

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. 1 on H.B. No. 2062

The purpose of this bill is to allow the University of Hawaii (UH) to manage its resources more flexibly. More specifically, this bill allows UH to carry over unexpended general funds for one additional fiscal year to be applied to any UH program.

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

- (1) Allowing UH to expend a sum equal to its end-of-the-fiscal-year faculty payroll from funds appropriated for the following fiscal year; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2062, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2062, H.D. 2, S.D. 1, C.D. 1.

Representatives Takai, Kanoho, Goodenow, Yamane and Leong.
Managers on the part of the House.
(Representatives Yamane and Leong were excused.)

Senators D. Ige, Sakamoto, Iwase and Slom.
Managers on the part of the Senate.
(Senator Iwase was excused.)

Conf. Com. Rep. 2 on H.B. No. 2514

The purpose of this bill is to clarify the law with respect to the interests of the Department of Human Services (Department) when it asserts its claims against a decedent's estate pursuant to sections 346-15 and 346-37, Hawaii Revised Statutes (HRS).

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

- (1) Adding section 346-15, HRS, to the requirement under which a person with tangible or intangible property belonging to a decedent turn that property over to a successor or to the Department where the Department has a claim against the estate pursuant to section 346-37, HRS; and
- (2) Making technical, nonsubstantive changes for clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2514, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2514, S.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Yamane and Meyer.
Managers on the part of the House.

Senators Chun Oakland, Chun, Iwase and Anderson.
Managers on the part of the Senate.
(Senator Iwase was excused).

Conf. Com. Rep. 3 on H.B. No. 1955

The purpose of this bill is to expand the membership of the Corrections Population Management Commission.

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

- (1) Removing the chiefs of police representative provision; and
- (2) Adding the private sector member provision.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1955, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1955, H.D. 2, S.D. 1, C.D. 1.

Representatives Garcia, Kanoho, Ahu Isa, Kaho'ohalahala and Moses.
Managers on the part of the House.

(Representatives Ahu Isa and Moses were excused.)

Senators Chumbley, Matsunaga, Tanaka and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 4 on H.B. No. 1947

The purpose of this bill is to prevent the practice of shark finning by:

- (1) Prohibiting any person from knowingly:
 - (a) Harvesting shark fins from the territorial waters of the State; or
 - (b) Landing shark fins in the State,

unless the fins were taken from a shark landed whole in the State; and

- (2) Establishing penalties, including the seizure and forfeiture of shark fins, commercial marine license, vessel, and fishing equipment, as well as administrative fines of not less than \$5,000 and not more than \$15,000.

Your Committee on Conference has clarified that the provisions of this bill shall also apply to the following types of vessels when fishing outside the territorial waters of the State:

- (1) Vessels with federal documentation that lists as a homeport a location within the State; and
- (2) Vessels that hold a fishing license or permit issued by the State as a prerequisite to participation in the fishery, or that have owners or captains who hold a fishing license or permit issued by the State as a prerequisite to participation in the fishery.

Other technical, nonsubstantive amendments have been made for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1947, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1947, H.D. 2, S.D. 2, C.D. 1.

Representatives Takumi, Hamakawa, Saiki, Schatz and Auwae.
Managers on the part of the House.

Senators Inouye, Hanabusa, Tanaka, Matsuura and Slom.
Managers on the part of the Senate.
(Senators Matsuura and Slom were excused.)

Conf. Com. Rep. 5 on H.B. No. 2530

The purpose of this bill as introduced was to rectify a drafting error that obligated the Department of Health to publish notice that certain information concerning air pollution control matters is available for public inspection "at least twice weekly" rather than one time.

In H.B. No. 2530 H.D. 1, S.D. 1, the Senate Committee on Ways and Means added a requirement that the Department of Health post the notice on its web site.

Your Committee finds that eliminating the twice weekly publication requirement reduces cost without impairing public access to information, and that posting notice on the web site enhances public awareness without adding cost.

Your Committee has amended this bill by deleting the added text from §342B-13(a)(1), and adding it instead to §342B-13(a)(2), with a reference to posting "notice" rather than "information." This change more accurately reflects the intent that the director of health be required to post notice, rather than all information available for public inspection, on the web site.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2530, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2530, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, Nakasone, Kanoho, Saiki and Auwae.
Managers on the part of the House.
(Representatives Kanoho and Auwae were excused.)

Senators Nakata, Ihara and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 6 on H.B. No. 2406

The purpose of this bill is to:

- (1) Allow employees of authorized federal agencies under a cooperative agreement to act on behalf of the Department of Agriculture (DOA), to a limited extent, and enforce statutes and administrative rules regarding the movement of restricted items into and within the State; and
- (2) Include plant and non-domestic animal quarantine under chapter 150A, Hawaii Revised Statutes (HRS), and seeds under chapter 150, HRS, in the duties of the DOA under section 141-1, HRS.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2406, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2406, H.D. 1, S.D. 1, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa, Chang and Halford.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Inouye, Buen and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 7 on H.B. No. 1902

The purpose of this bill is to allow the Commission on Water Resource Development, as a condition for the issuance of permits pursuant to the State Water Code, to require the use of dual line water supply systems in new industrial and commercial developments located in designated water management areas. Under a dual line water supply system, potable and nonpotable water are distributed through parallel but separate distribution lines.

After careful consideration, your Committee on Conference amended this bill by:

- (1) Adding the term "development" to mean one more commercial or industrial subdivisions approved after the effective date of this Act. The term shall not apply to any modification, addition to or replacement of, any commercial or industrial subdivision in existence prior to the effective date of this Act;
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1902, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1902, H.D. 1, S.D. 1, C.D. 1.

Representatives Cachola, Kanoho, Garcia, Schatz and Meyer.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Hanabusa, Tanaka, Matsuura and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 8 on H.B. No. 1773

The purpose of this measure is to reduce inefficiency and duplication in the process governing appeals from orders of the Public Utilities Commission (PUC). Specifically, this bill requires a motion for reconsideration or rehearing of an order or decision made by the PUC under Hawaii's Motor Carrier law, be decided by an order issued by the PUC within 45 days of the date on which the motion is filed.

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

- (1) Providing that the PUC may set aside the automatic stay in its discretion; and

- (2) Changing the effective date to take effect upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1773, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1773, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen.
Managers on the part of the House.
(Representatives Cachola and Garcia were excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 9 on H.B. No. 2521

The purpose of this bill is to:

- (1) Replace statutory requirements for documentation of immunizations, physicals, and tuberculosis examinations with administrative rules; and
- (2) Require the Department of Education (DOE) to be responsible for providing occupational and physical therapy services for exceptional children in the public schools.

Your Committee on Conference finds that the title of this bill is not sufficient to embrace the provisions which transfer responsibility for providing occupational and physical therapy to exceptional children from the Department of Health to DOE. Article III, section 14 of the State Constitution states that "each law shall embrace but one subject, which shall be expressed in its title". As noted, the title of this bill is "Relating to School Health Requirements".

Your Committee on Conference has amended this measure by:

- (1) Deleting the requirement that DOE be responsible for providing occupational and physical therapy services for exceptional children in the public schools;
- (2) Effectuating this measure upon its approval, instead of July 1, 2020; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2521, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2521, S.D. 1, C.D. 1.

Representatives Santiago, Ito, Kawakami, Yamane and Leong.
Managers on the part of the House.
(Representative Yamane was excused.)

Senators D. Ige, Chun Oakland, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 10 on H.B. No. 2469

The purpose of this measure, as received by your Committee on Conference, is to allow the Director of Commerce and Consumer Affairs to delegate subpoena authority to the deputy director.

Your Committee on Conference acknowledges that placing such authority solely with the deputy director may be limiting, and therefore allows the director to delegate the authority to a designee.

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

- (1) Deleting reference to the deputy director; and
- (2) Adding in the language, "or the director's designee" to give either the director or the director's designee the authority to subpoena witnesses.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2469, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2469, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.
(Representative Whalen was excused.)

Senators Kanno, Taniguchi, Matsunaga and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 11 on H.B. No. 2183

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Worldwide Energy Group, Inc. in the planning, design, construction, and operation of the Hawaii Sugar Ethanol Project.

Your Committee on Conference has amended this bill by:

- (1) Requiring that the Department of Budget and Finance report to the Legislature regarding any "status" made with respect to the issuance of the special revenue bonds as opposed to any "progress"; and
- (2) Making technical, nonsubstantive changes for purposes of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2183, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2183, H.D. 1, S.D. 1, C.D. 1.

Representatives Morita, Abinsay, Espero, Luke and Fox.
Managers on the part of the House.
(Representative Fox was excused.)

Senators Inouye, Chun and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 12 on H.B. No. 2701

The purpose of this bill is to establish a renewable energy demonstration project in the Department of Education for one public school in each district.

Your Committee on Conference recognizes that the State's public education system is a good place to introduce renewable energy systems because their benefits will likely extend beyond the particular site. Schools serve to educate students, their parents and family, and other community members. In addition, schools provide emergency shelters in the event of a disaster.

Your Committee on Conference finds that this bill is designed to demonstrate the feasibility and cost-effectiveness of renewable energy as an alternative energy resource. Your Committee on Conference has therefore amended this bill to broaden the scope of the demonstration projects to include other renewable energy systems.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2701, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2701, H.D. 3, S.D. 1, C.D. 1.

Representatives Morita, Ito, Menor, Schatz and Leong.
Managers on the part of the House.

Senators D. Ige, Nakata and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 13 on H.B. No. 1984

The purpose of this bill is to modify statutory provisions concerning campaign contributions.

Your Committee on Conference finds it appropriate to provide that contribution limits in section 11-204(a), Hawaii Revised Statutes (HRS), are unaffected by factors causing the term of office to be shorter than usual, to resolve uncertainty about limits for candidates seeking nomination and election to state senate offices after the reapportionment in 2001 results in some senators being elected to serve for two years, and others for four.

Your Committee on Conference further finds it necessary to clarify a phrase in section 11-204(a), HRS, to which language was added by two separate measures enacted in 1999. Specifically, between the words "person" and "or" in the phrase "No person or any other entity shall make contributions to:", Act 96 added the words "other than a candidate for the candidate's own campaign," and Act 187 added "political party, political committees established and maintained by a national political party." Your Committee on Conference finds that the definition of "contributions" in section 11-191, HRS, permits a candidate to contribute to the candidate's own campaign, and that the term "entity" encompasses national political parties and committees. Accordingly, your Committee on Conference returned the text to the language as it existed prior to 1999.

Your Committee on Conference has amended this bill by:

- (1) Deleting the words "other than a candidate for the candidate's own campaign, political party, political committees established and maintained by a national political party" from section 11-204(a), HRS;
- (2) Retaining, rather than reducing, existing contribution limits for candidates for elective office;
- (3) Reducing from eight to four years the time within which inactive candidates or committees must return residual private contributions to donors, if known, pursuant to section 11-214(a), HRS; and
- (4) Providing for this measure to take effect on approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1984, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1984, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Nakasone, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga Iwase, Ihara and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 14 on H.B. No. 2480

The purpose of this measure is to facilitate the formation of limited liability partnerships (LLPs) in Hawaii.

Current State law governing LLPs contains contradictions and anomalies that hinder interpretation and application of the law. This measure brings Hawaii's law into greater conformity with the Revised Uniform Partnership Act and with current business practices by eliminating the insurance and financial responsibility requirements and removing the prohibition against the formation of LLPs by attorneys. The elimination of these restrictions and modernization of the law will make Hawaii a more attractive LLP domicile.

Your Committee on Conference has made technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2480, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2480, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Rath.
Managers on the part of the House.
(Representative Rath was excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 15 on H.B. No. 2484

The purpose of this bill is to modernize the Hawaii Business Corporation Act by replacing chapter 415, Hawaii Revised Statutes, with the 1984 amendments to the Model Business Corporation Act (Model Act). The bill includes technical, nonsubstantive amendments to the newly adopted law for clarity and uniformity with Hawaii's laws, as well as to allow cross-referencing between Hawaii's law and the Model Act. Modernization of the law under this measure is intended to preserve existing rights and obligations and to benefit business, by making the incorporation process easier, and promoting uniformity with the laws of other states.

Your Committee has amended this measure by:

- (1) Providing that the Act take effect on July 1, 2001; and

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2484, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2484, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Taniguchi, Kanno, Hanabusa and Slom.
Managers on the part of the Senate.
(Senator Hanabusa was excused.)

Conf. Com. Rep. 16 on H.B. No. 2797

The purpose of this measure is to clarify the State's enforcement jurisdiction in certain health-related matters.

This measure replaces certain references to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) in the insurance code provision relating to conformity to federal law with reference to title 42 United States Code section 300(gg), et seq., which includes the provisions of the Newborns' and Mothers' Health Protection Act of 1996 and Women's Health and Cancer Rights Act of 1998, in addition to those of HIPAA.

This measure amends section 431:2-201.5, Hawaii Revised Statutes, to:

- (1) Indicate more clearly that group health insurers need to offer all its group plans to small groups;
- (2) Clarify that it was the legislature's intent to go beyond the HIPAA in the area of prohibiting preexisting condition exclusions; and
- (3) Include association plans into the term group health issuers.

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

- (1) Providing for a definition of "small group health plans" to specify that small group health plans means medical plans currently offered, advertised or marketed by a group health insurer for small employers;
- (2) Modifying section 431:2-201.5(a)(4), Hawaii Revised Statutes, to only apply to small group health plans and small employers;
- (3) Changing the effective date of the Act to July 2, 2000 so that the Act will not be superseded when 1999 Session Laws of Hawaii, Act 93, Section 5, takes effect on July 1, 2000;
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2797, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2797, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 17 on H.B. No. 284

The purpose of this bill is to establish a Hawaii State Student Council with responsibility for conducting an annual conference of secondary school students. The annual conference is given the task of proposing solutions for major problems facing Hawaii's students.

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

- (1) Providing that the Hawaii State Student Council may invite students from schools represented by the Hawaii Association of Independent Schools to participate in the annual conference of secondary school students; and
- (2) Making a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 284, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 284, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa, Takai and Moses.
Managers on the part of the House.
(Representative Ahu Isa was excused.)

