscal biennium. Analysis indicates that if the Legislature approves a \$600 million general obligation bond funded biennium CIP budget, the state's debt service will rise significantly. Preferring to have the state live within its means, your Committee has scaled back the Governor's request by \$100 million per fiscal year to bring the CIP budget back to moderate levels.

CONCLUSION

Bolstering the state's economy must be the driving force behind our fiscal actions. However, your Committee has also taken this opportunity to develop ways to invest in the people of our state by focusing on the educational needs of our young people, retraining our workers to remain competitive in today's marketplace, and helping those who truly need assistance to survive.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 100, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Moses.

SCRep. 1108 Finance on H.B. No. 1450

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary branch for the 1999-2001 fiscal biennium.

The Judiciary submitted testimony in support of this bill.

For the most part, this measure reflects the budgetary recommendations offered by the Judiciary. However, in light of the current fiscal situation, your Committee was unable to provide all funding requested by the Judiciary.

Your Committee would like to highlight three areas of funding for the Judiciary:

- (1) The Hawaii Drug Court Program;
- (2) Family Court Judge and support staff for the Third Circuit; and
- (3) Attorney and Guardian Ad Litem Fees for Family Court in the Second and Third Circuits.

HAWAII DRUG COURT PROGRAM

In 1995 the Hawaii Drug Court Program was established on a temporary basis to address the growing drug offender problem. The Program offers a viable alternative to incarceration and provides enhanced treatment options.

Your Committee finds that in the four years of its existence, the Program has proven to be an effective and cost-efficient means of dealing with nonviolent drug offenders. This measure solidifies your Committee's support of this program by converting 14 temporary positions to permanent.

FAMILY COURT JUDGE FOR THE THIRD CIRCUIT

Addressing domestic violence in a timely manner is of concern to your Committee. The backlog of domestic violence cases in the Third Circuit Family Court is near crises levels. Currently, there is a 1,800 case backlog or four months of cases waiting to be heard. Therefore, your Committee provides a permanent Family Court Judge and necessary staff and expenses.

ATTORNEY AND GUARDIAN AD LITEM FEES FOR FAMILY COURT IN THE SECOND AND THIRD CIRCUITS

State law mandates that the Courts appoint an Attorney Guardian Ad Litem for children, and legal counsel for parents involved in child protection cases. Due to an increase in case load, additional services are required for both the Second and Third Circuits. Accordingly, your Committee provides \$161,000 in both years of the biennium for the Second Circuit and \$125,000 for both years of the biennium for the Third Circuit.

CAPITAL IMPROVEMENT PROJECTS

Your Committee provides \$32,870,000 for capital improvement projects to the Judiciary, of this amount the sum of \$30,020,000 is provided for the development of the new Kauai judiciary complex. Other projects include the following:

- (1) \$1,350,000 is provided for the removal of architectural barriers in compliance with the Americans with Disabilities Act;
- (2) \$500,000 is provided for remodeling and upgrading of Judiciary buildings statewide; and,
- (3) \$500,000 is provided for reserve power systems for the Judiciary's computer systems.

Your Committee has based this measure on the December 1998 economic projections of the State Council on Revenues (COR). Accordingly, your Committee has amended this measure by adjusting the total funding for fiscal year 1999-2000 to \$95,148,981 and total funding for fiscal year 2000-2001 to \$94,809,199.

As this measure continues through the legislative process, your Committee is committed to working closely with the Senate in formulating an equitably balanced biennium budget based on the COR's March 1999 revenue projections.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1450, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1450, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Moses.

SCRep. 1109 Finance on H.B. No. 700

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of the Office of Hawaiian Affairs (OHA) for the 1999-2001 fiscal biennium.

Your Committee recognizes the role and responsibilities of the Office of Hawaiian Affairs in providing programs and services for its beneficiaries and appreciates the efforts of OHA's Board of Trustees in submitting to your Committee a biennium budget proposal that is cognizant of the State's limited financial resources.

Your Committee provides \$7,081,705 for FY 1999-00 and \$7,020,126 for FY 2000-01 for OHA to operate in each year of the biennium and highlights \$62,517 for FY 1999-00 to fund the Comprehensive Hawaiian Master Plan. The plan is intended to incorporate the ideas and goals of Hawaiian organizations, identify service areas in the community, reduce duplicated services and implement accountability measures for short and long term goals.

Your Committee has crafted this measure based on the December 1998 economic projections of the State Council on Revenues (COR). As this measure continues through the legislative process, your Committee is committed to working with the Senate in formulating an equitably balanced biennium budget based on COR's March 1999 revenue projections.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 700, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Moses.

SCRep. 1110 Public Safety and Military Affairs on H.R. No. 11

The purpose of this measure is to request the Board of Education to study the merits of transferring to the U.S. Department of Defense (DOD) control of all public educational institutions that are:

- (1) Located on DOD facilities; and
- (2) Attended predominantly by students residing on DOD facilities.

A member of the public testified in support of this measure. The Board of Education and the American Friends Service Committee opposed this measure.

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

- (1) Deleting the studies related to transferring certain public schools to the U.S. Department of Defense;
- (2) Urging all relevant parties to work cooperatively to:
 - (a) Increase the amount of federal impact aid awarded to Hawaii;
 - (b) Seek alternative funding sources for the education of federally-connected special needs students;

- (c) Determine how such moneys are disbursed;
 - (d) Examine ways to direct federal impact aid moneys to the affected schools, instead of the state general fund; and
 - (e) Ensure that parents of federally-connected children have ready access to information regarding the public school education of their children, in particular, specific ways these parents can become involved in the decision-making process.
- (3) Amending the title to read: "REQUESTING THE DEPARTMENT OF EDUCATION, THE BOARD OF EDUCATION, THE DEPARTMENT OF BUDGET AND FINANCE, HAWAII'S CONGRESSIONAL DELEGATION, PARENTS OF FEDERALLY-CONNECTED STUDENTS, AND FACULTY OF THE AFFECTED SCHOOLS, TO WORK COOPERATIVELY IN THE MANAGEMENT OF SCHOOLS EDUCATING FEDERALLY-CONNECTED CHILDREN"; and
- (4) Making other technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 11, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.R. No. 11, H.D. 1.

Signed by all members of the Committee.

SCRep. 1111 Public Safety and Military Affairs on H.C.R. No. 8

The purpose of this measure is to request the Board of Education to study the merits of transferring to the U.S. Department of Defense (DOD) control of all public educational institutions that are:

- (1) Located on DOD facilities; and
- (2) Attended predominantly by students residing on DOD facilities.

A member of the public testified in support of this measure. The Board of Education and the American Friends Service Committee opposed this measure.

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

- (1) Deleting the studies related to transferring certain public schools to the U.S. Department of Defense;
- (2) Urging all relevant parties to work cooperatively to:
 - (a) Increase the amount of federal impact aid awarded to Hawaii;
 - (b) Seek alternative funding sources for the education of federally-connected special needs students;
 - (c) Determine how such moneys are disbursed;
 - (d) Examine ways to direct federal impact aid moneys to the affected schools, instead of the state general fund; and
 - (e) Ensure that parents of federally-connected children have ready access to information regarding the public school education of their children, in particular, specific ways these parents can become involved in the decision-making process.
- (3) Amending the title to read: "REQUESTING THE DEPARTMENT OF EDUCATION, THE BOARD OF EDUCATION, THE DEPARTMENT OF BUDGET AND FINANCE, HAWAII'S CONGRESSIONAL DELEGATION, PARENTS OF FEDERALLY-CONNECTED STUDENTS, AND FACULTY OF THE AFFECTED SCHOOLS, TO WORK COOPERATIVELY IN THE MANAGEMENT OF SCHOOLS EDUCATING FEDERALLY-CONNECTED CHILDREN"; and
- (4) Making other technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 8, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.C.R. No. 8, H.D. 1.

Signed by all members of the Committee.

SCRep. 1112 Health on H.R. No. 37

The purpose of this resolution is to support the development of practical alternatives to landfilling of recoverable wastes by requesting the Department of Health (DOH) to conduct a feasibility study to determine if there is sufficient volume from and sources of tear-off roofing to establish a used roofing material recycling program.

The Hawaii Roofing Contractors Association submitted testimony in support of this measure. DOH submitted testimony in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 37 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1113 Health on H.R. No. 14

The purpose of this resolution is to make spiritual counseling more available to individuals who are afflicted with life-threatening illnesses by urging counselors, clergy of all religions, faith healers, and health care professionals to integrate spiritual and cultural counseling services into the health care system.

The Commission on Persons with Disabilities, the Hawaii Catholic Conference, the Hawaii Medical Association, the Hawaii Nurses' Association, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure.

Your Committee finds that being able to discuss death and dying issues with a counselor or selected clergy would enhance health care services and bring comfort to the dying person and the person's family. Your Committee believes that at the end of life, the role of a counselor is as critical to that of a caregiver.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 14 and recommends that it be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1114 Health on H.C.R. No. 11

The purpose of this concurrent resolution is to make spiritual counseling more available to individuals who are afflicted with life-threatening illnesses by urging counselors, clergy of all religions, faith healers, and health care professionals to integrate spiritual and cultural counseling services into the health care system.