Senators D. Ige, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 18 on H.B. No. 2092

The purpose of this bill is to establish the Running Start Program (Program) within the Department of Education (DOE). Running Start will allow qualified students to enroll in classes within the University of Hawaii (UH) system, earning both high school and college credits.

Upon further consideration, your Committee on Conference has amended this bill by specifying that any further qualifications for eligibility in the Program determined by the DOE or UH shall not supplant the standardized test, or prevent a student from taking the standardized test.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2092, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2092, S.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa, Takai and Moses.
Managers on the part of the House.

Senators D. Ige, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 19 on H.B. No. 2095

The purpose of this bill is to require the Board of Education to invite the senior military commander in Hawaii to appoint a non-voting military representative to the Board.

Specifically, this bill:

- (1) Requires the military representative to:
 - (A) Advise the Board regarding state policies and actions affecting military family members;
 - (B) Carry out these duties without compensation and as part of the representative's military duties; and
 - (C) Comport with applicable state and federal statutes, regulations, and policies; and
- (2) Allows the military representative to be removed by a majority vote of the members of the Board.

Your Committee has amended this bill by limiting the military representative's term to two years and allowing the representative to be removed by the Board only for cause.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2095, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2095, S.D. 1, C.D. 1.

Representatives Ito, Garcia, Takai and Leong.
Managers on the part of the House.

Senators D. Ige, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 20 on H.B. No. 2490

The purpose of this bill is to allow the Hawaii Teacher Standards Board (HTSB) to recommend that the Department of Education (DOE) grant extensions of teaching credentials on a case-by-case basis to individuals with extenuating circumstances that prevent them from becoming licensed.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Giving the HTSB the power to grant credential extensions rather than recommend credential extensions;
- (2) Narrowing the scope of the criteria to be used by the HTSB in granting credentials to include only those criteria specifically described in the bill; and
- (3) Deleting the requirement that the HTSB submit a report to the Legislature.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2490, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2490, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Morihara, Santiago, Takai and Leong.
Managers on the part of the House.
(Representatives Morihara and Santiago were excused.)

Senators D. Ige, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 21 on H.B. No. 2491

The purpose of this bill is to require that the price of school lunches for students be no greater than one third of the total cost to prepare the lunch.

Upon careful consideration, your Committee on Conference has amended this bill by changing the effective date to July 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2491, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2491, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa, Takai and Moses.
Managers on the part of the House.

Senators D. Ige, Sakamoto, Iwase and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 22 on H.B. No. 2574

The purpose of this bill is to:

- (1) Deposit moneys generated by the disposition of mineral and water rights into the Special Land and Development Fund (Fund); and
- (2) Authorize the use of the Fund for the protection, planning, management, and regulation of water resources.

After careful consideration, your Committee on Conference has amended this bill by changing the effective date to July 1, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2574, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2574, H.D. 1, S.D. 1, C.D. 1.

Representatives Cachola, Kanoho, Garcia, Schatz and Meyer.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Hanabusa, Fukunaga, Tanaka, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Tanaka was excused.)

Conf. Com. Rep. 23 on H.B. No. 2405

The purpose of this bill is to strengthen the Hawaii Pesticides Law by:

- (1) Allowing the Pesticide Use Revolving Fund (Fund) to be used for the development of integrated pest management strategies and personnel costs;
- (2) Defining "integrated pest management" and "nonchemical methods";
- (3) Requiring the Department of Agriculture to submit an annual report to the Legislature on all moneys deposited into, and disbursed from, the Fund;
- (4) Deleting from coloration requirements pesticides that are no longer registered for use;
- (5) Exempting pesticides that are deregulated by the U.S. Environmental Protection Agency from regulation in Hawaii;
- (6) Clarifying that penalties imposed by the Board of Agriculture with regard to the Hawaii Pesticides Law are administrative penalties; and
- (7) Providing a process to recover administrative penalties.

Your Committee on Conference has amended this bill by:

- (1) Amending the definition of "integrated pest management" to mean a sustainable approach to managing pests by combining biological, cultural, physical, and chemical tools in a way that minimizes economic, health, and environmental risks;
- (2) Deleting the definition of "nonchemical methods";
- (3) Removing the \$250,000 ceiling balance in the Fund;
- (4) Specifying that all unobligated, unencumbered, or unexpended funds remaining in the Fund in excess of \$250,000 at the close of each fiscal year are to lapse to the general fund;
- (5) Amending the definition of "pest" to conform with federal law and regulations.
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2405, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2405, H.D. 2, S.D. 1, C.D. 1.

Representatives Abinsay, Morita, Espero, Chang and Halford.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Nakata, Inouye, Levin, Chun and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 24 on H.B. No. 1763

The purpose of this bill is to:

- (1) Require a child who is 12 or under to wear a bicycle helmet when the child is operating a bicycle or riding a restraining seat attached to a bicycle;
- (2) Prohibit a person who provides bicycles for hire from renting a bicycle to any person failing to comply with the bicycle helmet requirement for children; and
- (3) Establish a \$25 fine for violation of the bicycle helmet requirement. The fines collected are to go to the state general fund.

Your Committee finds that the use of bicycle helmets improves child safety while bicycling.

Your Committee has amended this bill by:

- (1) Changing the age requirement to under 16 years of age;
- (2) Clarifying that the bicycle helmet must be tested by a nationally recognized agency and is designed to protect against head trauma;
- (3) Clarifying that the parent or legal guardian of a child violating the bicycle helmet requirement will be liable for paying the fine;
- (4) Changing the effective date to January 1, 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1763, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1763, H.D. 2, S.D. 2, C.D. 1.

Representatives Hiraki, Hamakawa, Goodenow, Saiki and Fox.
Managers on the part of the House.
(Representative Fox was excused.)

Senators Kawamoto, Matsunaga and Buen.
Managers on the part of the Senate.

Conf. Com. Rep. 25 on H.B. No. 1881

The purpose of this bill is to amend the laws relating to operating a vehicle while using an intoxicant.

More specifically, the purpose of the bill, which is divided into four parts, is to:

- (1) Reduce the maximum jail time that may be imposed for driving under the influence of drugs (Part 1);
- (2) Provide for revocation of motor vehicle registration for repeat intoxicated drivers under the administrative revocation of driver's license proceedings (Part 2);
- (3) Amend driving and boating impaired statutes to consolidate and conform offenses relating to operating a vehicle while using an intoxicant and to incorporate present drug and boating impaired offenses and refusal to be tested for these offenses into the administrative license revocation provisions (Part 3); and
- (4) Direct the Legislative Reference Bureau to propose and draft legislation prior to the regular session of 2001 as necessary to conform and consolidate the varying statutory provisions of parts 1, 2, and 3 of the bill (Part 4).

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

- (a) Redefining "under the influence", on page 60, to mean a person:
 - (1) Is under the influence of alcohol in an amount sufficient to impair the person's normal mental faculties or ability to care for the person and guard against casualty;
 - (2) Is under the influence of any drug that impairs the person's ability to operate the vehicle in a careful and prudent manner;
 - (3) Has .08 or more grams of alcohol per two hundred ten liters of the person's breath; or
 - (4) Has .08 or more grams of alcohol per one hundred milliliters or cubic centimeters of the person's blood;
- (b) Making necessary conforming amendments relating to "under the influence" at pages: 62 line 1, 72 line 11, 86 line 17, 87 lines 7 and 14, and 109 lines 9-21;
- (c) Reinserting the definition of "impair" at page 57, as it appeared in H.B. No. 1881, S.D. 1;
- (d) Changing the definition of "intoxicant" at page 57 and making conforming amendments at pages: 76 lines 9-10, 82 lines 1-2, 83 lines 9-10, and 93 lines 10-11;
- (e) Codifying existing appellate case law, (See State v. Wilson, 92 Haw. 45, 987 P.2d 268 (1999) and Gray v. Administrative Director of the Court, 84 Haw. 138, 931 P.2d 580 (1997)) concerning the minimum and maximum periods of administrative revocation possible under section 286-261(b)(1)-(3), HRS, at pages 38-39, and making amendments that mirror section 286-261(b) to section -41(b) of Part 3 of the bill at page 103; and

- (f) Making technical nonsubstantive changes at pages 110-115 to conform cross references and to correct an erroneous designation of subsections to reflect consecutive alphabetizing.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1881, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1881, H.D. 2, S.D. 2, C.D. 1.

Representatives Hiraki, Hamakawa, Goodenow, Saiki and Auwae.
Managers on the part of the House.
(Representative Saiki was excused.)

Senators Kawamoto, Matsunaga, Iwase and Slom.
Managers on the part of the Senate.
(Senator Iwase was excused.)

Conf. Com. Rep. 26 on H.B. No. 2572

The purpose of this bill is to address matters relating to the roles of the Kaneohe Bay Master Plan (Plan), the Kaneohe Bay Regional Council (Council), and the Department of Land and Natural Resources (DLNR) in the management of Kaneohe Bay.

This bill provides DLNR with flexibility in the management of Kaneohe Bay by:

- (1) Repealing the Council upon the adoption of rules by DLNR relating to ocean use activities within Kaneohe Bay based on recommendations in the Plan;
- (2) Requiring DLNR, in adopting rules, to consider but not be bound by the criteria and general management principles in certain sections of the Plan;
- (3) Limiting the permits issued by DLNR for the commercial operation of ocean use activities to only the number, permit type, and passenger capacity provided in the Plan; and specifying that in issuing these permits, DLNR must comply with these provisions of the Plan until it has adopted applicable rules; and
- (4) Deleting provisions that authorize the Council to amend the Plan.

Your Committee on Conference has amended this bill by:

- (1) Reinstating the requirement that in issuing its commercial permits, DLNR shall also be limited to the locations and vessel capacity provided in the Plan;
- (2) Requiring that with regard to the provisions of the Plan:
 - (a) Previously adopted by the Legislature, the rules shall be in accordance with those provisions; and
 - (b) Not previously adopted by the Legislature, the Plan shall be used as a recommended guideline in the development of rules;
- (3) Deleting the provisions to repeal the Council;
- (4) Authorizing DLNR to relocate a permitted use activity for safety or environmental reasons;
- (5) Giving DLNR the discretion to permit vessel substitution with a similar length vessel, provided that the increase is not greater than ten percent of the current vessel length; and
- (6) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2572, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2572, H.D. 1, S.D. 2, C.D. 1.

Representatives Takumi, Schatz, Catalani and Thielen.
Managers on the part of the House.

Senators Inouye, Hanabusa, Levin, Fukunaga and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 27 on H.B. No. 749

The purpose of this bill is to provide for the regulation of persons calling themselves dietitians and offering dietetic services to:

- (1) Safeguard the public health, safety, and welfare;
- (2) Protect those seeking dietetic services from incompetent and unscrupulous persons, and persons unauthorized to perform these services;
- (3) Assure the highest degree of professional conduct on the part of dietitians; and
- (4) Assure the availability of high quality dietetic services.

After much discussion, your Committee on Conference has amended this bill by:

- (1) Adding the new chapter to title 19, Hawaii Revised Statutes, instead of title 25;
- (2) Changing the agency responsible for regulation from the Department of Commerce and Consumer Affairs to the Department of Health (DOH);
- (3) Requiring the Director of Health (Director) to adopt rules as deemed necessary for the licensure of dietitians to protect public health and safety;
- (4) Allowing the Director to consider certain criteria as minimum evidence that an applicant is qualified to be licensed;
- (5) Replacing the requirement of successful completion of the nutritionist examination developed by the Certification Board for Nutrition Specialists with the registration examination for dietitians administered by the Commission on Dietetic Registration;
- (6) Establishing a Dietitian Licensure Special Fund (Special Fund) to be administered by DOH;
- (7) Requiring that all fees be deposited into the Special Fund and that the funds be expended for the costs associated with administering the licensure program, including costs of education; and
- (8) Making technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Conference would like to clarify that this measure is intended to protect the public by ensuring that those persons using the title "licensed dietitian" or "dietitian" have met the minimum standards provided for in this measure. Your Committee on Conference would also like to clarify that this is a title protection bill and not a practice protection bill. Therefore, other persons engaging in aspects of dietetic practice shall not be affected as long as they do not call themselves a licensed dietitian or dietitian.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 749, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 749, H.D. 3, S.D. 2, C.D. 1.

Representatives Santiago, Menor, Kawakami, Lee and Halford,
Managers on the part of the House.
(Representative Halford was excused.)

Senators Kanno, Taniguchi, Fukunaga, Levin and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 28 on H.B. No. 2160

The purpose of this bill is to establish a Traumatic Brain Injury Trust Fund (Trust Fund) to help defray the cost of providing care and rehabilitative services to residents of the State who have survived a traumatic brain or spinal cord injury.

In addition, this bill:

- (1) Establishes the Traumatic Brain Injury Trust Fund Commission (Commission) and a nine-member Board of Directors (Board) to:
 - (A) Adopt rules and employ staff to administer the Trust Fund, including funds received as grants, gifts, and donations; and

- (B) Recommend changes in state programs, statutes, policies, budgets, and standards relating to the care and rehabilitation of persons with brain or spinal cord injuries;
- (2) Specifies the membership, appointment, and compensation of the Board, which includes three individuals who have sustained a brain or spinal cord injury or members of their immediate families; and
- (3) Directs the existing Traumatic Brain Injury Advisory Board (Advisory Board) in the Department of Health to provide advice to the Commission.

Your Committee on Conference has amended this measure by:

- (1) Deleting the establishment of the Commission, its Board, and their duties;
- (2) Deleting the provision directing the existing Advisory Board to provide advice to the Commission;
- (3) Making the Advisory Board nonadvisory in nature and changing its name to the Traumatic Brain Injury Board (TBI Board);
- (4) Redirecting the scope of the Trust Fund to:
 - (A) Provide services relating to traumatic brain injuries, including programs to educate the public about prevention of traumatic brain injuries, and services needed to treat and rehabilitate people who are victims of traumatic brain injuries;
 - (B) Train and educate professionals involved with individuals with traumatic brain injuries; and
 - (C) Fund research, evaluation, and advocacy activities to identify cost-effective strategies to meet the needs of traumatic brain injury survivors and their families to reduce the outlay of federal and state dollars under Medicaid;
- (5) Giving the TBI Board the authority to spend, and the jurisdiction and control over, the Trust Fund and its moneys, with the approval of the Director of Health;
- (6) Allowing the TBI Board to:
 - (A) Maintain its financial records;
 - (B) Submit an annual accounting of the Trust Fund's activities; and
 - (C) Adopt rules;
- (7) Funding the Trust Fund through donations collected from the initial issuance of a driver's license and each subsequent renewal; and
- (8) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2160, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2160, H.D. 2, S.D. 2, C.D. 1.

Representatives Santiago, Yamane, Kahikina, Stegmaier and McDermott,
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Chumbley, Matsunaga, Chun Oakland and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 29 on H.B. No. 1983

The purpose of this bill is to update the Land Court statute for consistency with other statutory provisions and with procedures in the Bureau of Conveyances (Regular System).

Your Committee finds that this bill will enhance efficiency of transactions involving Land Court property.

Your Committee has amended this bill by making a technical revision. H.B. No. 1983 H.D. 1 proposed replacing certain text in section 501-196, Hawaii Revised Statutes with language permitting an affidavit to be submitted in lieu of a petition to note certain changes in an owner's status. The additional language was not included in H.B. No. 1983 H.D. 1,

S.D. 2, but brackets signifying deletion of text remained. Your Committee modified section 7 by removing the brackets that appear to have been retained inadvertently.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1983, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1983, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Kanno, Taniguchi, Tam, Matsunaga and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 30 on H.B. No. 1938

The purpose of this bill is to adopt the 1999 National Conference of Commissioners on Uniform State Laws (NCCUSL) revisions to Article 9 of the Uniform Commercial Code (Article 9), which governs secured transactions. As received by your Committee on Conference, this bill amends the NCCUSL version of Article 9 by excluding government from the scope of the article, as is the case under current law.

Your Committee on Conference finds that Article 9 is perhaps the most important of all of the articles in the Uniform Commercial Code, because it is relied upon every day in every commercial and consumer transaction that involves the granting of credit with a security interest in collateral. Article 9 was last amended by NCCUSL in 1972, and Hawaii enacted these amendments in 1978. The 1999 NCCUSL amendments make major revisions to Article 9 to bring the article into the 21st Century. Some of the most important changes made by this bill include:

- (1) Anticipating the transition from paper-based to electronic transactions by, among other things, providing for one central place in the State for filing financing statements, and making filing office operations more ministerial, thereby allowing financing statements to be considerably simplified;
- (2) Expanding the scope of Article 9 to encompass new kinds of property and transactions that have developed since Article 9 was last amended in 1972, and to include new statutory, non-possessory liens that have been created since the article was originally drafted;
- (3) Overcoming uncertainties about where to perfect a security interest under existing Article 9 through the new basic rule that the location of the debtor, rather than the collateral (which more easily shifts location), is the place where the security interest will need to be perfected;
- (4) Addressing and resolving ambiguities in the interpretation of Article 9 rules that have occurred over time; and
- (5) More clearly recognizing transactions in which the debtor is a consumer, and providing for greater consumer protections in these transactions.

Your Committee on Conference has amended this bill by:

- (1) Broadening the provision in section 490:9-109(b)(14), that excludes government from Article 9, to address county concerns that the existing exclusionary language is too narrow, as well as to preserve applicability of existing precedent and interpretation; and
- (2) Making a technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1938, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1938, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Saiki, Hamakawa, Lee and Whalen.
Managers on the part of the House.
(Representative Hamakawa was excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 31 on H.B. No. 2472

The purpose of this bill is to make "housekeeping" and other amendments to the Insurance Code (Code) to strengthen the insurance laws of this State. This bill:

- (1) Closes several gaps in the Code by:

- (A) Providing a definition for the term "stock insurer," which is used throughout the Code; and
 - (B) Adding to existing provisions governing cancellation of motor vehicle policies, the requirement that there be notice of cancellation and nonrenewal of a motor vehicle policy;
- (2) Disperses ambiguity in the Insurance Code by:
- (A) Specifying when an appointment is necessary to engage in the business of insurance;
 - (B) Providing that prima facie acceptable premium rates, that are acceptable without actuarial support, only apply when the required 60 percent ratio of losses to premiums earned, occurs during the most recent three years; and
 - (C) Amending the fraternal benefit society law to clearly reflect that the Insurance Commissioner's (Commissioner) assessment authority is applicable to fraternal benefit societies;
- (3) Provides for consistency with the recommendation of the National Association of Insurance Commissioners, and greater consumer protection, by increasing the financial responsibility requirement for alien insurers;
- (4) Strengthens penalty provisions of the Code by:
- (A) Increasing the maximum civil penalty under the Code for conducting business without a license, from \$1,000 to \$5,000, and by establishing a new penalty for knowing violations, consisting of a minimum \$3,000 and maximum \$10,000 penalty;
 - (B) Adjusting the maximum fines for failure to file holding company statements to levels consistent with other penalty provisions in the Insurance Code; and
 - (C) Closing a loophole in the criminal penalties for insurance fraud, that currently do not apply when the value of the benefits, recovery, or compensation involved is exactly \$300;
- and
- (5) Enhances the Commissioner's ability to administer the Code by:
- (A) Authorizing the Insurance Division to share information with federal agencies and specifying when certain records may be discarded;
 - (B) Clearly stating that in retaining professional, technical, and support personnel, the Commissioner may do so by contract;
 - (C) Providing that a premium tax refund is to be paid out of the general fund, which receives premium taxes, not the Insurance Regulation Fund; and
 - (D) Specifying that unclaimed funds remaining after liquidation of the assets of an insolvent insurer are to be paid out of the general fund, which receives the unclaimed funds.

In addition, this bill, as received by your Committee on Conference, makes technical, nonsubstantive amendments to the Code.

Your Committee on Conference has amended this measure by:

- (1) Amending the newly established penalty for a knowing violation of Code licensing requirements, by reducing the minimum penalty from \$3,000 to \$1,000; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2472, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2472, H.D. 2, S.D. 2, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.

Senators Taniguchi, Kanno and Slom.

Managers on the part of the Senate.

Conf. Com. Rep. 32 on H.B. No. 2585

The purpose of this measure is to adopt the Uniform Electronic Transactions Act (UETA) that establishes a law to govern electronic records and electronic signatures on a transaction.

The UETA was drafted by the National Conference of Commissioners on Uniform State Laws and represents a comprehensive attempt to provide uniform state law for the area of electronic commerce. It has been adopted by three states and is being deliberated by 13 other. UETA is designed to assure uniform regulations of commercial transactions, which are conducted electronically throughout the United States.

At the same time, the United States Congress is currently considering two electronic commerce schemes, which threaten to broadly preempt state regulations governing commercial transactions conducted by electronic means, unless states adopt the provisions of UETA in a relatively uniform fashion. Therefore, in deliberations over UETA, each state is advised to consider uniformity with other states. Your Committee on Conference notes that the language proposed by this measure has been reviewed and approved by both the National Conference of Commissioners on Uniform State Laws, and the Department of Commerce and Consumer Affairs.

UETA's main purpose is to facilitate the transition of commercial transactions into the digital age by ensuring that legal recognition be granted to electronic signatures, documents and transactions. However, in drafting UETA, the National Conference of Commissioners on Uniform State Laws recognized that certain transactions and documents should be preferentially granted legal recognition in their paper and ink form. Therefore, the National Conference of Commissioners on Uniform State Laws has provided for certain exclusions from UETA's provisions and allowed the individual states to consider whether additional exclusions should be created.

Although the provisions of UETA apply only to transactions in which both parties have agreed to conduct them electronically, your Committee finds that in cases of consumer contracts where a greatly disparate level of bargaining power and expertise exists between the parties, application of the provisions of UETA may very well result in unintended outcomes, which weaken existing consumer protection laws.

In the transition into the digital age, your Committee is cognizant of the need to remain conscious of the fact that many of Hawaii's residents do not yet own personal computers or are not yet on-line. Therefore, your Committee finds that certain consumer notices which are required by other laws or rules, and carry significant legal implications, may not be anticipated by a consumer, and should continue to be sent and received in paper and ink, regardless of an agreement between the parties. These include notices of foreclosure, eviction, repossession, utility shut-off or cancellation of insurance benefits.

After careful consideration, your Committee on Conference has amended this measure by replacing the original section -3 of this measure with a new scope section -3 that has been approved by the National Conference of Commissioners on Uniform State Laws. The new section -3 has the approval of the Department of Commerce and Consumer Affairs, Insurance Division, and Office of Consumer Protection.

As amended, section -3, of this measure applies to electronic records and electronic signatures relating to a transaction, except:

- (1) wills, codicils, testamentary trusts;
- (2) certain provisions of the Uniform Commercial Code;
- (3) certain rights of action for property owners;
- (4) utility shut off for water, telephone, gas, or electricity; and
- (5) cancellation, termination, or lapse of an insurance contract.

Your Committee also finds that it is important to exclude notices of "material alteration" of contracts of insurance, insurance benefits and service contracts that are required by law. However, this exception does not create and is not intended to create any new substantive notice requirements for Hawaii Revised Statutes Chapter 431.

An alteration is material if it (1) changes the burden of a party (as by changing the date, time, place, amount, or rate of interest), (2) changes the liabilities or duties of any party (as by adding or removing the name of a maker, drawer, indorser, payee, or co-surety), or (3) changes the operation of the instrument or its effect in evidence (as by adding words of negotiability, changing the form of an indorsement, or changing the liability from joint to several).

Black's Law Dictionary 77 (7th ed. 1999). A material alteration is one which alters the form to that substantially different from its original composition. See Kimball v. Lincoln, 72 Haw. 117; 809 P.2d 1130 (1991); Francone v. McClay, 41 Haw. 72 (1955). When the law requires such notices, every effort should be made to ensure their receipt.

At the same time, the term "material" is employed as an adjective in hundreds of provisions of the Hawaii Revised Statutes, consistently with the definition supported by Black's Law Dictionary. There is nothing ambiguous about the use of the term when used as an adjective.

In the case of this measure, notices of material alteration are legally-binding and are infrequent and unanticipated by the consumer. When the law requires such notices, every effort should be made to ensure receipt of the notice. Currently, the Insurance Code contains few requirements. In the future, experience may show that similar requirements are warranted with the rise of innovations in the offering of insurance products. At that time new notice requirements may be enacted. Therefore, your Committee finds that some flexibility should be retained in the enactment of this provision.

Your Committee is aware that notices regarding life settlement and viatical settlement agreements are also excluded by this measure, even though no substantive laws requiring such notices are currently in place. However, your Committee finds that it is anticipated that such laws will be enacted in the near future.

For purposes of consistency, your Committee has also amended this measure by inserting section 2 to address overlapping notice and disclosure provisions that are present in this measure and S.B. No. 2819, in the event that both measures are enacted.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2585, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2585, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Rath.
Managers on the part of the House.
(Representatives Garcia and Rath were excused.)

Senators Kanno, Taniguchi, D. Ige and Slom,
Mangers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 33 on H.B. No. 1874

The purpose of this bill is to establish an interagency educational accountability working group that shall:

- (1) Review all relevant agency rules, policies, procedures, and practices and develop a list of those that are impeding educational restructuring and the efficient allocation of educational resources for the implementation of accountability measures;
- (2) Suspend the aforementioned list of rules, policies, procedures, and practices pending the approval of the Board of Education (BOE); and
- (3) Submit a status report to the Legislature and the BOE.

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

- (1) Requiring that the working group only identify to the BOE the agency rules, policies, procedures, and practices recommended for suspension;
- (2) Requiring the working group to review those statutes that may be impeding restructuring and reallocation efforts;
- (3) Requiring the working group to report to the Governor those statutes, rules, policies, procedures, and practices that need to be suspended;
- (4) Requiring the working group to submit a status report to the Legislature sixty, rather than twenty, days prior to the convening of each of the 2001 and 2002 legislative sessions; and
- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1874, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1874, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Takamine, Kawakami, Takai and Moses,
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators Ige, Nakata, Sakamoto, Iwase and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 34 on H.B. No. 1925

The purpose of this measure is to enhance the effectiveness of campaign spending laws through various housekeeping and substantive measures.

Your Committee finds it reasonable for candidates to be allowed ten rather than five days after filing nomination papers to file an organizational report, and for the web page address, if any, to be included in the report. Your Committee further finds it appropriate to allow campaign funds to be used for ordinary and necessary expenses incurred in connection with the candidate's duties as an elected holder of office, and for limited contributions to community service, educational, youth, recreational, charitable, scientific or literary organizations.

Your Committee has amended this measure by:

- (1) Deleting the amendment to HRS § 11-195(f) that would have required candidates for senate and house of representatives to file reports with the campaign spending commission electronically;
- (2) Eliminating the proposed additional requirement that an organizational report include a candidate's e-mail address;
- (3) Specifying that "ordinary and necessary expenses incurred in connection with the candidate's duties as a holder of an elected state or county office" in HRS § 11-200(b)(2) has the same meaning as in HRS § 11-206(c);
- (4) Providing that in any election cycle, total contributions of campaign funds to a community service, educational, youth, recreational, charitable, scientific, or literary organization may not exceed the limits imposed in HRS § 11-204(a) on contributions that one person or other entity may contribute to that candidate;
- (5) Providing, likewise, that excess campaign contributions that may be contributed to a community service, educational, youth, recreational, charitable, scientific, or literary organization pursuant to HRS § 11-206(c) may not exceed the limits imposed in HRS § 11-204(a);
- (6) Specifying that the charitable contributions may be made "from campaign funds and surplus funds" to ensure that donations in the aggregate to charitable organizations not exceed the sum of contributions from both sources, i.e. HRS § 11-200(b)(3) and § 11-206(c)(3);
- (7) Deleting, at the request of the Campaign Spending Commission, text in HRS § 11-206(c) concerning permission to donate excess campaign contributions to "any other organization which the commission, by rules adopted pursuant to chapter 91, deems appropriate";
- (8) Changing the effective date to November 8, 2000; and
- (9) Making technical, nonsubstantive revisions for the sake of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1925, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1925, S.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Auwae,
Managers on the part of the House.

Senators Chumbley, Matsunaga, Ihara and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 35 on H.B. No. 1912

The purpose of this measure is to define "damage to rental motor vehicle" or "damage to vehicle" to clarify what may be recovered in the event a rental vehicle is damaged. This measure also establishes a task force under the Office of Consumer Protection, with industry and consumer representation, to review current law, industry concerns, and to report to the 2001 legislature.