The Commission on Persons with Disabilities, the Hawaii Catholic Conference, the Hawaii Medical Association, the Hawaii Nurses' Association, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure.

Your Committee finds that being able to discuss death and dying issues with a counselor or selected clergy would enhance health care services and bring comfort to the dying person and the person's family. Your Committee believes that at the end of life, the role of a counselor is as critical to that of a caregiver.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 11 and recommends that it be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1115 Health on H.R. No. 15

The purpose of this resolution is to make hospice care more widespread by, among other things, requesting the Department of Human Services' (DHS) Med-QUEST Division, health care providers, and health insurers to make hospice care more available and offered more expediently to the dying.

Hawaii Catholic Conference, the Commission on Persons with Disabilities, the Hawaii Nurses' Association, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure. The Executive Office on Aging and the Hawaii Medical Association submitted testimony in support of the intent of this measure. DHS submitted comments.

According to hospice providers, people are entering hospice care only when death is imminent. While hospice currently allows a six-month stay, hospice participants spend, on average, only 18 days in the program before their death. Your Committee believes that utilization needs to be improved.

Although this measure, as written, is a suitable way of making hospice care more available, your Committee finds that:

- (1) The cost implications are too great; and
- (2) Educating healthcare providers and the public about hospice care is urgently needed.

Therefore, your Committee has amended this measure by deleting its substance and replacing it with language urging the Executive Office on Aging, in partnership with Hospice Hawaii, to educate healthcare providers and the general public on the benefits of hospice.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 15, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce in the form attached hereto as H.R. No. 15, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1116 Health on H.C.R. No. 12

The purpose of this concurrent resolution is to make hospice care more widespread by, among other things, requesting the Department of Human Services' (DHS) Med-QUEST Division, health care providers, and health insurers to make hospice care more available and offered more expediently to the dying.

Hawaii Catholic Conference, the Commission on Persons with Disabilities, the Hawaii Nurses' Association, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure. The Executive Office on Aging and the Hawaii Medical Association submitted testimony in support of the intent of this measure. DHS submitted comments.

According to hospice providers, people are entering hospice care only when death is imminent. While hospice currently allows a six-month stay, hospice participants spend, on average, only 18 days in the program before their death. Your Committee believes that utilization needs to be improved.

Although this measure, as written, is a suitable way of making hospice care more available, your Committee finds that:

- (1) The cost implications are too great; and
- (2) Educating healthcare providers and the public about hospice care is urgently needed.

Therefore, your Committee has amended this measure by deleting its substance and replacing it with language urging the Executive Office on Aging, in partnership with Hospice Hawaii, to educate healthcare providers and the general public on the benefits of hospice.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 12, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce in the form attached hereto as H.C.R. No. 12, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1117 Health on H.R. No. 13

The purpose of this resolution is to increase awareness of the choices available to the dying by urging:

- (1) The media to engage in extensive public service campaigns to improve public awareness of the need for planning for a dignified death;
- (2) A task force to ensure that care of the dying be an integral part of the education of healthcare professionals;
- (3) Professional healthcare societies to include educational programs on the care of the dying as part of their continuing education programs; and
- (4) The American Cancer Society and the American Heart Association to use a portion of their marketing budgets to publicize the use of hospices and increase awareness of the inevitability of death.

The Commission on Persons with Disabilities, Hawaii Family Forum, the American Association of Retired Persons, the Hawaii Catholic Conference, the Hawaii Medical Association, the Hawaii Nurses' Association, and the American Center for Law and Justice of Hawaii submitted testimony in support of this measure. The Executive Office on Aging submitted testimony in support of the intent of this measure.

Your Committee believes that it is essential to increase public awareness of the care options available for the dying and their families.

Your Committee believes that suggested language submitted by the Hawaii Nurses' Association more accurately reflects the current situation. As such, your Committee has amended this measure by:

- (1) Clarifying that some healthcare professional schools have concentrated on their healing and rehabilitative roles rather than their roles as providers of care to the dying;
- (2) Clarifying that while hospices have effectively provided care to the dying, they have consistently been underfunded and remain relatively unknown; and
- (3) Urging healthcare professional societies to continue to include educational programs on the care of the dying as part of their continuing education programs.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 13, as amended herein, and recommends that it be referred to the Committees on Higher Education and Consumer Protection and Commerce in the form attached hereto as H.R. No. 13, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1118 Health on H.C.R. No. 10

The purpose of this concurrent resolution is to increase awareness of the choices available to the dying by urging:

- (1) The media to engage in extensive public service campaigns to improve public awareness of the need for planning for a dignified death;
- (2) A task force to ensure that care of the dying be an integral part of the education of healthcare professionals;
- (3) Professional healthcare societies to include educational programs on the care of the dying as part of their continuing education programs; and
- (4) The American Cancer Society and the American Heart Association to use a portion of their marketing budgets to publicize the use of hospices and increase awareness of the inevitability of death.

The Commission on Persons with Disabilities, Hawaii Family Forum, the American Association of Retired Persons, the Hawaii Catholic Conference, the Hawaii Medical Association, the Hawaii Nurses' Association, and the American Center for Law and Justice of Hawaii submitted testimony in support of this measure. The Executive Office on Aging submitted testimony in support of the intent of this measure.

Your Committee believes that it is essential to increase public awareness of the care options available for the dying and their families.

Your Committee believes that suggested language submitted by the Hawaii Nurses' Association more accurately reflects the current situation. As such, your Committee has amended this measure by:

- (1) Clarifying that some healthcare professional schools have concentrated on their healing and rehabilitative roles rather than their roles as providers of care to the dying;
- (2) Clarifying that while hospices have effectively provided care to the dying, they have consistently been underfunded and remain relatively unknown; and
- (3) Urging healthcare professional societies to continue to include educational programs on the care of the dying as part of their continuing education programs.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 10, as amended herein, and recommends that it be referred to the Committees on Higher Education and Consumer Protection and Commerce in the form attached hereto as H.C.R. No. 10, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1119 Health on H.R. No. 16

The purpose of this resolution is to require all healthcare institutions to implement effective pain management programs by urging that:

- (1) The Agency for Healthcare Policy and Research (AHCPR) guidelines for the treatment of pain be accepted as the community standard of care for all healthcare providers;
- (2) The Department of Health to establish the right to skilled pain management in a "Patients Bill of Rights" for all certified and/or licensed facilities;
- (3) Pain management programs and the AHCPR guidelines be accepted as practice standards and instituted in each of those facilities;
- (4) Pain management be part of the required curriculum of all medical, nursing, and other healthcare professional schools in the State; and
- (5) Professional organizations be challenged to formally adopt AHCPR standards and incorporate them in their peer review and continuing education programs.

The Commission of Persons with Disabilities, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure. The Executive Office on Aging, the Hawaii Medical Association (HMA), Hawaii Catholic Conference, and the Hawaii Nurses' Association (HNA) submitted testimony in support of the intent of this measure. The University of Hawaii School of Nursing submitted comments.

Your Committee believes that pain management is a necessary component of health care to ensure comfort, relief, and dignity during a person's final days.

Your Committee has learned that HMA has committed itself through a two-year project to train both physicians and nurses to better diagnose and treat pain through its American Medical Association/HMA Education for Physician's on End-of-Life Care program (Program). As such, your Committee has requested HMA and HNA to evaluate the pain management component of the Program to determine, among other things, the effectiveness of having all physicians and nurses skilled in pain management for their patients.

Your Committee has also amended this measure by:

- (1) Authorizing that the ACHPR guidelines be used as a guide for all healthcare providers;
- (2) Urging pain management programs and guidelines be instituted in all certified or licensed healthcare facilities;
- (3) Encouraging all medical, nursing, and other healthcare professional schools in the State to incorporate pain management courses into their curricula instead of mandating school curriculum;
- (4) Requesting HMA and HNA to submit to the Legislature its preliminary findings of the Program prior to the Regular Session of 2000 and a final report prior to the Regular Session of 2001; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 16, as amended herein, and recommends that it be referred to the Committees on Higher Education and Consumer Protection and Commerce in the form attached hereto as H.R. No. 16, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1120 Health on H.C.R. No. 14

The purpose of this concurrent resolution is to require all healthcare institutions to implement effective pain management programs by urging that:

- (1) The Agency for Healthcare Policy and Research (AHCPR) guidelines for the treatment of pain be accepted as the community standard of care for all healthcare providers;
- (2) The Department of Health to establish the right to skilled pain management in a "Patients Bill of Rights" for all certified and/or licensed facilities;

- (3) Pain management programs and the AHCPR guidelines be accepted as practice standards and instituted in each of those facilities;
- (4) Pain management be part of the required curriculum of all medical, nursing, and other healthcare professional schools in the State; and
- (5) Professional organizations be challenged to formally adopt AHCPR standards and incorporate them in their peer review and continuing education programs.

The Commission of Persons with Disabilities, Hawaii Family Forum, and the American Association of Retired Persons submitted testimony in support of this measure. The Executive Office on Aging, the Hawaii Medical Association (HMA), Hawaii Catholic Conference, and the Hawaii Nurses' Association (HNA) submitted testimony in support of the intent of this measure. The University of Hawaii School of Nursing submitted comments.