This bill clarifies what may be recovered in the event a rental vehicle is damaged, to remedy problems experienced by vehicle-rental companies in attempting to collect damages and losses. According to Catrala-Hawaii, the problem is that bad drivers escape paying portions of such damages and losses, which raises operations costs of rental companies, and is reflected in higher rental rates. Good drivers then end up subsidizing bad drivers by paying higher rental rates. This bill will clarify matters and help rental companies collect damages and losses from the drivers that cause them.

After careful consideration, and in keeping with your Committee's deliberations during conference, your Committee on Conference has amended this bill by:

- (1) Replacing sections 1 and 2 with a new section 1, that by making changes to section 437D-15, Hawaii Revised Statutes (HRS), seeks not only to clarify the scope of acceptable charges for damages and losses, but also to make over-charging for such damages and losses an unfair trade practice in violation of section 480-2, HRS; and
- (2) Changing the effective date to upon its approval.

The new section also makes technical, nonsubstantive changes to the existing provisions of section 437D-15.

This bill reflects a compromise between the Office of Consumer Protection and Catrala-Hawaii, which represents Hawaii's major vehicle rental and leasing companies.

Your Committee on Conference considered the request to also include administrative fees and costs in the statute. Your Committee on Conference finds this unnecessary. The parties to a rental contract may agree in writing as to the damages and losses a rental company may recover; a comprehensive statutory listing of all damages and losses that might be recovered would be too exhaustive and unnecessary. Your Committee finds that chapter 437D, HRS, does not prevent the recovery of damages or losses to a rental vehicle as agreed to by the parties to a rental contract, subject to applicable statutes and legal principles.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1912, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1912, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Halford,
Managers on the part of the House.
(Representative Halford was excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 36 on H.B. No. 2017

The purpose of this bill is to establish an "open border" for out-of-state collection agencies in the form of an exemption from certain State regulations, that include the requirements that collection agencies register, and maintain a bond and an active business office in the State. Under this measure, the Department of Commerce and Consumer Affairs may grant an exemption to an out-of-state collection agency that applies for the exemption and:

- (1) Is licensed or registered, and regulated by another state that provides a similar "open border" exemption;
- (2) Is in good standing with the laws of its state; and
- (3) Conducts activities in Hawaii limited to the collection of debts:
 - (A) On behalf of an out-of-state client; and
 - (B) Using interstate communication methods such as telephone, facsimile, or mail.

Once an out-of-state collection agency is granted an exemption, it remains subject to state laws prohibiting unfair, deceptive, unreasonable, abusive, and fraudulent activity.

Your Committee on Conference finds that this measure will benefit the bill collection industry by recognizing the growing number of creditors conducting business on a national scale, and the increasingly intrastate nature of the collection business. The bill does so by removing unnecessary regulatory requirements that duplicate consumer protections under other state laws and the federal Fair Debt Collection Practices Act, and that would otherwise impede legitimate bill collection activities by both out-of-state and in-state collection agencies.

Your Committee on Conference has amended this measure by:

- (1) Providing that an exempt out-of-state collection agency will also remain subject to the statutory section prohibiting collection of attorney's or collection fees from debtors, a section inadvertently omitted when the list of applicable statutory sections was added to this bill; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2017, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2017, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen,
Managers on the part of the House.
(Representatives Garcia and Whalen were excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 37 on H.B. No. 2476

The purpose of this measure is to make several amendments to the motor vehicle insurance law.

Specifically, the measure:

- (1) Establishes a process for selecting an independent medical examination (IME) physician that requires the parties' agreement to the selection, and lacking an agreement, mandates the Director of Labor and Industrial Relations to select a physician from a list maintained by the Department of Labor and Industrial Relations.
- (2) Establishes a cap of \$400 on IMEs conducted in motor vehicle insurance cases;
- (3) Requires that the IME provider in motor vehicle insurance cases be selected by mutual agreement of the parties, and failing an agreement, be appointed by the Insurance Commissioner from a list of providers maintained by the Insurance Division; and
- (4) Creates a uniform reference to the Workers' Compensation Supplemental Medical Fee Schedule.

Your Committee on Conference received conflicting data regarding the need for and amount of a maximum charge for IME's. Accordingly, your Committee has amended this measure by deleting references to any maximum charge to defer consideration of the issue to future legislative or administrative action when there is sufficient time to fully consider the matter.

Your Committee has amended this measure to establish a fair selection process that favors selection by agreement. Where the parties are unable to agree, a neutral forum (Department of Commerce and Consumer Affairs, arbitration, or circuit court) will make the selection. It is emphasized that the selection should not be a perfunctory matter, but that every effort should be made to select a neutral examiner with a balanced approach that favors neither insurer or claimant. Those examiners who have acquired reputations for favoring one side or the other should not be selected. Examiners who are primarily treating doctors who are familiar with community treatment protocols, injury patterns and cultural factors, that do not rely heavily on IME income that may affect bias, are to be favored.

The specialty provision in Section 2 of the bill insures that IME doctors possess adequate knowledge necessary to properly evaluate the treatment rendered by the treating doctor or medical provider.

It is not the intention of your Committee on Conference to require multiple independent medical examiners in this ordinary case, but rather that an independent medical examiner should be selected that is most appropriate under the circumstances of the treatment rendered.

Your Committee on Conference notes that the changes proposed to Section 431:10c-308.5 represent new law and are not a restatement of prior law.

Your Committee has also amended this measure by deleting application of this bill to workers' compensation insurance.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2476, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2476, H.D. 1, S.D. 2, C.D. 1.

Representatives Menor, Yoshinaga, Cachola, Garcia, Lee, Whalen, Souki and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Nakata, Kanno, Taniguchi, Ihara and Anderson.
Managers on the part of the Senate.
(Senators Ihara and Anderson were excused.)

Conf. Com. Rep. 38 on H.B. No. 2774

The purpose of this bill is to specifically provide in statute that it is an unlawful discriminatory act to deny a breast feeding woman the full and equal enjoyment of public accommodations.

Your Committee on Conference believes that because breast feeding is an activity deserving of special protection, yet is not precisely analogous to other protected classes under civil rights law, the usual remedies in the public accommodations law are not appropriate. A new part is being added to ensure prompt compliance with the law. Your Committee on Conference believes that most places of public accommodations will voluntarily comply with the law upon realizing that breast feeding is, in fact, protected by law. However, if a place of public accommodations nonetheless discriminates against a breast feeding woman, the woman will be able to quickly and easily seek a small civil penalty, an injunction against the illegal discrimination, and costs of court and attorney fees, if applicable. Because this new part allows the action to be brought in the small claims division of the district court, your Committee on Conference believes that disputes about breast feeding can be inexpensively and expeditiously resolved.

Your Committee on Conference recognizes that the activity of breast feeding is uniquely able to be protected against illegal discrimination without resort to the enforcement powers of the Civil Rights Commission, as provided under chapter 368, Hawaii Revised Statutes, and elsewhere. It is the intent of your Committee on Conference that the limited remedies provided for discrimination based on breast feeding should not in any way be interpreted as an erosion of existing civil rights remedies.

Upon further consideration, your Committee on Conference has amended this bill by deleting its contents and substituting provisions that:

- (1) Create a new part in chapter 489, Hawaii Revised Statutes, making it a discriminatory practice to deny a breast feeding woman the full and equal enjoyment of public accommodations;
- (2) Providing for a private right of action based on discriminatory practices under the new part, with potential remedies of \$100, injunctive relief, and court costs and attorney fees;
- (3) Specifying that the new part shall not be enforced by the Civil Rights Commission, and specifying that enforcement and penalty provisions of existing civil rights law do not apply to the new part; and
- (4) Reinserting the upon approval effective date from the House position.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2774, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2774, S.D. 1, C.D. 1.

Representatives Yoshinaga, Hamakawa, Catalani, Saiki and Auwae.
Managers on the part of the House.
(Representative Auwae was excused.)

Senators Chun Oakley, Chumbley and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 39 on H.B. No. 2418

The purpose of this bill is to improve service to the public by reforming the laws regarding State certificates of identification (certificates).

Your Committee on Conference finds that no undue burden will be placed upon the Department of the Attorney General by providing for renewal by mail of certificates for persons over sixty-five years old and for persons with physical or mental disabilities, in certain situations. Further, your Committee on Conference finds that a simple transition plan for the expiration and renewal of certificates expiring on dates other than birthdays of certificate holders, is necessary to prevent inconvenience to, and frustration of, the public.

Your Committee on Conference has amended this measure by adding a provision addressing the expiration of certificates expiring on dates other than the birthdays of certificate holders and by lowering the fee to \$10 for persons who are sixty-five years old or older.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2418, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2418, S.D. 1, C.D. 1.

Representatives Saiki, Nakasone, Hamakawa, Yamane and Auwae.
Managers on the part of the House.
(Representative Yamane was excused.)

Senators Chumbley, Matsunaga, Levin and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 40 on H.B. No. 2653

The purpose of this bill is to authorize the waiver of filing fees when victims of crime seek civil enforcement of court-ordered restitution.

After careful consideration, your Committee on Conference has amended this bill by deleting the proposed language revising section 706-647(3), Hawaii Revised Statutes (HRS), while adding substantively similar language to section 706-647(1), HRS. The amendment is made for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2653, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2653, H.D. 2, S.D. 1, C.D. 1.

Representatives Hamakawa, Nakasone, Saiki, Yamane and Auwae.
Managers on the part of the House.
(Representative Yamane was excused.)

Senators Chumbley, Matsunaga, Levin and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 41 on H.B. No. 2429

The purpose of this bill is to make amendments to the Rent Supplement Program (Program). This measure:

- (1) Conforms the definition of "qualified resident" in section 201G-128, Hawaii Revised Statutes (HRS), with a similar definition currently in section 201G-112, HRS, to include persons living with other household members;
- (2) Includes "very low" income households or persons earning fifty percent or less of the median family income, as Program participants;
- (3) Enables eligible single persons, who are not elderly or disabled, to participate in the Program;
- (4) Lowers the income limits for participation in the Program from the requirements of the National Housing Act to a "very low" income limit;
- (5) Phases in an increase in the tenant's rent contribution from twenty percent to thirty percent of the tenant's annual income; and
- (6) Limits certification information released by the Housing and Community Development Corporation of Hawaii (HCDCH) to income of single persons and families applying for admission to the program; and
- (7) Deletes provisions relating to priorities given to eligible occupants.

Upon further consideration your Committee has amended this measure by deleting the provisions phasing in the increase of the tenant's rent contribution and replacing it with provisions authorizing the Housing and Community Development Corporation of Hawaii (HCDCH) to raise the tenant rent contribution to a maximum of thirty percent of the tenant's annual income; provided that HCDCH conducts a public hearing prior to any increase.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2429, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2429, H.D. 2, S.D. 2, C.D. 1.

Representatives Arakaki, Kahikina, Stegmaier, Yamane and McDermott.
Managers on the part of the House.
(Representatives Stegmaier and McDermott were excused.)

Senators Tam, Chun, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 42 on H.B. No. 2410

The purpose of this bill is to appropriate funds to satisfy claims for legislative relief for judgments, settlements, and other miscellaneous claims against the State.

At the request of the Department of the Attorney General, your Committee on Conference has amended this bill by:

- (1) Adding ten additional claims totaling \$1,983,974.70; and
- (2) Changing the "Subtotal", "Total" and "Grand Total" amounts, where appropriate, to reflect the inclusion of the additional claims.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2410, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2410, H.D. 1, S.D. 2, C.D. 1.

Representatives Saiki, Nakasone, Kanoho, Hamakawa and Auwae.
Managers on the part of the House.
(Representative Kanoho was excused.)

Senators Chumbley, Matsunaga, Levin, Fukunaga and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 43 on H.B. No. 540

The purpose of this bill is to:

- (1) Provide state-funded medical assistance to:
 - (A) Permanent legal immigrant residents who arrived in the United States after August 22, 1996;
 - (B) Persons who are permanently residing in the United States under color of law; and
 - (C) Persons from countries of the Compact of Free Association,

who are otherwise eligible for benefits under the State's Medicaid program, but are ineligible due to restricted eligibility rules imposed by Title XXI of the Social Security Act or the Personal Responsibility and Work Responsibility Act of 1996;
- (2) Transfer an unspecified percent of tobacco settlement moneys from the Department of Health (DOH) to the Department of Human Services (DHS) for the State's Children's Health Insurance Program (S-CHIP);
- (3) Appropriate out of the general fund an unspecified amount to provide state-funded medical assistance to legal immigrants; and
- (4) Appropriate out of the Hawaii Tobacco Settlement Special Fund an unspecified amount to fund S-CHIP, up to **three** hundred percent of the federal poverty level for Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Deleting the transfer of an unspecified percent of tobacco settlement moneys from DOH to DHS for S-CHIP;
- (2) Deleting the appropriation sections to:
 - (A) Provide state-funded medical assistance to legal immigrants; and
 - (B) Fund S-CHIP up to three hundred percent of the federal poverty level for Hawaii;

- (3) Amending the scope of providing medical assistance from all legal immigrants to providing medical assistance, of up to two hundred percent of the federal poverty level for Hawaii, to persons less than nineteen years old who are:
- (A) Legal permanent residents who arrived after August 22, 1996;
 - (B) Persons who are permanently residing under color of law; and
 - (C) Nonimmigrants from the Trust Territories of the Pacific Islands who are citizens of:
 - (i) The Marshall Islands;
 - (ii) The Federal States of Micronesia; or
 - (iii) Palau,
- who are otherwise eligible for benefits under the Medicaid program, but who are ineligible due to restricted eligibility rules imposed by Title XXI of the Social Security Act, the Personal Responsibility and Work Reconciliation Act of 1996, the Compact of Free Association Act of 1985, the Compact of Free Association between the United States and the Government of Palau, or any other provision of federal law denying medical assistance to nonimmigrants who are citizens of the Marshall Islands, the Federated States of Micronesia, or Palau;
- (4) Changing the effective date to July 1, 2000; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 540, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 540, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Stegmaier, Yamane and McDermott.
Managers on the part of the House.
(Representatives Yamane and McDermott were excused.)

Senators Chun Oakland, Fukunaga and Levin.
Managers on the part of the Senate.

Conf. Com. Rep. 44 on H.B. No. 2273

The purpose of this bill is to make an appropriation to the Hawaii Children's Trust Fund (Trust Fund) from the Hawaii Tobacco Settlement Special Fund.

Your Committee on Conference recognizes that it is more cost effective for the State to allocate funds toward child abuse prevention rather than child abuse treatment.

Your Committee on Conference has amended this bill by replacing the \$2 appropriation with \$250,000, provided that the Department of Health submit a detailed financial report of the Trust Fund no later than twenty days prior to the convening of the Regular Session of 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2273, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2273, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Stegmaier, Yamane and McDermott,
Managers on the part of the House.
(Representatives Stegmaier and McDermott were excused.)

Senators Chun Oakland, Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 45 on H.B. No. 2648

The purpose of this bill is to require the court to order the defendant to pay a probation services fee upon sentencing the defendant to probation.

Your Committee on Conference amended this bill by inserting \$300,000 as the appropriation amount.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2648, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2648, H.D. 2, S.D. 2, C.D. 1.

Representatives Hamakawa, nakasone, kanohe, Saiki and Auwae,
Managers on the part of the House.
(Representative kanohe was excused.)

Senators Chumbley, Matsunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 46 on H.B. No. 2354

The purpose of this bill is to appropriate funds for the Fiftieth Anniversary Commemoration of the Korean War Commission.

Your Committee has amended this measure by changing the appropriation amount from a blank amount to \$70,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2354, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2354, H.D. 2, S.D. 2, C.D. 1.

Representatives Garcia, Kahikina, Luke and Moses.
Managers on the part of the House.
(Representatives)

Senators Kawamoto, Bunda and Slom.
Managers on the part of the Senate.
(Senator Bunda was excused.)

Conf. Com. Rep. 47 on H.B. No. 2506

The purpose of this bill is to require:

- (1) The Department of Human Services (DHS) to develop standards to assure the reputable and responsible character of prospective adoptive parents (PAPs) including a criminal history record check;
- (2) The DHS to obtain criminal history record information from the Hawaii Criminal Justice Data Center (Center) on all PAPs, and:
 - (A) Restricts the use of the information to its stated purpose; and
 - (B) Makes the information subject to applicable federal laws and regulation;
- (3) PAPs to:
 - (A) Submit sworn statements indicating whether the PAPs were ever convicted of a crime other than a minor traffic violation involving a fine of \$50 or less;
 - (B) Provide consent to the DHS to:
 - (i) Conduct a criminal history record check; and
 - (ii) Obtain other criminal history information for verification;
 and
 - (C) Submit to fingerprinting for purposes of complying with the criminal history record check;
- (4) Authorize the DHS to deny a PAPs' application based on:
 - (A) A conviction of a crime other than a minor traffic violation involving a fine of \$50 or less; and
 - (B) If the DHS finds that the criminal history record of either of the PAPs poses a risk to the health, safety, or well-being of the child or children to be adopted;

- (5) Allow the DHS to authorize or contract for PAPs' home studies for children under the DHS custody by experienced social workers with specialized adoption experience; and
- (6) Define PAPs as a person or persons who are married to each other, applying with the DHS to adopt a child or children.

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

- (1) Clarifying that a criminal history check means an examination or search for evidence of an individual's criminal history by means of:
 - (A) A fingerprint search by the FBI and follow-up analysis; and
 - (B) A criminal history check by the Center;
- (2) Authorizing the Center to charge a reasonable fee for a criminal history record check performed by the Federal Bureau of Investigation (FBI);
- (3) Changing the offense of a crime other than a minor traffic violation involving a fine of \$50 or less to an offense for which incarceration is a sentencing option;
- (4) Clarifying that fingerprinting is required for a criminal history record check by the FBI;
- (5) Adding an investigation-notification-rebuttal procedure before an adoption application can be denied; and
- (6) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

It is the intent of your Committee on Conference that the definition of "prospective adoptive parents" not be construed in a manner that will prohibit same-sex couples or reciprocal beneficiaries from adopting a child or children.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2506, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2506, H.D. 1, S.D. 2, C.D. 1.

Representatives Arakaki, Saiki, Kahikina, Hamakawa and Auwae.
Managers on the part of the House.
(Representative Auwae was excused.)

Senators Chun oakland, Chumbley and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 48 on H.B. No. 2098

The purpose of this bill is to:

- (1) Require the Department of Health to conduct criminal history record checks for employees, applicants, providers, and subcontractors in positions which necessitate direct contact with clients when providing non-witnessed direct medical, mental health, or substance abuse services;
- (2) Request the Legislative Reference Bureau to conduct a comprehensive study on criminal history checks; and
- (3) Require the Board of Education to create and implement rules on conducting a sex offender registration check on individuals who volunteer with the schools.

Your Committee on Conference has amended this bill by:

- (1) Requiring the Department of Health to develop procedures for obtaining verifiable criminal history information of only those persons seeking employment, or seeking to serve as providers or subcontractors in positions that place them in direct contact with clients;
- (2) Deleting references to medical and substance abuse treatment services;
- (3) Allowing the Hawaii Criminal Justice Data Center to assess providers, subcontractors, and private schools a reasonable fee for criminal history record checks;
- (4) Deleting references to employer or prospective employer and substituting the Department of Health;

- (5) Deleting the provisions requesting the Legislative Reference Bureau to conduct a study on criminal history checks;
- (6) Deleting the provisions requiring the Board of Education to create and implement rules on conducting a sex offender registration check on individuals who volunteer with the schools;
- (7) Requiring private schools to develop procedures for background checks;
- (8) Setting a repeal date of June 30, 2001 for Section 1 of this bill; and
- (9) Technical, nonsubstantive amendments have been made for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2098, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2098, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Saiki, Hamakawa, Takai, Pendleton and Luke.
Managers on the part of the House.

Senators Ige, Chumbley, Sakamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 49 on H.B. No. 2492

The purpose of this bill is to:

- (1) Authorize the Department of Education (DOE) to carryover five per cent of any appropriation for the school support services program (EDN 150) until the first year of the next fiscal biennium, as long as the funds have been allocated or distributed to the schools;
- (2) Add EDN 150 to the programs that can be funded with carryover funds;
- (3) Require the DOE to submit a report to the Director of Finance (Director) regarding carryover funds 90 days after the close of each fiscal year in a form prescribed by the Director; and
- (4) Delete the definition of "EDN 100."

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the condition that the carryover funds must have been allocated or distributed to the schools; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2492, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2492, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Kawakami, Santiago, Takai and Leong.
Managers on the part of the House.
(Representative Santiago was excused.)

Senators Ige, Sakamoto, Iwase and Slom.
Managers on the part of the Senate.
(Senator Iwase was excused.)

Conf. Com. Rep. 50 on H.B. No. 37

The purpose of this bill is to encourage film production in Hawaii through the establishment of a special fund and through tax incentives.

Your Committee on Conference finds that film and television productions in Hawaii provide an invaluable source of advertisement and promotion for our State. Over the last four years, Hawaii's film and television industry has experienced double-digit growth with annual production expenses of \$100,000,000 per year and contributions of \$15,000,000 per year in State tax revenues. Within the next five to ten years, there is the potential for Hawaii's film and television industry to grow to a \$300,000,000 per year industry, generating \$45,000,000 in tax revenues.

To ensure that the State gains film and television exposure, it is essential to provide film and television producers with incentives and assistance to encourage them to produce their projects in Hawaii.

Your Committee on Conference finds that Hawaii's local film and television industry performs a vital role in the State by furthering cultural and artistic expression as well as providing a strong foundation for the financial future of Hawaii.

Your Committee on Conference finds that the most effective way to support Hawaii's film and television industry is to provide incentives to both in-state and out-of-state film and television productions by establishing grant and venture capital programs.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the tax incentives;
- (2) Renaming the special fund to "Hawaii Television and Film Development Special Fund" (Fund);
- (3) Establishing the Hawaii Television and Film Development Board (Board) which shall administer the Fund;
- (4) Requesting the Board to assess and consider the overall viability and development of the television and film industries and make recommendations to appropriate state or county agencies;
- (5) Adding new definitions;
- (6) Clarifying that the Fund shall be used to provide grants and fund venture capital investments;
- (7) Clarifying the types of productions that are eligible for assistance through the Fund;
- (8) Establishing the board's right to inspect in connection with the processing of a grant;
- (9) Changing the effective date from July 1, 1999, to upon approval; and
- (10) Making technical, nonsubstantive changes for clarity and consistency.

In addition, your Committee on Conference strongly encourages the Board to seek additional support through opportunities such as the Department of Business, Economic Development, and Tourism's loan and loan guarantee programs.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 37, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 37, H.D. 1, S.D. 2, C.D. 1.

Representatives Takai, Luke, Suzuki and Leong.
Managers on the part of the House.

Senators Inouye, Fukunaga, Buen, Taniguchi and Anderson.
Managers on the part of the Senate.
(Senators Buen and Taniguchi were excused.)

Conf. Com. Rep. 51 on S.B. No. 2513

The purpose of this measure is to authorize the use of a portion of conveyance tax proceeds to fund watershed management projects.

Your Committee finds that with over half of Hawaii's remaining natural lands in private ownership, the Legislature in 1991, established the natural area partnership program and the forest stewardship program to provide incentives for private landowners to provide long-term protection of important natural resources on private lands. These incentives were in the form of state matching funds to landowners willing to dedicate their lands to conservation.

The Legislature also provided for a permanent, dedicated source of funding for the programs by earmarking twenty-five per cent of the conveyance tax revenues for these programs. The Legislature's intent was to enhance private participation in the protection and management of conservation lands.

Since the inception of the natural area partnership and forest stewardship programs, significant efforts have given rise to another innovative public-private undertaking involving the collaboration of major landowners and stakeholders to protect thousands of acres of critical watershed areas. This effort began with the formation of the East Maui Watershed Partnership in 1991, followed by West Maui Watershed Partnership in 1998, and Koolau Watershed Partnership and East Molokai Watershed Partnership in 1999. Collectively, these partnerships involve some 260,000 acres of land and include an array of major landowners and government agencies including the United States Fish & Wildlife Services, National

Park Services, the Department of Land and Natural Resources, the Department of Hawaiian Home Lands, county boards of water supply, and numerous other agencies.

Your Committee believes that, just as the natural area reserves system needed funds to accomplish its goals, so too does the protection of critical watershed areas.

Upon further consideration, your Committee has amended the measure by amending both versions of section 247-7, Hawaii Revised Statutes, one that will expire on June 30, 2001, and the other that will take effect on July 1, 2001. Your Committee has also amended the effective date of the measure to reflect the insertion of the prospective change in statutory language and made technical amendments for purposes of clarity and style.

Your Committee finds that the measure, as received by your Committee, amended the version of section 247-7, Hawaii Revised Statutes, that is to be repealed on June 30, 2001, and amended section 2 of Act 170, Session Laws of Hawaii 1998, which contains a version of section 247-7, Hawaii Revised Statutes, that will take effect on July 1, 2001. Regardless of this amendment, the intent of the House Draft 1 was substantially similar to the Senate Draft 1. However, the methodology used in drafting the House Draft 1 (amending section 2 of Act 170, Session Laws of Hawaii 1998 and the effective date language contained in section 5 of the House Draft 1) made interpretation of the measure's intent unclear.

Your Committee believes that the amended measure is more readily understood and accomplishes the same purpose.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2513, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2513, S.D. 1, H.D. 1, C.D. 1.

Representatives Cachola, Kanoho, Garcia and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Hanabusa, Nakata, Matsuura, Tanaka and Anderson.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 52 on S.B. No. 2411

The purpose of this measure is to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$10,000,000, to assist Kauai Coffee Company, Incorporated in planning and building a processing plant for freeze dried coffee, at a site to be determined.

Your Committee has amended this measure to add language clarifying that the Department of Budget and Finance shall:

- (1) Evaluate Kauai Coffee Company Inc.'s application for financing of the processing plant using the information submitted on Form P-501, entitled "Formal Application for Financing of an Processing Enterprise", dated June 1, 1999; and
- (2) Report its findings and recommendation to the legislature not less than twenty days before the convening of the Regular Session of 2001.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2411, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2411, S.D. 1, H.D. 1, C.D. 1.

Representatives Abinsay, Kanoho, Espero and Halford.
Managers on the part of the House.
(Representative Halford was excused.)

Senators Inouye, Chun and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 53 on S.B. No. 2530

The purpose of this measure is to authorize issuance of special purpose revenue bonds in a total amount not to exceed \$10,000,000, to assist Hawaii Gold Cacao Tree, Inc., in financing the establishment of facilities in the County of Hawaii to process cacao beans and to manufacture and produce cacao and chocolate products.

Your Committee has amended this measure to reinsert the language that was deleted by the House version requiring the Department of Budget and Finance to process applications for special purpose revenue bonds under this Act in

accordance with the requirements of its "Formal Application for Financing of an Industrial Enterprise" as it existed on October 22, 1987, and to report to the legislature twenty days before the convening of the regular sessions of 2001 and 2002 regarding any progress made with respect to the issuance of the special purpose revenue bonds authorized by this Act.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2530, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2530, S.D. 1, H.D. 1, C.D. 1.

Representatives Abinsay, Espero, Chang, Kaho'ohalahala and Halford.
Managers on the part of the House.
(Representative Kaho'ohalahala was excused.)

Senators Inouye, Chun and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 54 on S.B. No. 185

The purpose of this measure is to require the Department of Education (DOE) to be responsible for the related services of occupational therapy and physical therapy for evaluation and diagnostic purposes.

In addition, the measure:

- (1) Requires the DOE to provide for exceptional children who need such services and who attend public schools;
- (2) Requires the Department of Health (DOH) to work with the DOE to implement the measure in accordance with the rules of both the DOH and DOE;
- (3) Transfers all rights, powers, functions, and duties of the occupational and physical therapy programs of the school of health from the DOH to the DOE; and
- (4) Requires all officers and employees of these program to be transferred with their functions and regular duties.

Your Committee amended the measure to require retention of all current DOH rights, benefits, and privileges of all transferred officers and employees.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 185, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 185, S.D. 2, H.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa and Leong.
Managers on the part of the House.