Your Committee believes that pain management is a necessary component of health care to ensure comfort, relief, and dignity during a person's final days.

Your Committee has learned that HMA has committed itself through a two-year project to train both physicians and nurses to better diagnose and treat pain through its American Medical Association/HMA Education for Physician's on End-of-Life Care program (Program). As such, your Committee has requested HMA and HNA to evaluate the pain management component of the Program to determine, among other things, the effectiveness of having all physicians and nurses skilled in pain management for their patients.

Your Committee has also amended this measure by:

- (1) Authorizing that the ACHPR guidelines be used as a guide for all healthcare providers;
- (2) Urging pain management programs and guidelines be instituted in all certified or licensed healthcare facilities;
- (3) Encouraging all medical, nursing, and other healthcare professional schools in the State to incorporate pain management courses into their curricula instead of mandating school curriculum;
- (4) Requesting HMA and HNA to submit to the Legislature its preliminary findings of the Program prior to the Regular Session of 2000 and a final report prior to the Regular Session of 2001; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 14, as amended herein, and recommends that it be referred to the Committees on Higher Education and Consumer Protection and Commerce in the form attached hereto as H.C.R. No. 14, H.D. 1.

Signed by all members of the Committee except Representatives Arakaki, Lee, Stegmaier and McDermott.

SCRep. 1121 Human Services and Housing on S.B. No. 1076

The purpose of this bill is to allow insurance companies to offset their insurance premium taxes with the low-income housing tax credit as provided in section 235-110.8, Hawaii Revised Statutes.

The Housing and Community Development Corporation of Hawaii, the Department of Taxation, and the Affordable Housing and Homeless Alliance testified in support of this measure. The Tax Foundation of Hawaii and the Department of Commerce and Consumer Affairs commented on this measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1076 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 1122 Human Services and Housing on S.B. No. 1048

The purpose of this bill is to:

- (1) Allow foster boarding homes to accommodate six or more minor siblings to accommodate sibling groups; and
- (2) Require criminal history record checks of a foster boarding home operator for the first two years of certification and annual or biennial inquiries thereafter, depending on the certification status of the home.

The Department of Human Services testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1048, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 1123 Human Services and Housing on S.B. No. 994

The purpose of this bill is to ensure the continued protection and safety of dependent adults by creating the Elder and Dependent Adult Abuse Review Commission (Commission) to review Hawaii's elderly and dependent adult protective services law and related administrative rules to determine if the statutes and rules should be revised or repealed.

The Department of the Prosecuting Attorney of the City and County of Honolulu, the Executive Office on Aging, and the Policy Advisory Board for Elder Affairs submitted testimony in support of this measure. The Department of Human Services, the State Planning Council on Developmental Disabilities, and the American Association of Retired Persons submitted testimony in support of the intent of this measure. The Department of the Attorney General submitted comments.

Your Committee finds that establishing a commission is not only valuable to comprehensively examine Hawaii's elder and adult abuse statutes and rules, but is also valuable for the development of cooperative strategies among key agencies to protect Hawaii's elderly and dependent adults.

Your Committee has amended this measure by:

- (1) Adding a representative from the American Association of Retired Persons to the Commission;
- (2) Deleting the requirement that the representative from the Department of the Attorney General must be from the Medicaid Fraud Investigation Unit; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 994, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 994, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 1124 Human Services and Housing on S.B. No. 1229

The purpose of this bill is to:

- (1) Establish a Special Fund for Homeless Assistance (Special Fund);
- (2) Provide a continuous source of funding for homeless assistance by allocating 25 percent of conveyance tax collections to the Special Fund;
- (3) Appropriates funds for capital improvements for homeless shelter facilities on Barbers Point Naval Air Station; and
- (4) Appropriates moneys out of the Special Fund for homeless assistance.

The United Public Workers, Hawaii Catholic Conference, the Institute for Human Services, the Affordable Housing and Homeless Alliance, Catholic Charities, the Health Care for the Homeless Project, Gregory House Programs, and two individuals submitted testimony in support of this measure. The Housing and Community Development Corporation of Hawaii and the Tax Foundation of Hawaii submitted comments.

Over the past several years, the people's commitment to help the homeless has been neglected. This measure ensures that homeless services and shelters are continually funded to promote economic independence and self-sufficiency.

Your Committee has amended this measure by:

- (1) Adding a findings and purpose section;
- (2) Clarifying that "homeless assistance" means homeless shelters and health, housing, and social services aimed at obtaining and retaining economic independence and self-sufficiency;

- (3) Reducing the appropriations to \$1 for further discussion; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1229, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1229, S.D. 1, H.D. 1, and be referred to the Committees on Energy and Environmental Protection and Water and Land Use.

Signed by all members of the Committee.

SCRep. 1125 Economic Development and Business Concerns on S.B. No. 1279

The purpose of this bill is to designate as a special fund the Universal Service Fund (Fund) to implement the goal of universal and affordable telephone service.

The American Association of Retired Persons testified in support of this measure. The Public Utilities Commission and GTE supported the intent of the measure. TelHawaii, Inc., GST Telecom Hawaii, and Oceanic Communications also supported the intent of the measure, provided that the Fund be placed outside of the State treasury. The Consumer Advocate opposed the measure for its failure to place the Fund outside of the State treasury.

Your Committee has amended this bill by inserting the language reflected in H.B. No. 1033, thereby placing the Fund outside of the State treasury. Your Committee has further amended this bill by specifying that the amount to be appropriated for the Fund is \$800,000 and designating this amount as a temporary loan from the Public Utilities Special Fund.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1279, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1279, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1126 Economic Development and Business Concerns on S.B. No. 1079

The purpose of this bill is to improve the consolidated applications process by:

- (1) More specifically delineating the membership of the Permit Process Task Force (Task Force);
- (2) Limiting the Task Force's examination of the state permit approval process rules to those pertaining to county building permit applications; and
- (3) Establishing a June 30, 2002, sunset date for the Task Force.

The Department of Business, Economic Development, and Tourism commented on this measure. The Sierra Club, Hawaii Chapter, testified in opposition to this measure.

This bill is similar to H.B. No. 1029, H.D. 3, which passed out of the House of Representatives earlier this session after public hearings before this Committee, the Committee on Consumer Protection and Commerce, and the Committee on Finance.

Upon further consideration, your Committee has amended this measure by deleting its substance, and inserting therefor, the substance of H.B. No. 1029, H.D. 3.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1079, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1079, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1127 Economic Development and Business Concerns on S.B. No. 1140

The purpose of this bill is to simplify the business registration process in the State by:

- (1) Clarifying and updating the statutes governing business registration under the Hawaii Business Corporation and the Hawaii Nonprofit Corporation Acts;

- (2) Requiring each corporation to have a registered office and registered agent in the State; and
- (3) Allowing domestic corporations to amend and restate their articles of incorporation at any time by complying with procedures and requirements under sections 415B-37 and 415B-40, Hawaii Revised Statutes.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in support of this measure.

This bill is similar to H.B. No. 1078, H.D. 2, which passed out of the House of Representatives earlier this session after public hearings before this Committee, the Committee on Consumer Protection and Commerce, and the Committee on Finance.

Upon further consideration, your Committee has amended this bill by deleting its substance, and inserting therefor, the substance of H.B. No. 1078, H.D. 2. Your Committee has further amended this bill by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1140, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1140, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1128 Water and Land Use on S.B. No. 461

The purpose of this bill is to require the approval of the chairperson of the Office of Hawaiian Affairs for all leases of government-owned Hawaiian fishponds.

Your Committee received testimony as follows:

1. Office of Hawaiian Affairs, in support; and
2. Board of Land and Natural Resources, offering comment.

Your Committee finds that Hawaiian fishponds play an important role in Hawaiian culture, and that many cultural and education programs focus on Hawaiian fishponds. The testimony of the Department of Land and Natural Resources reflects their preference for a complete transfer of jurisdiction over Hawaiian fishponds to the Office of Hawaiian Affairs, and your Committee concurs with this view.

In order to transfer the fishponds, the parties need to address the following concerns:

1. Verification of ownership, especially for the many fishponds with uncertain or disputed title, which will require abstracts of title;
2. Legal access to government-owned fishponds;
3. Legal questions on the conveyance of publicly owned submerged lands; and
4. The definition of "government owned fishpond."

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 461, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 461, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Thielen.

SCRep. 1129 Water and Land Use on S.B. No. 568

The purpose of this bill is to ensure proper handling of burial sites by establishing a burial site program within DLNR to assist island burial councils with their mandated responsibilities and clarifying and strengthening various laws relating to the preservation of native Hawaiian burial sites and artifacts.

Your Committee received testimony as follows:

1. Board of Land and Natural Resources, Office of Hawaiian Affairs, Hawaii Green Party, one professional archaeologist, Hui Malama I Na Kupuna O Hawaii Nei, in support;

2. Land Use Research Foundation, three professional archaeologists, Nene O Molokai, in opposition; and
3. Kamehameha Schools Bernice Pauahi Bishop Estate, one member of the Maui/Lanai Burial Council, offering comment.

Your Committee finds that the proper handling of human remains requires knowledge and cultural sensitivity. A burial sites program with qualified personnel will help to provide the necessary support and expertise to the island burial councils.