Senators Ige, Chun Oakland, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 55 on S.B. No. 2837

The purpose of the measure is to implement a comprehensive system of educational accountability to:

- (1) Expand the Department of Education's accountability system to specifically include student accountability; professional accountability for schools, teachers, principals, and other employees; and public accounting for other significant partners to the education process;
- (2) Require the establishment of a full and balanced set of appropriate consequences for observed performance, including rewards and recognition for those schools that meet or exceed their goals, assistance to those that fall short, and sanctions for those that continue to fail to meet their goals;
- (3) Require the establishment of a statewide student assessment program that provides annual data on student, school, and system performance at selected benchmark grade levels in terms of student performance relative to statewide content and performance standards;
- (4) Mandate the development of an accountability system that requires teachers and administrators to engage in continuous professional growth and development to ensure their currency with respect to disciplinary content, leadership skill, knowledge, or pedagogical skill, as appropriate to their position;

- (5) Mandate the establishment of an explicit link between professional evaluation results and individual accountability for professional development by requiring these evaluation results to be used to prescribe appropriate consequences;
- (6) Require the Department of Education to submit summaries of each school's standards implementation design to the Legislature and the Governor prior to each Regular Session;
- (7) Provide that the implementation of the accountability system is not subject to negotiation under chapter 89, Hawaii Revised Statutes (HRS); and
- (8) Establish within the DOE an interagency educational accountability working group.

Upon further consideration, your Committee amended the measure to:

- (1) Specify that the accountability system shall include public accounting for other significant partners to the education process, including parents, community members, business, higher education, media, and political leadership;
- (2) Require the development of a collaborative process with stakeholders, including representatives of appropriate bargaining units, parents, administration, and students, to define the roles, responsibilities, and obligations of each;
- (3) Require the system to involve not only statewide student assessment as selected benchmark grade levels but also annual assessment for each grade for core subject matters, as conducted by each school;
- (4) Require that results of the professional evaluation be used by the DOE to prescribe professional development focus and content, as appropriate;
- (5) Remove language regarding appropriate consequences;
- (6) Amend section 302A-1004(d), HRS, to:
 - (A) State that the superintendent is responsible for the development and accountability of the educational accountability system;
 - (B) Require the accountability system to include consequences and be designed through a collaborative process;
 - (C) Specify parties required to be involved in the design of the system; and
 - (D) Limit negotiations under chapter 89, HRS, to the impact on personnel arising from the superintendent's implementation of the system; and
- (7) Remove section 3 of the measure, regarding the interagency accountability working group.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2837, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2837, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Yoshinaga, Takamine and Leong.
Managers on the part of the House.

Senators Ige, Nakata, Iwase, Kawamoto, Sakamoto and Slom.
Managers on the part of the Senate.
(Senators Kawamoto and Slom were excused.)

Conf. Com. Rep. 56 on S.B. No. 2480

The purpose of this bill is to give the Family Courts discretion to permit service by mail in lieu of publication where a plaintiff files an affidavit attesting to impoverishment and that the whereabouts of the defendant are unknown.

Your Committee on Conference finds that the provisions of this bill will assist those with low incomes in changing their marital status. Until January 1, 2000, the Hawaii Family Court Rules, independent of statutory authority, allowed indigent people seeking to divorce their missing spouses an alternative to notice by publication. The rules allowed the plaintiff to send a copy of the complaint and summons to the spouse at the spouse's last known address by registered or certified mail in lieu of service by publication. The repeal of this Family Court Rule has adversely affected indigent individuals who may wish to get a divorce, but are prevented from obtaining such, because they cannot afford the publication costs.

After careful consideration, your Committee on Conference has amended this measure by requiring the posting of the pleadings and process at the courthouse in which the papers were filed, in addition to service by mail in lieu of publication, in order to address any due process challenges. As an additional safeguard, your Committee on Conference has amended this measure by requiring that service of an additional copy of the pleadings be made on the defendant's closest known relative, if any can be found.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2480, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2480, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Chun Oakland and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 57 on S.B. No. 3073

The purpose of the measure is to add the habitual driving offense to the implied consent law, and to define "preliminary alcohol screening device" and clarify its limitations.

Your Committee upon further consideration has amended the measure by replacing the term "screen" with "screening" to be consistent with its use in the definition of "preliminary alcohol screening device".

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3073, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3073, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, Hamakawa, Goodenow, Saiki and Auwae.
Managers on the part of the House.

Senators Kawamoto, Matsunaga, Buen and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 58 on S.B. No. 3038

The purpose of this bill is to expand the Department of Education's zero tolerance policy regarding possession of intoxicating liquor, illicit drugs, dangerous weapons, and switchblades, to include the sale, consumption, or use of intoxicating liquor or illicit drugs and the sale and use of a dangerous weapon.

Your Committee on Conference finds that in light of the court's ruling in James P. and Lucille P. versus Paul LeMahieu and Robert Ginlack (Civil No. 99-0861 DAE LEK), it is appropriate to expand the zero tolerance policy to include those situations in which a student may have consumed intoxicating liquor or illicit drugs during school or prior to a department-supervised activity held on or off school property. Discipline has become an increasingly difficult problem for teachers and students in Hawaii's schools. This measure will assist educators in their efforts to teach our youth in a safe and nurturing environment.

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

- (1) Clarifying that any student who reasonably appears to have consumed or used intoxicating liquor or illicit drugs prior to attending school or attending department-supervised activities held on or off school property may be excluded from attending school;
- (2) Deleting specific references to the provisions of Hawaii administrative rules, title 8, chapter 19 as it is unnecessary and undesirable due to the possibility of changes in section, chapter, or title numbers;
- (3) Deleting all references to "under the influence of intoxicating liquor";
- (4) Clarifying that substitute educational activities or other appropriate assistance are provided to any child who is excluded from attending school for more than ten days; and
- (5) Making technical, non-substantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3038, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3038, S.D. 1, H.D. 1, C.D. 1.

Representatives Ito, Saiki, Hamakawa and Leong.
Managers on the part of the House.

Senators Ige, Sakamoto, Chumbley and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 59 on S.B. No. 2779

The purpose of this measure is to expand the enterprise zones law to include businesses engaged in research, development, sale, or production of all types of genetically-engineered medical, agricultural, or maritime biotechnology products, businesses that repair assisted technology equipment, and call centers.

Your Committee has amended this measure to clarify that call centers would include technical support service for manufacturing companies, rather than for manufactured products, and to make a technical amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2779, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2779, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Luke, Souki, Suzuki and Halford.
Managers on the part of the House.

Senators Inouye, Buen, Slom and Ige.
Managers on the part of the Senate.

Conf. Com. Rep. 60 on S.B. No. 3199

The purpose of this measure is to facilitate the importation of microorganisms for research and commercial purposes.

Your Committee has amended this measure to make technical amendments for the purposes of consistency and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3199, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3199, S.D. 1, H.D. 2, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa and Halford.
Managers on the part of the House.
(Representative Ahu Isa was excused.)

Senators Inouye, Levin and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 61 on S.B. No. 2121

The purpose of this bill, as received by your Committee on Conference, is to repeal or amend laws to eliminate obsolete statutes or session laws, to repeal obsolete administrative rules, and to streamline agency procedures to repeal unnecessary administrative rules.

Your Committee on Conference finds that a streamlined procedure for repeal of unnecessary rules is an important step toward good government, but that it is equally important to ensure that the public is not deprived of the opportunity to participate and express concerns about rules proposed for repeal.

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

- (1) Deleting Parts I through IV of the bill, which dealt with the repeal of statutes or session laws;
- (2) Inserting a provision allowing an interested person to petition an agency regarding the proposed expedited repeal of a particular section, chapter, or subchapter, pursuant to chapter 91-6, Hawaii Revised Statutes; and
- (3) Making technical, non-substantive amendments to conform the language of the bill to the amendments listed above.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2121, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2121, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Ahu Isa, Luke and Halford.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Tam, Sakamoto and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 62 on S.B. No. 2982

The purpose of this bill is to clarify that a lien procured by a child support order attaches to property and takes priority over subsequent liens only when the person subject to the child support order has actually become delinquent in payment.

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

- (1) Adding language amending subsection (c) of section 576D-10.5, to clarify that a lien becomes effective and attaches to property only when it arises under subsection (a) or (b), i.e., when the person whose property is subject to the lien has become delinquent in payments or owes a public assistance debt; and
- (2) Making conforming amendments to subsection (e) of section 576D-10.5.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2982, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2982, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Chun Oakland and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 63 on S.B. No. 680

The purpose of this measure, as introduced, is to allow the counties to regulate the use of non-aerial common fireworks through the issuance of certificates of use, and to establish as a misdemeanor the storing, possessing, purchasing, selling, transferring, setting off, igniting, or discharging of aerial common fireworks without a license or permit.

Your Committee upon further consideration has amended the measure to:

- (1) Delete the provisions regarding certificates of use;
- (2) Add a new section providing that aerial common fireworks and/or special fireworks shall only be imported and stored in an amount sufficient for an anticipated three-month inventory, or for a six-month inventory if a licensee uses fireworks for public displays more than once a month;
- (3) Require a person who has obtained a license and ships fireworks into the State to clearly designate fireworks on the bill of lading, declare the gross weight and the location of the storage facility, if applicable, and notify the county how the shipment will be distributed and the expected landing date;
- (4) Allow the fire department to inspect any shipment declared on a shipping manifest as fireworks;
- (5) Require a facility in which fireworks are to be stored to have approval fifteen days prior to arrival, and to meet all state and county fire and safety codes;
- (6) Subject any fireworks that have landed to seizure and forfeiture if the importer or consignee does not have a valid license to import fireworks, store fireworks, or has not properly declared the fireworks, and set increasing penalties by weight;
- (7) Add definitions for the terms "cultural", "import", and "public display";
- (8) Allow non-aerial common fireworks to be used only from 9:00 p.m. on New Year's Eve to 1:00 a.m. on New Year's Day, from 7:00 a.m. to 7:00 p.m. on Chinese New Year's Day, and from 1:00 p.m. to 9:00 p.m. on the

Fourth of July, or from 9:00 a.m. to 9:00 p.m. as allowed by permit, provided that the purchase is not more than 5,000 individual firecrackers under each permit;

- (9) Allow special fireworks and aerial common fireworks to be used only by permit for public display;
- (10) Provide that a license issued by the county is nontransferable, and if a licensee has been convicted of a felony under the chapter, the license shall be revoked and no new license shall be issued for two years;
- (11) Allow fireworks only to be sold to a permittee not more than five days in advance of the applicable time period;
- (12) Restrict the permit for non-aerial common fireworks to one event for each permit;
- (13) Provide for a license fee of \$3,000 for importers, \$2,000 for each wholesalers' site, \$1,000 for each storage site, \$500 for each retailer's site, and \$110 for permits for public display, and that the license fees shall be used by each county fire department to pay the salary of an auditor of fireworks records;
- (14) Require a county to exempt nonprofit community groups from the license fees for importation and storage of fireworks for displays once a year;
- (15) Provide that any person importing aerial common fireworks or special fireworks without a valid license shall be guilty of a class C felony;
- (16) Provide that any person purchasing, possessing, setting off, igniting, or discharging aerial common fireworks or special fireworks without a valid permit, or storing, selling, or possessing aerial common fireworks or special fireworks without a valid license with a total weight of twenty-five pounds or more shall be guilty of a class C felony, and if the weight is less than twenty-five pounds, shall be guilty of a misdemeanor;
- (17) Provide that any person who transfers or sells aerial common fireworks or special fireworks to a person without a permit shall be guilty of a class C felony;
- (18) Provide that any person who removes or extracts the pyrotechnic contents from any fireworks related device shall be guilty of a misdemeanor;
- (19) Provide that a person violating any other provision of the chapter not otherwise set forth shall be fined not more than \$2,000;
- (20) Direct the courts to collect fines imposed for violations and allocate twenty per cent to the State and eighty per cent to the county in which the fine was imposed for law enforcement purposes;
- (21) Preclude a county from enacting ordinances or adopting rules regulating fireworks that are inconsistent with or more restrictive than the provisions of this Act;
- (22) Provide for county enforcement of the chapter; and
- (23) Make the Act effective on July 6, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 680, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 680, S.D. 1, H.D. 2, C.D. 1.

Representatives Hamakawa, Nakasone, Goodenow, Saiki and Whalen
Managers on the part of the House.

Senators Kawamoto, Chumbley, Matsunaga, Bunda, Ihara, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Bunda was excused.)

Conf. Com. Rep. 64 on S.B. No. 2062

The purpose of this measure is to extend the actuarial study on long-term care and clarify the requirements for the study, extend the sunset date of the Joint Legislative Committee on Long-Term Care (JLC), and make appropriations for the JLC expenses.

The need for long-term care, which is already significant, will continue to grow as Hawaii's population ages. Due to the high costs associated with long-term care, more and more families can be expected to endure financial hardships, and even impoverishment, unless a better method of financing long-term care is developed soon. Providing adequate care for the aged and disabled is an economic burden for many people. Long-term care insurance offers a means of alleviating

that load. However, many people cannot afford those policies and there are usually limits on services and duration of benefits in coverages.

This measure allows the JLC to complete its ongoing work that commenced with Act 339, Session Laws of Hawaii 1997. A major portion of the JLC's work was accomplished with Act 93, Session Laws of Hawaii 1999, which enacted the Long-Term Care Insurance Model Act. But, more work is needed to explore the mechanics of establishing a state-sponsored long-term care system that is effective, cost-efficient, and covers the largest number of people.

Your Committee on Conference has amended this measure by:

- (1) Requiring the JLC to contract for an actuarial study;
- (2) Clarifying that the funding approach consider factors of expense, ease of administration, and actuarial soundness; and
- (3) Making technical changes for consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2062, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2062, S.D. 1, H.D. 3, C.D. 1.

Representatives Arakaki, Menor, Kanoho, Yamane and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chun Oakland, Taniguchi, Kanno, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 65 on S.B. No. 2254

The purpose of this measure is to require the use of an encrypted or encoded identification for individuals and entities using nonidentifiable health information.

This measure strengthens the confidentiality of patient records by restricting access to those persons and entities who have encrypted or encoded identification.