Furthermore, your Committee finds that the Committee on Judiciary and Hawaiian Affairs will need to look carefully at the definition of burial specialist and the provision on forfeiture of property.

Your Committee revised the bill by:

1. Adding a definition of heiau; and
2. Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 568, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 568, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Thielen.

SCRep. 1130 Water and Land Use on S.B. No. 607

The purpose of this bill is to repeal the prohibition against non-resident aliens bringing firearms into the State under certain conditions.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, Hawaii Rifle Association, Hawaii Citizens' Rights PAC, and Hawaii Hunting Advisory Council.

Your Committee finds that all of Hawaii's game mammals are non-native and, if left unchecked, pose a considerable threat to Hawaii's native plants and wildlife. In Hawaii, as in most other locations, wildlife officials have found that hunting has provided an excellent, cost-effective means of controlling wildlife populations, as well as providing recreation and subsistence for a large number of residents. In addition, hunting and target shooting have become popular visitor activities and have demonstrated the potential for development as tourism niche markets.

Your Committee revised the bill by:

1. Providing that the firearms are brought into the state for no longer than 90 days;
2. Requiring notification from a firing range or target shooting business stating that the applicant will engage in target shooting; and
3. Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 607, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 607, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Thielen.

SCRep. 1131 Water and Land Use on S.B. No. 646

The purpose of this bill is to improve government operations by reducing the cost of copying government records from 50 cents to 6 cents, expand the powers of the Barbers Point NAS Redevelopment Commission, expand the responsibilities of the Stadium Authority to include Kapolei Recreational Sports Complex and create the Kapolei special fund.

Your Committee received testimony in support of this bill from the Office of Information Practices and the Barbers Point Naval Air Station Redevelopment Commission.

Your Committee finds that the imminent turnover of the Barbers Point Naval Air Station from the federal government requires that the BPNAS Redevelopment Commission be fully prepared to handle the transition to civilian use with a minimum of delay.

Concerns were raised regarding the Kapolei special fund and the appropriateness of including the lost and found provisions in the Hawaii Revised Statutes, but this matter falls under the jurisdiction of the Committees on Judiciary and Hawaiian Affairs and Finance.

Your Committee revised the bill by:

1. Providing for the appointment of the county director of parks and recreation and three additional county department directors designated by the mayor to the Barbers Point Naval Air Station Redevelopment Commission;
2. Changing the effective date to July 1, 2010; and
3. Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 646, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 646, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Thielen.

SCRep. 1132 Water and Land Use on S.B. No. 1095

The purpose of this bill is to provide for a two-year extension to the act allowing handgun hunting.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, Hawaii Citizens' Rights PAC, and the Hawaii Hunting Advisory Council.

Your Committee finds that an extension will give the Department of Land and Natural Resources more time to complete the rule-making process and will allow for a more accurate report to the Legislature on the results of the handgun hunting trial period.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1095 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Takumi and Thielen.
(Representatives Morita and Schatz voted no.)

SCRep. 1133 Economic Development and Business Concerns on S.B. No. 675

The purpose of this bill is to require a state contracting license for federal construction projects in Hawaii, to the extent allowed under federal law.

Testimony in support of this bill was submitted by the Department of Commerce and Consumer Affairs, the Hawaii State Teachers Association, the Building Industry Association of Hawaii, the Subcontractors Association of Hawaii, and the Contractors' Association of Kaua'i.

Your Committee notes that this bill is similar in general purpose and intent to H.B. No. 139, H.D. 1, "A BILL FOR AN ACT RELATING TO FEDERAL CONSTRUCTION".

Your Committee has amended this bill by deleting its substance, and inserting therefor, the substance of H.B. No. 139, H.D. 1, which replaces the definition of "contractor" in section 444-1, Hawaii Revised Statutes (HRS), with a new definition of "local resident" in section 103D-104, HRS. As amended, this bill promotes the awarding of federal construction contracts in Hawaii by defining "local resident" in the State's Procurement Code for use by the federal defense agencies awarding these contracts.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 675, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 675, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1134 Economic Development and Business Concerns on S.B. No. 1071

The purpose of this bill is to enable small businesses to obtain increased access to growth capital by allowing a new form of equity financing through the Small Corporate Offering Registration (SCOR) system, a uniform registration system that allows a company to raise up to \$1,000,000 by selling common stock directly to the public for at least \$5 per share.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism, the Business Registration Division of the Department of Commerce and Consumer Affairs, and the Hawaii Congress on Small Business.

Your Committee notes that this bill is similar in general purpose and intent to H.B. No. 1019, "A BILL FOR AN ACT RELATING TO SECURITIES."

Your Committee has amended this bill by deleting its substance and inserting the substance in H.B. No. 1019. As amended, this bill provides that the prospectus required for registration may be satisfied by the SCOR Form (Form U-7) adopted by the North American Securities Administrators Association if all qualifications in the instructions for use of the form are fulfilled. Additional technical, nonsubstantive amendments were made for clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1071, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1071, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1135 Economic Development and Business Concerns on S.B. No. 1142

The purpose of this bill is to enable corporations, partnerships, limited liability partnerships, and limited liability companies to seek administrative relief against other entities who have registered or are using a name that is substantially identical or confusingly similar to their own.

Testimony in support of this bill was submitted by the Business Registration Division of the Department of Commerce and Consumer Affairs.

Your Committee notes that this bill is similar in general purpose and intent to H.B. No. 1080, H.D. 2, "A BILL FOR AN ACT RELATING TO THE NAMES OF CORPORATIONS, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES".

Your Committee has amended this bill by deleting its substance, and inserting therefor, the substance reflected in H.B. No. 1080, H.D. 2.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1142, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1142, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1136 Economic Development and Business Concerns on S.B. No. 949

The purpose of this bill is to enact the Uniform Unincorporated Nonprofit Association Act, which provides that when two or more members get together for nonprofit purposes they will be treated as a legal entity with:

- (1) Authority to acquire, hold, and transfer personal and real property;
- (2) Authority to sue and be sued as a separate legal entity; and
- (3) Contract and tort liability separate from its officers and members.

The Commission to Promote Uniform Legislation testified in support of this measure.

This measure is similar to H.B. No. 1270, H.D. 1, which was heard earlier this session by this Committee and the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Your Committee has amended this bill by:

- (1) Requiring the filing of the statement appointing an agent to receive service of process with the Office of the Registrar of the Land Court as well as the Bureau of Conveyances; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 949, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 949, S.D. 1, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1137 Economic Development and Business Concerns on S.B. No. 59

The purpose of this bill is to add penalties to the existing law that prohibits contractors from withholding more than five percent of the subcontractor's contract price.

Testimony in support of this bill was submitted by the Plumbing and Mechanical Contractors Association of Hawaii and the Subcontractors Association of Hawaii. The Department of Accounting and General Services testified in support of the intent of the bill. Testimony in opposition to this bill was submitted by James W. Glover, Ltd. and Hidano Construction, Inc. The Contractors' Association of Kaua'i commented on this measure.

Your Committee has amended this bill by deleting its substance and inserting the substance of H.B. No. 1338, H.D. 1. As amended, this bill does not include penalties for failing to comply with the provisions of the bill and language relating to the withholding of money when there is a bona fide dispute over a subcontractor's performance under the subcontract. Your Committee has further amended this bill by making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 59, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 59, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1138 Energy and Environmental Protection on H.C.R. No. 22

The purpose of this concurrent resolution is to request the Public Utilities Commission (PUC) to submit legislation to promote competition among utility companies operating within the State of Hawaii.

The PUC and Life of the Land submitted testimony in support of this measure. The Department of Business, Economic Development and Tourism and the Consumer Advocate supported the intent of this concurrent resolution. Opposing testimony was submitted by Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company, Inc. and Maui Electric Company, Ltd. Kauai Electric offered comments.

The PUC is currently investigating the electric utility infrastructure in Hawaii, as well as the feasibility of promoting competition in the electric industry. As noted by the PUC, its review of Docket 96-0493 may not be completed by December 31, 1999. Further, the PUC indicated that legislation may not be necessary to foster competition in the electric utility industry.

Accordingly, your Committee has amended this measure by:

- (1) Requesting the PUC to submit a status report instead of proposed legislation prior to the Regular Session of 2000;
- (2) Requesting that the status report include a timetable for completion of review of the Docket and any determinations that have been made;
- (3) Amending the title to read as follows: "Requesting the Public Utilities Commission To Submit a Status Report On Docket No. 96-0493, Instituting A Proceeding On Electric Competition, Including An Investigation Of The Electric Utility Infrastructure In The State"
- (4) Re-phrasing various WHEREAS clauses so as not to presuppose the outcome of the Docket.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 22, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce, in the form attached hereto as H.C.R. No. 22, H.D. 1.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 1139 Education on S.B. No. 1155

The purpose of this bill is to extend until 2002 the authority of the State Librarian to:

- (1) Administratively reallocate vacant positions;
- (2) Authorize and implement internal reorganization actions; and
- (3) Establish temporary positions.

The Hawaii State Public Library System testified in favor of the bill. Information Services commented on the bill. The Hawaii Government Employees Association testified in opposition to the bill.

Your Committee finds that the ability of the Hawaii State Public Library System to reallocate staff to the re-established central services units will provide cost-effective and timely acquisitions, cataloging, and automated system support services to the State's libraries.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1155, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Okamura and Santiago.

SCRep. 1140 Transportation on S.B. No. 1168

The purpose of this bill is to facilitate the obtaining of Hawaii commercial driver's licenses by persons possessing commercial driver's licenses issued by other specified jurisdictions.

Testimony in support of this bill was received from the Department of Transportation.

Your Committee finds that since commercial drivers in all states must meet minimum federal standards prior to being issued commercial driver's licenses, the waiving of the knowledge and skills tests will not conflict with the goal of the State to maximize safety on the roadways. Your Committee further finds that it is reasonable to extend the provisions of this bill to persons holding commercial driver's licenses issued by Canadian provinces that issue licenses in accordance with minimum federal standards.

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

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1168, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1168, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Okamura, Yoshinaga and Moses.

SCRep. 1141 Education on S.B. No. 41

The purpose of this bill is to:

- (1) Extend the sunset date for the Hawaii Teacher Standards Board (Board) from 2000 to 2010; and
- (2) Provide for the staggering of the terms of its members.

Testimony in support of the bill was submitted by the Department of Education, the Hawaii State Teachers Association, the Hawaii Business Roundtable, and the Dean of the College of Education of the University of Hawaii. The Board supported the intent of the bill. An individual testified in opposition to the bill.

Your Committee supports the establishment of standards for the issuance of licenses and credentials for teachers. The Board will raise standards for teachers, involve professional educators in the creation of the standards, and hold professional educators accountable for meeting the standards. In its short history, the Board has created an excellent set of teacher standards that reflect the best thinking in the field. However, the work of the Board is not complete, as it must refine standards for school counselors and librarians, and it must work closely with the Department of Education to ensure that the standards are appropriately applied.

Your Committee has amended the bill by making the Board permanent rather than extending its sunset date.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 41, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 41, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Okamura and Santiago.

SCRep. 1142 Education on S.B. No. 1273

The purpose of this bill is to mandate the development of procedures for obtaining verifiable information regarding the criminal history of persons who are employed, seeking employment, or seeking to serve as teacher trainees in any public or private schools, or who are employed or seeking employment in any county in positions which place them in close proximity to children.

In addition, this bill:

- (1) Requires these persons to provide to their employer or prospective employer: a sworn statement regarding past criminal convictions; written consent to perform a criminal history record check; and permission to be fingerprinted; and
- (2) Allows an employer or prospective employer to refuse to allow or continue to allow permission to serve as a teacher trainee, if the trainee poses a risk to the health, safety, or well-being of children.

Your Committee finds that the present law authorizes--but does not mandate--the development of these procedures. In addition, the present law does not apply to persons seeking to serve as teacher trainees in public or private schools.

Your Committee received testimony in support of this bill from the Department of the Attorney General, the Department of Education, the Honolulu Police Department, and the Hawaii State Teachers Association. Your Committee received comments on this bill from the University of Hawaii and the Hawaii Association of Independent Schools.

Contrary to belief, the present law already applies to persons employed or seeking employment with a private school or any county in a position that necessitates close proximity to children. The only difference between the present law and this bill with respect to these persons is that this bill mandates the development of these procedures while the present law only authorizes the development of these procedures.

Your Committee notes, however, that by mandating the establishment of these procedures for persons employed or seeking employment with a public or private school or with any county in a position that necessitates close proximity to children, the content of this bill may exceed the scope of its title: "Relating to Criminal History Checks for Teacher Trainees". Because of the important public safety provisions contained in this bill and because this bill must still be heard on different occasions by your Committee on Judiciary and Hawaiian Affairs and your Committee on Finance, your Committee on Education has decided to pass this bill out unamended. In the meantime, your Committee will be consulting with the Attorney General on the matter of this bill's title and content and will be searching for a vehicle bill with an acceptable title, if it becomes necessary to abandon the current bill at a later date.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1273, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Okamura and Santiago.

SCRep. 1143 Human Services and Housing on S.B. No. 1050

The purpose of this bill is to expedite permanency for children in foster care by bringing Hawaii into compliance with the federal Adoption and Safe Families Act of 1997.

The Department of Human Services testified in support of this administration bill.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1050, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 1144 Human Services and Housing on S.B. No. 1058

The purpose of this bill is to allow the Department of Human Services (DHS) to subrogate against a third-party recovery on any claim brought by an injured person who receives medical assistance.

DHS submitted testimony in support of this measure.

Your Committee has amended this measure by deleting its substance and inserting similar language reflected in H.B. No. 1125, H.D. 2. As amended, the purpose of this bill is to clarify and standardize provisions relating to the recovery of medical assistance payments by DHS in third-party liability situations.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1058, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1058, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 1145 Human Services and Housing on S.B. No. 1070

The purpose of this bill is to expand the availability of housing to low-income families and individuals in Hawaii by:

- (1) Amending and expanding the definition of "housing owner" to include "very low" income households as a group of persons to be served;
- (2) Amending the definition of "qualified tenant" to conform to fair housing requirements by excluding those over 62 and unable to work and specifically including any single person;
- (3) Clarifying the definition of "qualified resident"; and
- (4) Lowering the income limits and expanding the priority eligibility for participation in the state Rent Supplement Program.

The Housing and Community Development Corporation of Hawaii (Corporation) testified in support of this measure.

Your Committee has amended this measure by:

- (1) Authorizing the Corporation, instead of the United States Department of Housing and Urban Development, to determine the eligibility of "qualified tenants"; and
- (2) Making technical and nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1070, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1070, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 1146 Ocean Recreation and Marine Resources on S.B. No. 1086

The purpose of this bill is to improve the effectiveness of processing violations to the State's boating laws and rules. This bill authorizes the Department of Land and Natural Resources (DLNR) to:

- (1) Establish administrative fines; and
- (2) Recover administrative fees and costs or bring legal action to recover administrative fines and fees and costs,

thereby avoiding the need for court proceedings.

The DLNR testified in support of this bill. BOATS/HAWAII Inc. supported this measure with reservations.

Currently, violations of boating laws and rules are primarily addressed through court proceedings, including criminal procedures. However, many types of violations could be addressed more effectively and expeditiously through administrative fines. Such action would relieve the courts of the burden of processing minor violations.

In addition, this bill proposes to require that all fines, fees, and costs, or recovered damages, be deposited into the Boating Special Fund. This would enable DLNR to recover the costs of investigating and processing violations.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1086 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 1147 Ocean Recreation and Marine Resources on S.B. No. 1089

The purpose of this bill is to clarify statutory provisions relating to the issuance of commercial marine licenses by:

- (1) Providing the Department of Land and Natural Resources (DLNR) with the option of requiring catch reports of only certain licensees;
- (2) Authorizing DLNR to obtain other types of information from commercial marine licensees, thereby ensuring the gathering of more appropriate and useful information; and
- (3) Removing unnecessary or obsolete language from Chapter 189 (Commercial Fishing), Hawaii Revised Statutes.

DLNR testified in support of this bill.

Your Committee finds that this bill will provide DLNR with greater flexibility in making critical changes to its administrative rules regarding commercial marine licenses and the associated reporting requirements.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1089, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 1148 Higher Education on S.B. No. 456

The purpose of this bill is to appropriate funds to the Office of Hawaiian Affairs (OHA) to provide tuition waivers to Hawaiian students at the University of Hawaii (University). Funds appropriated shall be credited against the State's obligation to pay OHA a pro rata share of ceded land revenues.

The University and a number of individuals submitted testimony in support of the bill. The Office of Hawaiian Affairs, the Ilioulaokalani Coalition, the Associated Students of the University of Hawaii, and a number of individuals testified in support of the bill with amendments to statutorily mandate tuition waivers for all Hawaiian students.

A petition with numerous signatures was received supporting free tuition for all students of Hawaiian ancestry. An individual testified in opposition to the bill, citing OHA's responsibility to address this issue. Also concerns were raised on the expansion of benefits beyond native Hawaiians.

Your Committee finds that Hawaiians are represented in a much lower proportion in the University system than they are in the general population. According to a "FACTS" brochure printed by the University Relations and Institutional Research Office in December 1998, while approximately 25 percent of the student population in the public school system is Hawaiian, only 14 percent of the 11,500 undergraduate students on the Manoa campus are of Hawaiian ancestry. Fully 25 percent of Hawaiians attending the Manoa campus drop out by the end of their second year. And, the graduation rate of Hawaiian students from the University system with a four-year degree is far less than that of the general University student population.

Your Committee recognizes the special relationship that the Hawaiian people have with the State of Hawaii. As such, your Committee supports the concept of tuition waivers as an important means of providing access to postsecondary education for them.

In 1993, the Legislature passed Act 360, Session Laws of Hawaii (SLH) 1993, which mandated the University to waive all tuition fees for 250 Hawaiian students in addition to tuition waivers that were already being granted. At that time, there were other legislatively mandated tuition waivers. Also at that time, University tuition revenues were deposited in the general funds of the State.