Your Committee on Conference has amended this measure by:

- (1) Deleting the amendments to section 323C-1, Hawaii Revised Statutes, and the encoding provisions;
- (2) Clarifying the definition of "Nonidentifiable health information" to preserve the identity of the subjects of the information;
- (3) Deleting the restriction of disclosure of protected health information to within an entity for purposes of treatment or qualified health care operations;
- (4) Clarifying that research not subjected by federal regulation to institutional board review is subject only to the requirements of section 323C-37, Hawaii Revised Statutes, relating to health research approval;
- (5) Prohibiting a health researcher from disclosure or use of unique patient identifiers for any purposes not reviewed by an institutional review board;
- (6) Establishing a Medical Privacy Task Force; and
- (7) Deleting reference to criminal and civil liability.

This measure, as amended, will facilitate legitimate health research in this State and legitimate exchange of other health care data for the purpose of qualified health care operations.

The patient records confidentiality task force will address unresolved issues that remain regarding the possible impact of this amended measure on the disclosure or use of consumer volunteered health data, on health research, and on other aspects of compliance with chapter 323C, Hawaii Revised Statutes. The Medical Privacy Task Force will recommend solutions to any unresolved compliance issues.

The intent of the Committee on Conference is that any medical research projects currently in progress will not be impacted by this amended measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2254, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2254, S.D. 1, H.D. 2, C.D. 1.

Representatives Santiago, Menor, Saiki, Cachola and Auwae.
Managers on the part of the House.

Senators Chun Oakland, Chumbley, Iwase and Anderson.
Managers on the part of the Senate.
(Senator Iwase was excused.)

Conf. Com. Rep. 66 on S.B. No. 2655

The purpose of this measure is to strengthen the patient's bill of rights and responsibilities law.

This measure is a result of the work of the Patients Bill of Rights Task Force, established by Act 178, Session Laws of Hawaii 1998, to review various laws that may affect patient's rights in this State. The twenty members of the task force represent various organizations and agencies of diverse interests. This measure contains the recommended legislation of the task force, in response to Senate Concurrent Resolution No. 152, 1999, requesting the task force to develop further legislation and conduct a study of the term "medical necessity".

This measure protects the rights of children and adults within the parameters of a health care plan's coverage and benefits. Your Committee on Conference has been assured that the Task Force will continue its discussions and consider concerns raised by the pediatric community regarding developmentally disabled children, and also concerns raised by the psychiatric community.

Your Committee on Conference has amended this measure by adding to the membership of the Task Force, the Hawaii Psychiatric Medical Association, American Academy of Pediatrics, and Family Voices.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2655, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2655, S.D. 2, H.D. 2, C.D. 1.

Representatives Santiago, Menor, Yamane, Cachola and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Chun Oakland, Taniguchi, Kanno and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 67 on S.B. No. 2850

The purpose of this measure is to allow the Department of Human Services (DHS) to adopt rules relating to kinship care, including criminal background checks and fingerprints.

This measure is intended to address a common situation in Hawaii where a child could live with a grandparent, or aunt or uncle, rather than with the child's parent or guardian. According to the DHS, this measure compliments and enhances the current regulatory framework regarding foster care, which is very similar to kinship care.

Your Committee on Conference has amended this measure by:

- (1) Requiring the adoption of standards relating to kinship boarding homes;
- (2) Clarifying that the sworn statement indicate whether or not the person has ever been convicted of an offense for which incarceration is a sentencing option, and making the same clarification of the grounds for refusal by the DHS;
- (3) Requiring that a refusal by the DHS may occur only after investigation, notification, and opportunity to meet and rebut the finding;
- (4) Defining "criminal history record check";
- (5) Defining "kinship boarding home" to include placement with the child's consanguineous father, mother, grandparent, brother, sister, aunt, uncle, or first cousin; and
- (6) Rearranging and recasting the material in the new section.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2850, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2850, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, Saiki, Kahikina and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chun Oakland, Chumbley, Iwase and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 68 on S.B. No. 2863

The purpose of this measure is to require that an application form for a motor vehicle license or renewal contain a question to designate whether the applicant has an advance health-care directive.

This measure also provides that if an applicant designates on the application for any motor vehicle license that the applicant has an advance health-care directive, the license will bear the designation "advance health-care directive", or a symbol or abbreviation for it.

Your Committee on Conference has amended this measure by:

- (1) Deleting reference to medical treatment information imprinted on the civil identification card; and
- (2) Reformatting statutory material for style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2863, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2863, S.D. 1, H.D. 2, C.D. 1.

Representatives Saiki, Nakasone, Hamakawa and Meyer.
Managers on the part of the House.

Senators Chun Oakland, Kawamoto, Chumbley and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 69 on S.B. No. 2154

The purpose of this bill is to amend the definition of "family or household member", within the context of domestic abuse protective orders, to include persons who have or have had a dating relationship.

The bill also:

- (1) Defines "dating relationship";
- (2) Specifies factors that may be considered by a court in its determination as to whether a dating relationship exists;
- (3) Clarifies the types of conduct that may be enjoined by a restraining order; and
- (4) Adds "incapacitated persons" to the list of those for whom reporting of their involvement in domestic abuse cases to the Department of Human Services is required and for whom reports by the Department of Human Services to the family court must be made.

Upon further consideration, your Committee on Conference has amended this bill by inserting, from the S.D. 1, a part II to chapter 586, Hawaii Revised Statutes, relating to foreign protective orders, which ensures that full faith and credit is given to foreign protective orders, as required by Section 2265 of the Violence Against Women Act, 18 U.S.C. §2265 (1994).

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2154, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2154, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Chun Oakland and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 70 on S.B. No. 2711

The purpose of this bill, as received by your Committee on Conference, is to allow expedited repeal of obsolete administrative rules, to create a legislative management committee with oversight of agency rulemaking, and to require agency justification for rules required by federal law but exceeding minimum federal requirements.

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

- (1) Deleting its contents, with the exception of a provision requiring agency justification for rules required by federal law but exceeding minimum federal requirements, and a provision requiring each agency to use flexible approaches in rulemaking;
- (2) Reinserting from the Senate position a provision requiring the automatic repeal within six months of any rule adopted pursuant to a repealed statute or ordinance; and
- (3) Making technical, non-substantive changes required by the amendments listed above.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2711, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2711, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Menor, Luke and Halford.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Sakamoto and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 71 on S.B. No. 2151

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

- (1) Require the county police to conduct mental health and criminal history inquiries on registered firearms owners in five year intervals;
- (2) Provide for updates to the firearm registry using statements made under penalty of perjury every five years; and
- (3) Provide for the surrender or confiscation of all firearms by any person prohibited from owning or possessing firearms.

Your Committee on Conference finds that Hawaii's firearm laws are the second strictest in the nation and that Hawaii ranks 49th of 50 states in total firearms deaths. However, there are still loopholes in our laws that allow unqualified individuals in the state to own, possess, or control firearms. Your Committee on Conference further finds that significant improvements can be made in the enforcement of these laws. Therefore, Your Committee on Conference believes that the creation of a multi-agency coalition may help to reduce violent firearm crime through prevention, deterrence, and maximum effort at investigation, arrest, detention, and enhanced prosecution of such crimes.

Your Committee on Conference would like to suggest that the coalition examine the Model Violent Firearm Crime Coalition guidelines, created by the International Association of Chiefs of Police. This model has been used effectively in King County, Seattle, Washington. Your Committee on Conference further urges the coalition to seek input from groups that support firearm controls and from groups that oppose firearm controls, without advocating for either side. The intent of your Committee on Conference is that this coalition work to establish strategic partnerships among law enforcement, prosecution, corrections and the community with a goal of reducing violent firearm crime.

Additionally, it is your Committee's intent that the coalition determine the best process to seize firearms from individuals who no longer qualify for firearm ownership and who do not voluntarily relinquish firearms or transfer ownership. The coalition should also determine the best process to identify individuals who, because of significant behavioral, emotional or mental disorders, or organic brain damage, no longer qualify to own or control firearms. In determining the best processes to keep firearms from individuals no longer qualified to own or possess them, the coalition should also examine the feasibility of having a perpetual waiver for mental health records and how the information regarding changes in the mental health status of a firearms owner should be made accessible to law enforcement.

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

- (1) Deleting the provisions requiring periodic mental health history and criminal record inquiries;
- (2) Deleting the provisions requiring re-registration of firearms every five years;
- (3) Providing that the county police departments may seize all firearms and ammunition when a person is denied a permit to acquire;
- (4) Providing that the county police departments may seize all firearms and ammunitions when a person is disqualified from ownership or possession of a firearm under section 134-7;
- (5) Providing that the courts notify the county police departments when a person has been ordered to voluntarily surrender or dispose of all firearms and ammunitions;
- (6) Making a conforming amendment to chapter 323C, Hawaii Revised Statutes; and
- (7) Establishing a multi-agency coalition with the goal of reducing violent firearm crime in Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2151, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2151, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Whalen.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Kawamoto, Ihara and Bunda.
Managers on the part of the Senate.
(Senators Ihara and Bunda were excused.)

Conf. Com. Rep. 72 on S.B. No. 3133

The purpose of this bill is to:

- (1) Expand the prohibition of street solicitation of prostitution in Waikiki to other areas designated by the council of the appropriate county; and
- (2) Deny bail to those persons arrested for violating terms of bail or probation upon entering these prohibited designated areas.

Your Committee on Conference finds that allowing counties to designate additional areas as "prostitution-free zones" may provide counties with a way to address the proliferation of prostitution beyond the Waikiki area.

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

- (1) Re-inserting all references to "Waikiki" as an area designated as a zone of significant prostitution-related activity; and
- (2) Clarifying that county designations are limited to only four special areas within the State; and
- (3) Making technical, non-substantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3133, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3133, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Kawamoto, Tanaka and Anderson.
Managers on the part of the Senate.
(Senators Tanaka and Anderson were excused.)

Conf. Com. Rep. 73 on S.B. No. 2722

The purpose of this measure is to authorize the Department of Education (DOE), in its discretion, to establish and implement a Hawaiian Language Immersion Program (Program).

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

- (1) Deleting proposed references to charter and lab schools; and
- (2) Deleting the sections that provide for the appropriation of funds to the DOE to establish and implement the Hawaiian Language Immersion Program since it is your Committee's understanding that funding for the Program has been inserted in the State Budget.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2722, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2722, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa and Leong.
Managers on the part of the House.
(Representative Ahu Isa was excused.)

Senators Hanabusa, Ige, Chun, Tanaka and Anderson.
Managers on the part of the Senate.
(Senator Tanaka was excused.)

Conf. Com. Rep. 74 on S.B. No. 2741

The purpose of this measure is to provide the Department of Agriculture with an additional two years to complete the State Agricultural Water Use and Development Plan mandated by Act 101, Session Laws of Hawaii 1998 (Act 101).

The measure also appropriates an unspecified amount of funds to assist the Department of Agriculture in defraying the costs associated with developing the State Agricultural Water Use and Development Plan.

Your Committee finds that the Department of Agriculture, under Act 101, Session Laws of Hawaii 1998, was charged with the responsibility to develop a State Agricultural Water Use and Development Plan by the beginning of 2000. However, your Committee also finds that no additional funds were appropriated to the Department of Agriculture to carry out this additional responsibility.

Currently, the Department of Agriculture is utilizing its existing resources and is working in collaboration with the Commission on Water Resource Management to meet the mandates of Act 101.

Your Committee believes that providing the Department of Agriculture with an additional two years to complete the State Agricultural Water Use and Development Plan is reasonable considering that no additional funds have been made available for this purpose.

Upon further consideration, your Committee has amended the measure by reverting the contents of the House Draft 2 to the original provisions of the Senate Bill as introduced by deleting the appropriation section, and using the purpose section in the original bill.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2741, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2741, H.D. 2, C.D. 1.

Representatives Abinsay, Cachola, Espero and Halford.
Managers on the part of the House.

Senators Hanabusa, Inouye, Fukunaga, Tanaka and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 75 on S.B. No. 2843

The purpose of this measure is to provide for a more effective administration and disposal of Hawaiian home lands by:

- (1) Clarifying the Department of Hawaiian Home Lands' (DHHL) authority to lease out improvements situated on Hawaiian home lands;
- (2) Providing flexibility in the manner in which DHHL may dispose of Hawaiian home lands to a native Hawaiian or to an organization or association controlled by native Hawaiians; and
- (3) Allowing DHHL to grant licenses that are to be considered as non-exclusive franchises for the purpose of installing infrastructure on Hawaiian home lands.

Upon further consideration, your Committee has amended the measure by deleting the amendments made in the House Draft 2 version which allows DHHL to grant licenses that are to be considered as non-exclusive franchises for the purpose of installing infrastructure on Hawaiian home lands and reverting the provisions back to the original contents of the Senate Bill as introduced, with the exception of a technical, nonsubstantive amendment.

Your Committee finds that the original contents of S.B. No. 2843 clarified that DHHL may lease structures situated on Hawaiian home lands and provides the Department with greater flexibility in disposing of Hawaiian home lands to a native Hawaiian or an organization or association controlled by native Hawaiians.

Your Committee also finds that existing law is silent as to the DHHL's authority to lease structures situated on Hawaiian home lands. Although the authority is implied, your Committee believes the clarification provided by the measure is necessary.

Your Committee further finds that under existing law, native Hawaiians seeking to lease Hawaiian home lands offered under a general lease must go through a sealed bid process. If the land is not successfully bid upon, the land may be leased to the general public through an open bid process. Your Committee believes that this practice is unfair to native Hawaiians in that potential native Hawaiian lessees may end up paying more under a lease through the sealed bid process than what is actually necessary. Your Committee also believes that allowing potential native Hawaiian lessees to participate in an open bid process for Hawaiian home lands would allow these potential lessees to ascertain the exact value of competing voice bids, thereby providing the opportunity for the lower, more affordable lease rates.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2843, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2843, H.D. 2, C.D. 1.

Representatives Saiki, Nakasone, Hamakawa, Kaho'ohalahala and Auwae.
Managers on the part of the House.