In 1995, the Legislature passed Act 161, SLH 1995, which granted increased authority to the University to manage its resources. This Act created a special fund under University control for the deposit of tuition revenues. At the same time, the Legislature felt that because the University was being given the authority to control income generated from tuition, which is a significant part of overall UH revenues, it was more appropriate for the University, rather than the Legislature, to determine how and to whom tuition waivers should be granted. The statutorily mandated tuition waivers for the 250 Hawaiian students was repealed, as well as other legislatively mandated tuition waivers. However, the University agreed to maintain these tuition waivers, despite their removal from statute. However, from that time, any new legislatively mandated tuition waivers would require appropriations.

Your Committee finds that, without appropriations, any bill to provide additional Hawaiian students in the University system with full or partial tuition waivers would amount to an unfunded mandate. This, in turn, would essentially amount to a reduction to the University budget, depriving other students of services and programs. Therefore, your Committee finds that, at this time, rather than mandating that the University provide additional tuition waivers to a specified number of Hawaiian students, and to be consistent with the process the Legislature has provided for regarding other tuition waivers, a separate appropriation should be made to the University to provide as many tuition waivers for Hawaiian students as possible.

The discussion during the hearing raised the issue of the appropriate funding source for tuition waivers for Hawaiian students. At least two sources are possible, one of which is general funds. The other source is funds allocated to OHA pursuant to the ceded lands settlement, which is now proceeding. If appropriate, the bill should later be amended to properly address this issue.

Relatedly, your Committee would like to note that the Admission Act cites public educational institutions as one of the five purposes for which ceded lands may be used. Of course, another of the purposes is the betterment of the conditions of native Hawaiians. And so, ceded lands issues are complex and not easily resolved.

Also raised in the discussion was the issue of whether a blood quantum requirement for tuition waivers for Hawaiian students should be established. One testifier said that the fifty percent blood quantum requirement for Hawaiian Home Lands has resulted in conflicts among those of Hawaiian ancestry. Another testifier noted that the suggestion from the Hawaiian community at the time the Hawaiian Homes Commission Act was passed was for a one-thirty-second blood quantum requirement, which was not adopted.

Recognizing the complexity of the issues involved, your Committee urges that discussions continue on this matter.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 456, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki and Okamura.

SCRep. 1149 Finance on S.B. No. 1639

The purpose of this bill is to provide emergency funding for the construction of a new high school at Kapolei. The funding will be obtained through the elimination of part of the funding for Iao Intermediate School construction and equipment.

The Board of Education, the Representative for District 42, the Estate of James Campbell, Information Services, the villages of Kapolei Homeowners Association, and one individual testified in support of the bill.

Your Committee has received a message from the Governor dated January 29, 1999:

- (1) Stating that additional funding is needed to construct a new high school in the city of Kapolei to address the present over-enrollment and inadequate capacity at Campbell High School; and
- (2) Requesting the Legislature for immediate passage of this bill to ensure that the new high school can open to grade 9 by September, 2000.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1639, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Takamine, Kanoho, Suzuki, Yamane, Fox and Moses.

SCRep. 1150 Energy and Environmental Protection on S.B. No. 813

The purpose of this bill is to obtain lower interest rate bond financing for capital improvement projects and to reduce gas rates for the general public by:

- (1) Authorizing the issuance of \$19,600,000 in special purpose revenue bonds for capital improvement programs for the local furnishing of utility gas by The Gas Company; and
- (2) Authorizing the issuance of refunding special purpose revenue bonds.

Your Committee finds that the issuance of special purpose revenue bonds and refunding special purpose revenue bonds would be in the public's interest.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 813, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Cachola, Kanoho and Meyer.

SCRep. 1151 Energy and Environmental Protection on S.B. No. 1024

The purpose of this bill is to:

- (1) Bring all management practices relating to water pollution, domestic sewage, animal wastewater, and recycled water under the water pollution law (Chapter 342D, Hawaii Revised Statutes (HRS));
- (2) Transfer the certification of private cesspool pumping firms to the Department of Health (DOH);
- (3) Enable DOH to evaluate the impact of releases and spills on Hawaii's complex ecosystems by authorizing DOH to establish a permanent exempt position for an ecological risk assessor; and
- (4) Extend the environmental review provisions to encompass the proposed use of land subject to discretionary approval by a state or county agency, except in cases of minimal or no significant effects.

The DOH, the Office of Planning, the Western States Petroleum Association, and the Sierra Club, Hawaii Chapter testified in support of this measure. The City and County of Honolulu Department of Planning and Permitting, the Farmers Livestock Cooperative, and the Hawaii Pork Industry Association opposed this bill. The County of Maui Department of the Corporation Counsel, the County of Kauai Department of Public Works, and the City and County of Honolulu Department of Environmental Services offered amendments. The University of Hawaii at Manoa Environmental Center submitted comments.

Testifying on Part III of this bill (which extends the environmental review provisions to include proposed uses of land subject to discretionary approvals) were:

- (1) The Office of Environmental Quality Control (in support);
- (2) The Department of Land and Natural Resources, the Land Use Research Foundation of Hawaii, Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, The Chamber of Commerce of Hawaii, and the Hawaii Agriculture Research Center (in opposition); and
- (3) The Land Use Commission (with concerns).

Your Committee has deleted the entire provisions of Part I which brings all management practices under the water pollution law and transfers the certification of private cesspool pumping firms to DOH. It should be noted that a similar House bill is moving through the Senate.

Your Committee has also deleted the provisions in Part III relating to discretionary approvals. Since this proposal constitutes a significant amendment to the environmental impact statement law, your Committee believes that a comprehensive review of the provisions of Chapter 343, HRS, is a more responsible course of action. A House Resolution that addresses this specific issue will be considered later this session.

Your Committee has further amended this bill by including factors to be considered when determining civil and administrative penalties regarding the state water pollution law. Since these provisions are similar to those found in the Federal Clean Water Act, these amendments will promote consistency between the State Water Pollution law and the Federal law.

The provisions relating to the ecological risk assessor was clarified by requiring that the duties of that position shall bear a rational nexus to the intent and purposes of Chapter 128D, HRS. This will help to ensure the proper use of the moneys in the Environmental Response Revolving Fund.

Finally, a new part was inserted that:

- (1) Adds a new license category for environmental health services professionals; and
- (2) Makes "housekeeping" amendments to Chapter 321, HRS (DOH).

Language for this new part was taken from H.B. No. 1137 which your Committee approved earlier this session.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1024, S.D. 3, as amended

herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1024, S.D. 3, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 1152 Economic Development and Business Concerns on S.B. No. 1072

The purpose of this bill is to provide a continued source of financing to businesses under the Hawaii Capital Loan Program (Program) by extending the business loan guarantee and the neighbor island preferential business loan interest rate under the Program.

Testimony in support of this bill was submitted by the Department of Business, Economic Development, and Tourism.

Your Committee notes that this bill is similar in general purpose and intent to H.B. No. 1020, H.D. 2, which was passed out of House of Representatives after public hearings in this Committee and the Committee on Finance.

Your Committee has amended this bill by deleting its substance and inserting language similar to H.B. No. 1020, H.D. 2. Among other things, as amended, this measure sets forth section 210-6, Hawaii Revised Statutes (HRS), in its entirety to prevent its ultimate repeal and reenactment as required in Act 311, Session Laws of Hawaii (SLH) 1996; Act 104, SLH 1998; and Act 118, SLH 1998.

As amended and set forth in this measure, section 210-6, HRS, includes all of the amendments to the section made to date since Act 311, SLH 1996, to conform the form and substance of the section as intended by your Committee to survive upon enactment.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1072, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1072, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Saiki and Halford.

SCRep. 1153 Economic Development and Business Concerns and Water and Land Use on S.B. No. 1074

The purpose of this bill is to repeal the Hamakua Development District, which has since been superseded by subsequent activities in Hamakua.

Testimony in support of this bill was received by the County of Hawaii Planning Department and the Hawaii Community Development Authority. Comments were submitted by the Department of Business, Economic Development and Tourism.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1074 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Ahu Isa, Ito, Kaho'ohalahala, Morihara, Schatz, Takumi and Meyer.

SCRep. 1154 Economic Development and Business Concerns and Tourism on S.B. No. 716

The purpose of this bill is to allow the Natural Energy Laboratory of Hawaii Authority (Authority) to include retail and commercial enterprises utilizing or supporting the utilization of natural resources or geothermal energy within the Authority's research and technology park.

In addition, this bill:

- (1) Eliminates the restriction on the number and kinds of concession and tour-related activities that can be conducted by the Authority to financially support the research, development, and commercialization of natural energy resources at the research and technology park;
- (2) Requires the Authority to establish, manage, and operate facilities that provide sites for compatible businesses engaged in retail, commercial, or tourism activities;
- (3) Eliminates the restriction on the number and kinds of concession and tour-related activities that can be conducted by the Authority to financially support itself other than the research, development, and commercialization of natural energy resources at the research and technology park;

- (4) Allows the Authority to support the commercialization of natural resources available at the research and technology park if their commercialization is compatible with the retail, commercial, and tourism activities of the park; and
- (5) Allows the Authority to attract new, appropriate retail, commercial, and tourism uses of natural resources in Hawaii.

Your Committee finds that the Authority operates one of the premier facilities in the world for the research, development, and commercialization of aquaculture and natural energy resources. While much of the finding for this work has previously come from the state and federal government funds, these have been greatly reduced and other sources of income must be developed. Your Committee also finds that the Authority has explored a variety of options to increase private investment in its facility, and that retail concession activities have the potential to generate significant additional revenues and to reduce the Authority's dependency on public funding.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 716 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Ahu Isa, Ito, Kaho'ohalahala, Morihara, Fox, Rath and Whalen.

SCRep. 1155 Education on S.B. No. 1154

The purpose of this bill is to extend the life of the Board of Education's fee for enhanced services program from July 1, 1999 to July 1, 2002.

Your Committee finds that the program was originally enacted in 1993 to require the Board of Education, through the State Librarian, to provide for the establishment and ongoing operation of a fee for enhanced service program. The original intent of the legislation was to enable the state library system to provide enhanced services, over and above the library's core services. Over the years, however, program revenues have assisted in procuring basic core services. Accordingly, in these years of declining operating budget revenues, your Committee finds that the program must be continued in order to allow the library system to provide basic core services such as purchasing library materials.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1154 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Okamura and Santiago.

SCRep. 1156 Education on S.B. No. 1156

The purpose of this bill is to allow the Board of Education to impose a cost-recovery fee of not more than \$10 as a result of any action taken to enforce the collection of costs of lost books and any over due fines and fees charged to a library patron, as well as imposing fees for other administrative costs.

The Hawaii State Public Library System testified in support of the bill. The Collection Agencies Program of the Department of Commerce and Consumer Affairs commented on the bill. Informational Services testified in opposition to the bill.

Your Committee finds that library patrons need incentives to return borrowed materials to the library and to pay fines and fees on a timely basis.

Your Committee has amended the bill by:

- (1) Inserting language that will allow the State Public Library System to actually implement the collection provisions; and
- (2) Making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the members of your Committee on Education that are attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1156, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1156, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Okamura and Santiago.
(Representative McDermott voted no.)

SCRep. 1157 Transportation on S.B. No. 27

The purpose of this bill is to reduce the burden of safety inspections on vehicle owners who store their vehicles for short periods of time.

Your Committee finds that the present statute requires a new inspection certificate, when a person removes a vehicle from storage, even if the current one is still valid. Your Committee believes that this places an unnecessary burden on the vehicle owner.

This bill proposes to permit the vehicle owner to remove a vehicle from storage without a new certificate of inspection, if the current certificate has not expired.

Your Committee received testimony in support of this measure from an individual who stores vehicles for short periods while being absent from Hawaii. The City and County of Honolulu testified against this measure, citing situations in which owners store vehicles which are already defective.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 27 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

SCRep. 1158 Transportation on S.B. No. 665

The purpose of this bill is to include courses that are approved by the armed services branch installation commander and that meet the Motorcycle Safety Foundation standards as motorcycle education courses for purposes of qualifying for motorcycle liability coverage and insurance binders.

Your Committee on Transportation finds that motorcycle and motor scooter riders possessing a valid learner's permit cannot obtain liability coverage unless they have taken and passed a motorcycle education course that has been approved by the Department of Transportation. Persons possessing a valid learner's permit cannot obtain a temporary insurance binder unless they submit proof of enrollment in such a course. As some courses on military installations do not have approval from the Department of Transportation, even though they are certified by the Motorcycle Safety Foundation (MSF), people who have enrolled in, taken and passed these courses still are not eligible to obtain a temporary binder or insurance by law.

Your Committee further finds that the Department of Defense (DOD) requires that all military and DOD personnel who wish to operate a motorcycle or motor scooter on military installations must have taken an MSF-approved course, regardless of whether they hold a license or a permit. State-approved courses and courses offered on military installations are similar except for the fact that State courses provide motorcycles to be used throughout the course, while the military courses are authorized to allow the students to use their own motorcycles.

This bill proposes to require persons who possess a valid learner's permit and are seeking motorcycle liability coverage to have taken and passed an education course approved by the Department of Transportation or the installation commander of any branch of the U.S. military that meets the Motorcycle Safety Foundation standards. It also proposes to allow persons to obtain a temporary insurance binder, if they have enrolled in a motorcycle education course which is approved by the Department of Transportation or the installation commander of any branch of the armed services, and meets the Motorcycle Safety Foundation standards.

Testimonies in support of this bill were received from Carr's Insurance Agency, Street Bikers United, the World Wide Motorcycle Club, and several private citizens. The Department of Transportation supported the intent of this bill. Testimonies in opposition to this bill were received from the University of Hawaii and two private citizens.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 665, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

SCRep. 1159 Transportation on S.B. No. 1280

The purpose of this bill is to enable the Public Utilities Commission (PUC) to expedite motor carrier transportation services when an urgent need exists.

Your Committee finds that under the present statute, prior to granting a temporary authority to provide transportation services by the PUC, an applicant must first provide proof that an application was first served upon every current holder of a certificate of public convenience and necessity within the classification for which the temporary authority is being

applied. Your Committee further finds that this requirement delays the PUC in providing vehicle transportation, even in times of emergency.

This bill proposes to permit the PUC, at its discretion, to grant temporary authority to a common or contract carrier to provide transportation services when an urgent need arises for a period of no more than one-hundred-twenty days.

Testimonies in support of this measure were received from the PUC, and from the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1280 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

SCRep. 1160 Transportation on S.B. No. 1216

The purpose of this bill is to provide additional safety for bicyclists.

Your Committee finds that bicyclists are now instructed to ride as near to the right-hand curb, or on the shoulder of the roadway as practicable. Your Committee further finds that these options may be hazardous in some areas.

This bill proposes to offer the additional options of riding on the edge of roadways, or on the shoulder off of the roadway as practicable.

Your Committee believes that the additional options will provide greater safety for bicycle riders.

Testimonies in support of this bill were received from the Department of Transportation, and the Hawai'i Bicycling League.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1216 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

SCRep. 1161 Transportation on S.B. No. 1212

The purpose of this bill is to consolidate and provide uniformity and consistency in statutory provisions relating to operating a vehicle while under the influence of intoxicants.

Your Committee finds that many laws have been passed during recent years relating to the use of intoxicants while operating motor vehicles. This has resulted in inconsistent statutory provisions, including different punishments for similar offenses; and the right to trial by jury for some impaired driving offenses, but not for others. Your Committee further finds that the Department of Transportation, by House Concurrent Resolution, No. 26, H.D.2, S.D. 2, was requested to Review Hawaii's Impaired Driving Statutes and to Make Recommendations for Uniform Statutory Construction.

The proposed bill creates a new chapter within the Hawaii Revised Statutes that:

- (1) Reenacts many existing provisions in parts VII and XIV of chapter 286 and in chapter 291;
- (2) Consolidates the implied consent provisions for driving with a measurable amount of alcohol, driving under the influence of intoxicating liquor, driving under the influence of drugs, and impaired boating offenses;
- (3) Makes driving with a measurable amount of alcohol, driving under the influence of drugs, and impaired boating offenses subject to the administrative revocation of driver's license provisions, instead of providing for suspension of license or privilege to operate a vehicle pursuant to a district court hearing; and
- (4) Makes the penalties for driving under the influence of drugs and impaired boating offenses consistent with those for driving under the influence of intoxicating liquor by consolidating those provisions into the offense of operating a vehicle while under the influence of an intoxicant.

Testimonies in support of this bill were received from the Department of Transportation, the Governor's Highway Safety Council, the City and Council of Honolulu, the Honolulu Police Department, and Mothers Against Drunk Driving. The Judiciary testified in support of the intent of this bill, with the reservation that the Administrative Driver's License Revocation Office (ADLRO) would need additional staffing by adding drug and boating matters to the existing alcohol intoxication incidents.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1212, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

SCRep. 1162 Transportation on S.B. No. 1256

The purpose of this bill is to appropriate an unspecified sum of money out of the general revenues of the State to match an anticipated \$3,000,000 in funds from the Federal Transit Administration, to be expended for establishing an interisland ferry system between the islands of Maui and Molokai.

Your Committee finds that the proposed interisland ferry system would provide a vital link for Molokai residents to commute to Maui for employment. Your Committee further finds that creating a ferry system as a lower-cost alternative for air transportation would have positive economic impacts on the islands of Maui and Molokai.

Testimonies in support of this measure were received from the Department of Transportation; a member of the County Council, County of Maui; the Maritime Committee, The Chamber of Commerce of Hawaii; and Boats/Hawaii, Inc. The Department of Budget and Finance expressed concerns about the costs associated with operating the system and the potential ridership.

Your Committee has amended this bill by appropriating funds from special fund revenues, rather than from general revenues.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1256, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1256, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Okamura, Takai, Yoshinaga and Moses.

**SCRep. 1163 Transportation and Water and Land Use and Ocean Recreation and Marine Resources
on S.B. No. 1214**

The purpose of this bill is to prolong the existence of the Temporary Maritime Authority Commission and extend the deadline for its legislative report.

Your Committees on Transportation, Water and Land Use, and Ocean Recreation and Marine Resources find that the temporary commission needs more time in determining the roles, functions and geographic jurisdiction of the proposed Hawaii Maritime Authority. The Committees also find that there are some questions pertaining to the efficiency of the Authority that is to be created. Although many important issues and problems have not been resolved since the creation of the Temporary Hawaii Maritime Authority Commission, your Committees find that continuing to consider the establishment of the Hawaii Maritime Authority is still valuable to the State.

This bill proposes to delay the dissolution of the Temporary Hawaii Maritime Authority Commission until the adjournment of the regular session of 2000 and extend the deadline of its final report to the Legislature until December 20, 1999. The submittal of the final report will then enable the Legislature to create the Hawaii Maritime Authority during the regular session of 2000.

Testimonies in support of this bill were received from the Department of Transportation, the Department of Business, Economic Development, and Tourism, the Hawaii Community Development Authority, the Chamber of Commerce of Hawaii, Young Brothers, Limited, and the Hawaii Activities and Tours Association. BOATS/Hawaii Inc. also supported the intent of the bill.

As affirmed by the records of votes of the members of your Committees on Transportation and Water and Land Use and Ocean Recreation and Marine Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1214 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Morita, Okamura, Yoshinaga, Auwae, Meyer, Moses and Thielen.

SCRep. 1164 Health on S.B. No. 1031

The purpose of this measure is to provide an emergency appropriation to ensure the systems and equipment of the Hawaii Health Systems Corporation are Year 2000 compliant and to reduce the workers' compensation costs inherited by the corporation by eliminating the recurring expenses through settlement of cases.

Testimony in support of this measure was submitted by the Hawaii Health Systems Corporation and the Hawaii Government Employees Association.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1031, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1165 Health on S.B. No. 1026

The purpose of this measure is to authorize the Department of Health to approve the curricula and syllabi of training courses for basic, intermediate, and advanced life support emergency ambulance personnel.

The Department of Health, the University of Hawaii, the Board of Medical Examiners, and the Hawaii Nurses' Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1026 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1166 Health on S.B. No. 178

The purpose of this bill is to prevent child abuse and neglect by appropriating funds to the Healthy Start program.

The Hawaii Family Support Center, Parents and Children Together, the Molokai Family Support Center, and several individuals submitted testimony in support of this measure. The Department of Health submitted testimony in support of this measure, as long as its passage does not replace or adversely impact priorities as indicated by the Executive Biennium Budget request.

The Healthy Start program is a nationally recognized program, which provides early identification and home visitation services for families identified as being at risk for child abuse and neglect. Your Committee finds that the Felix Consent Decree and its implementation plan require that Healthy Start programs have the capacity to conduct universal screening by the end of fiscal year 2000. However, resources do not permit the enrollment of all families identified into appropriate support services.

This measure would provide the necessary funding to ensure that newly identified families, and families currently not receiving services, will receive Healthy Start home visitations.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 178 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1167 Health on S.B. No. 992

The purpose of this bill is to maintain the Hana Community Health Center's (Center) current level of operations by appropriating funds for the current and next fiscal year.

The Office of Hawaiian Affairs, the chairperson of the Maui County Council, the Hawaii Health Systems Corporation, the Center, and several individuals submitted testimony in support of this measure. The Department of Health submitted testimony in support of the intent of this measure. The United Public Workers opposed this measure.

Your Committee finds that the Center is the only health provider in the Hana district and its operations are critical to the health of that community.

Your Committee has amended this measure by deleting its substance and inserting similar language reflected in H.B. No. 1400, H.D. 1. As amended, this measure more accurately reflects the Center's needs by:

- (1) Appropriating \$200,000 to enable the Center to continue its operations through the current fiscal year; and
- (2) Appropriating \$1,000,000 for each year of fiscal biennium 1999-2000 to allow the Center to continue its current level of operations.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 992, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 992, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1168 Health on S.B. No. 1504

The purpose of this bill is to provide additional emergency medical services (EMS) in rural areas by appropriating funds for EMS within four communities of the City and County of Honolulu.

A City Council member and two individuals submitted testimony in support of this measure. The Department of Health (DOH) submitted testimony in support of the intent of this measure.

Your Committee finds that funding is needed to develop EMS quick response units that are integrated with ambulance units. This integration has been successful in many high performance EMS systems across the country because of the ability to rapidly respond to life threatening medical emergencies. This measure, as received, does not specify that the appropriations will be used to develop EMS quick response units. Therefore, your Committee has amended this measure by adding a findings section to describe the purpose and intent of this measure.

Your Committee has also amended this measure by rearranging the provisions to reflect the funding priorities based on EMS needs:

- (1) Greater Honolulu - High unit hour utilization;
- (2) Makakilo-Kapolei - Inadequate back-up coverage;
- (3) Kahaluu-Kaaawa - Inadequate back-up coverage; and
- (4) Waianae-Nanakuli - Inadequate back-up coverage and response times not meeting established standards.

Although it is the intent to prioritize these communities according to need, which has been based upon meeting set criteria, your Committee would like to give DOH the flexibility to redesignate the moneys and respond to communities that are ready for additional EMS should the higher priorities be incapable of additional EMS.

Other technical, nonsubstantive amendments have been made for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1504, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1504, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1169 Health on S.B. No. 717

The purpose of this measure is to authorize the issuance of special purpose revenue bonds totalling \$20,000,000 in assisting North Community Hospital, Inc. with the financing and refinancing for certain projects.

Testimony in support of this measure was submitted by the North Hawaii Community Hospital.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 717 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1170 Health on S.B. No. 836

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for Kuakini Medical Center to assist in the financing or refinancing various improvement project.

Your Committee received testimony in support of this measure from the Kuakini Medical Center.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 836, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yamane and Arakaki.

SCRep. 1171 Health on S.B. No. 1610

The purpose of this bill is to authorize the issuance of special purpose bonds to fund the renovation of existing health care facilities and the establishment of a new health care facility for Wahiawa General Hospital, Inc.

The Wahiawa Hospital Association, the Central Oahu Physician Hospital Organization, the Board of Directors of Wahiawa General Hospital, and several individuals submitted testimony in support of this measure.

Your Committee has amended this measure by:

- (1) Deleting references to central Oahu; and
- (2) Changing the lapsing date to issue the bonds from June 30, 2001, to June 30, 2003.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1610, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1610, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1172 Health on S.B. No. 200

The purpose of this bill is to provide a continuum of health care services to frail elderly and medically fragile infants and children by authorizing the issuance of special purpose revenue bonds for the Ewa Villages Community Development Corporation (Corporation).

The Ewa Villages Community Development Corporation submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 200, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1173 Health on S.B. No. 1542

The purpose of this measure is to authorize the issuance of special purpose revenue bonds for a senior citizen lifecare retirement community.

Testimony in support of this measure was received from the company of Graham Murata Russell. The Department of Budget and Finance submitted technical commentary.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1542 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Arakaki.

SCRep. 1174 Higher Education on S.B. No. 1181

The purpose of this bill is to clarify that the University of Hawaii may seek legal counsel from the Department of the Attorney General upon mutual agreement.

The University of Hawaii (UH) testified in support of the bill. The Attorney General (AG) commented on the bill.

Your Committee finds that the Legislature never intended to prohibit the Department of the Attorney General from rendering legal services to UH. Your Committee further finds that this bill clarifies that UH may request and receive, upon mutual agreement, legal services from the AG.

Your Committee has amended this bill by:

- (1) Providing that UH may seek legislative appropriations for judgments or settlements, just as the AG may do for the rest of the State; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1181, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1181, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Okamura.

SCRep. 1175 Higher Education on S.B. No. 1299

The purpose of this bill is to streamline University of Hawaii (University) operations by removing the requirement to report each position or fund transfer in quarterly reports to the Governor and annual reports to the Legislature.

The University submitted testimony in support of the bill. The Department of Budget and Finance submitted comments.

This reporting requirement was instituted in 1986 as part of the Legislature's policy to grant management flexibility to the University of Hawaii, under Act 320, Session Laws of Hawaii 1986. As further flexibility was granted to the University, the reporting requirement has proven to be duplicative and unnecessary, especially since no other executive department is held to such a requirement. Your Committee finds that any University budget transfer may be explained by notations on allotment documents processed by the Department of Budget and Finance and are usually submitted to the Legislature for information purposes.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1299, S.D. 2, and recommends that it pass Second Reading, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki and Okamura.

SCRep. 1176 Water and Land Use on S.B. No. 942

The purpose of this bill is to require the Department of Land and Natural Resources to manage and preserve wildlife sanctuaries for public hunting.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, Hawaii Citizens' Rights PAC, Hawaii Rifle Association, Hawaii Hunting Advisory Council and one individual, and comments on the bill from the Hawaii Hunting Association and Sierra Club Hawaii Chapter.

Your Committee finds that all of Hawaii's game mammals are non-native and, if left unchecked, pose a considerable threat to Hawaii's native plants and wildlife. In Hawaii, as in most other locations, wildlife officials have found that hunting has provided an excellent, cost-effective means of controlling wildlife populations, as well as providing recreation and subsistence for a large number of residents.

Your Committee revised the bill by:

1. Providing that the department may enter into agreements for managing private lands for game management;
2. Amending the definition of game management area to include habitat and populations in the purpose for areas designated;
3. Removing reference to the constraints of federal, state and county laws in the definition of game management;
4. Removing the definition of public hunting area;
5. Adding the task of preserving protecting and promoting public hunting to the duties of the department; and
6. Making technical, non-substantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 942, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 942, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Thielen.