Senators Hanabusa, Taniguchi, Kanno, matsuuru, Tanaka and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 76 on S.B. No. 2186

The purpose of this measure is to regulate the practices of individuals who review or audit billings for medical services to prevent the use of unreasonable or harsh tactics in billing reviews and to remove financial incentives for the denial or reduction of payments to providers. Under the licensure scheme established in this measure, independent bill reviewers (IBRs) must meet minimum qualifications, pay a licensing fee, submit to examination by the insurance commissioner, and maintain records. Further, this measure prohibits an IBR from receiving compensation based on a contingency fee.

Your Committee on Conference has amended this measure by:

- (1) Deleting the word "independent" from the term "independent bill reviewer" in the title of article 9, chapter 431, Hawaii Revised Statutes, to make the title less restrictive; and
- (2) Providing that the appropriations provision of the measure takes effect on July 1, 2000, rather than on July 1, 2050.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2186, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2186, S.D. 2, H.D. 2, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 77 on S.B. No. 2283

The purpose of this measure is to streamline the resolution of disputed matters before the Public Utilities Commission (PUC) by requiring the parties to a PUC proceeding to participate in non-binding arbitration, mediation, or some other form of alternative dispute resolution prior to hearing.

Your Committee on Conference has amended this measure to provide that the Act takes effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2283, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S:B. No. 2283, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen.
Managers on the part of the House.
(Representatives Cachola and Garcia were excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 78 on S.B. No. 2729

The purpose of this measure is to protect service contract holders in the State by creating a regulatory framework governing the sale, terms, and administration of service contracts sold to consumers.

Your Committee believes service contract legislation will benefit both consumers and existing service contract providers by:

- (1) Protecting consumers and providing a means by which they will be made aware of their rights when they enter into service contract agreements; and
- (2) Providing a regulatory framework that is clear, concise, and uniform for those service contract providers who wish to offer service contracts to consumers in the State.

Under current law, service contracts are considered insurance contracts and fall within the purview of the insurance code. Your Committee finds that both consumers and service contract providers are better served if service contracts are removed from the insurance code's stringent requirements that could hinder the industry's development and placed within the framework set forth within this measure which resembles measures adopted by other states. In addition, a more comprehensive framework, which is based on an amended version of the Model Service Contract Act, would provide expanded protection for consumers not currently found in existing law.

Your Committee has amended this measure to:

- (1) Require service contract providers to provide consumers with a written copy of the service contract's basic terms and conditions at the physical point of sale, except for offers or sales consummated by telephone, mail, or electronic media;
- (2) Establish a \$75 registration fee and \$75 services fee for service contract providers; and
- (3) Make the Act effective on July 1, 2000, and applicable only to service contracts and contractual liability insurance policies in effect after June 30, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2729, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2729, S.D. 1, H.D. 2, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Marumoto.
Managers on the part of the House.

Senators Taniguchi, Kanno and Ihara.
Managers on the part of the Senate.
(Senator Ihara was excused.)

Conf. Com. Rep. 79 on S.B. No. 2819

The purpose of this measure is to establish standards governing life insurance policy illustrations and the replacement of life insurance and annuities.

This measure addresses the problems that arise when computer generated sales illustrations, including computer generated graphs and comparison charts, are used to induce the purchase of an insurance product, rather than to help consumers better understand the product. By establishing a regulatory framework for life insurance policy illustrations that defines terminology, establishes simplified uniform illustrations standards, and requires disclosure to consumers, this measure will facilitate the understanding and comparison of different life insurance products. The measure also regulates the replacement of life insurance policies and annuities by establishing the duties of producers and existing and replacing insurers, and requirements for the use of direct response solicitations.

Your Committee on Conference has amended section 3 of the measure that establishes a new part governing the replacement of life insurance policies and annuities by:

- (1) Expanding and retitling the exemptions section to include the purposes of the new part and placing it in the beginning of the part;
- (2) Establishing that the purposes of the part are to regulate the replacement of existing life insurance and annuities by insurers and producers, and establish minimum standards of conduct in replacement or financed purchase transactions;
- (3) Clarifying the type of group meetings held by insurance producers that are excluded from the meaning of direct solicitation for purposes of establishing exemptions from the part;
- (4) Establishing additional exemptions from the part for group life insurance used to fund prearranged funeral contracts, immediate annuities purchased with proceeds from an existing contract, and structured settlements;
- (5) Clarifying the types of transactions that constitute prima facie evidence of a policyholder's intent to purchase, within the definition of "financed purchase";
- (6) Deleting the definitions for "in force illustration" and "nonguaranteed elements";
- (7) Clarifying that the notice required of producers initiating replacement transactions need not be approved by the insurance commissioner if the notice is being amended merely to omit inapplicable references;
- (8) Clarifying the duties of insurers that use producers in regards to supervising a producer's compliance with the law, having the capacity to monitor a producer, recordkeeping, and other duties;
- (9) Clarifying the duties of replacing insurers that use producers as they relate to recordkeeping, refund notices, and verification of sales materials used by a producer; and
- (10) Clarifying the recordkeeping and notification duties of an existing insurer in replacement transactions.

Additionally, your Committee has advanced the measure's effective date from July 1, 2050, to July 1, 2001, and made technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2819, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2819, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Cachola, Garcia, Lee and Whalen.
Managers on the part of the House.
(Representatives Garcia and Whalen were excused.)

Senators Taniguchi, Kanno, Ihara and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 80 on S.B. No. 3043

The purpose of this measure is to authorize the establishment of a State-owned captive insurance facility to insure the general liabilities of the State. This measure will enable the State to take advantage of discounted premium rates in the reinsurance market and to retain control over insurance reserves.

Your Committee on Conference has amended this measure to:

- (1) Retain the comptroller's discretion to request the governor to transfer state programs savings to fund the obligations of the State Risk Management Revolving Fund and the discretion to dissolve the fund;
- (2) Require the insurance division to study the feasibility and cost effectiveness of providing insurance coverage for real property damage sustained as a result of fire, flood, or hurricane, and for other types of risks; and
- (3) Appropriate \$100,000 from the Captive Insurance Administrative Fund for the purposes of the Act.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3043, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3043, S.D. 2, H.D. 1, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.

Managers on the part of the House.

Senators Taniguchi, Kanno and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 81 on S.B. No. 3190

The purpose of this measure is to facilitate the development of the State's captive insurance industry by authorizing the licensing of branch captive insurance companies. Branch captive insurance companies are already allowed in Vermont and Hawaii has received inquiries from insurance organizations and businesses interested in establishing branches in Hawaii.

Your Committee on Conference has amended this measure by deleting language that would have limited the organizational flexibility of captives. The deleted provisions defined a captive insurance company as a class 1, class 2, class 3, class 4, or class 5 company, and categorized a branch captive as a class 5 company.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3190, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3190, S.D. 1, H.D. 1, C.D. 1.

Representatives Menor, Cachola, Lee and Whalen.
Managers on the part of the House.
(Representative Whalen was excused.)

Senators Taniguchi, Kanno and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 82 on S.B. No. 2467

The purpose of this bill is to authorize and establish procedures for the administrative forfeiture of materials, tools, and other property owned and used in unlicensed activity by an unlicensed contractor.

Your Committee on Conference has amended this measure by deleting its contents and replacing them with the contents of H.B. No. 1933, H.D. 1, S.D. 2, which contained the most recent Senate position regarding the contents of this measure. Your Committee on Conference has further amended this measure by:

- (1) Deleting a provision which would have made unlicensed contracting activity a per se unfair and deceptive practice;
- (2) Returning to a modified form of the House position regarding what prior departmental law enforcement contacts are required before a person's tools are subject to forfeiture: forfeiture may be applied for a person who is or was a defendant or respondent in a separate citation or lawsuit filed with or by the Department of Commerce and Consumer Affairs;
- (3) Deleting the qualifier "directly" in the requirement that property subject to forfeiture have been used in unlicensed activity; and
- (4) Making technical, non-substantive changes to conform the language of the bill to the substantive changes listed above.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2467, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2467, S.D. 2, H.D. 1, C.D. 1.

Representatives Menor, Saiki, Cachola, Lee and Marumoto.
Managers on the part of the House.

Senators Kanno, Taniguchi, Matsunaga and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 83 on S.B. No. 2152

The purpose of this bill is to allow Hawaii to participate in a new interstate compact for the supervision of probationers and parolees.

Your Committee has amended this measure by making technical non-substantive changes to correct misspellings and formatting errors. Your Committee notes that these changes have received approval from the special counsel's office hired to ensure that the compact is adopted in substantially similar form by all the states choosing to participate in the new interstate compact.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2152, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2152, S.D. 1, H.D. 1, C.D. 1.

Representatives Garcia, Saiki, Kanoho and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chumbley, Matsunaga, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 84 on S.B. No. 2115

The purpose of this bill is to allow for qui tam, or citizen attorney general, lawsuits to recover against persons who submit fraudulent claims for payment by the State.

Upon further consideration, your Committee on Conference has amended this bill by adding provisions from the Senate position as follows:

- (1) Making it a violation of the chapter for a person to benefit from an inadvertent false claim and fail to disclose it within a reasonable time after discovering it;
- (2) Establishing joint and several liability for violations committed by multiple persons;
- (3) Limiting actions under the chapter to controversies involving at least \$500 in the aggregate;
- (4) Exempting claims subject to chapter 231, Hawaii Revised Statutes;
- (5) Permitting dismissal of an action by a private person with the written consent of the court and after consideration of the best interests of the parties and the law's public purposes;
- (6) Providing that the seal on a complaint is lifted whether the State decides to proceed or declines to proceed, once the State has given notification of its decision;
- (7) Prohibiting the filing of a false claim action against legislators, judges, and state and county elected officials, if the action is based on information known to the State (but not just to the person alleged to have made the false claim) when the action was brought;
- (8) Requiring, for a person to qualify as an "original source," that the person's information have prompted the action that led to public disclosure;
- (9) Prohibiting the filing of a false claim action by a present or former State employee based upon information discovered during the course of employment, unless the State failed to act on the information after the employee exhausted internal procedures for reporting and recovering for the false claim;
- (10) Limiting to 60 days an initial stay of discovery to prevent interference with a civil or criminal investigation or case, and allowing an extension of the stay upon a showing that the civil or criminal case has been pursued and the discovery would still interfere with it;
- (11) Making the bill effective upon approval, but not retroactive;
- (12) Deleting as redundant of current law a section creating a special whistleblower law for whistleblower suits based on allegations of violations of the chapter; and
- (13) Making technical, non-substantive amendments to conform the language of the bill to the substantive amendments listed above.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2115, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2115, S.D. 1, H.D. 2, C.D. 1.

Representatives Saiki, Nakasone, Hamakawa and Auwae.

Managers on the part of the House.

Senators Chumbley, Matsunaga, Chun, Sakamoto and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 85 on S.B. No. 2427

The purpose of this bill is to appropriate money for payments to compensate crime victims in the 2000-2001 fiscal year.

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

- (1) Clarifying in the appropriation language that the appropriation is made solely for the purpose of compensating crime victims or their providers of services;
- (2) Changing the appropriation amount from a blank to \$877,025;
- (3) Changing the effective date from a blank to July 1, 2000;
- (4) Deleting a provision that would have amended section 351-62.5, Hawaii Revised Statutes, to place a cap of not more than ten percent of the moneys in the crime victim compensation fund on the amount that can be used for operating expenses and salaries; and
- (5) Making technical, non-substantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2427, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2427, S.D. 1, H.D. 1, C.D. 1.

Representatives Hamakawa, Nakasone, Saiki and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators Chumbley, Matsunaga, Fukunaga and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 86 on S.B. No. 2879

The purpose of this measure is to regulate the disposal of used motor vehicle tires by:

- (1) Requiring all facilities accepting used tires to maintain records on the entity that supplied the used tires; and
- (2) Assessing a \$2 environmental clean up fee on all motor vehicles to be collected by the counties and deposited into a special account in the environmental management special fund and used for various purposes to promote and effectuate the proper disposal of used tires and to clean up improper tire disposal sites.

The measure also incorporates the necessary provisions to implement the program.

Your Committee on Conference amended the measure by:

- (1) Deleting the section imposing on all motor vehicles a \$2 annual environmental clean up fee to be collected by the counties and transferred to the State;
- (2) Imposing a \$1 surcharge on each motor vehicle tire imported into the State to be submitted to the Department of Health on a quarterly basis along with the required documentation;
- (3) Permitting motor vehicle rental companies to deduct the number of tires exported from the number imported in calculating the surcharge;
- (4) Exempting from the surcharge importers importing less than 50 tires per year;
- (5) Permitting importers of 50 but less than 200 tires to submit records and surcharge payment on an annual, rather than quarterly basis;
- (6) Deleting the section on liability;

- (7) Allowing for "a fine up to \$1,000 for each separate offense" rather than "a fine of \$1,000 for each separate offense"; and
- (8) Utilizing the term "importer" in place of "motor vehicle importer" or "motor vehicle tire importer".

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2879, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2879, S.D. 2, H.D. 2, C.D. 1.

Representatives Morita, Schatz, Garcia and Fox.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Nakata, Chun, Kawamoto, Ihara and Anderson.
Managers on the part of the Senate.
(Senators Ihara and Anderson were excused.)

Conf. Com. Rep. 87 on S.B. No. 2354

The purpose of this bill is to increase public access to the legislative process.

Specifically, the bill:

- (1) Appropriates funds for a legislative media streaming pilot project;
- (2) Appropriates funds for an additional full-time staff position for the Public Access Room;
- (3) Appropriates funds for a child care pilot project; and
- (4) Transfers responsibility for the sale and distribution of the Hawaii Revised Statutes and other legislative publications from the Office of the Lieutenant Governor to the Legislature.

Upon consideration, your Committee has amended this measure by deleting all of its contents and replacing them with an appropriation of funds to purchase hardware and software to upgrade the legislative internal computer network.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2354, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2354, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanohe, Takamine and Fox.
Managers on the part of the House.
(Representative Fox was excused.)

Senators Fukunaga, D. Ige, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 88 on S.B. No. 3045

The purpose of this bill is to give the Auditor subpoena powers and clarify the scope of confidentiality of the Auditor's working papers.

In particular, this bill authorizes the Auditor to issue subpoenas, instead of precepts, compelling the appearance and sworn testimony of any person, as well as subpoenas duces tecum compelling the production of accounts, books, records, or other evidence, if the auditor reasonably believes these may relate to an audit or other investigation of the Auditor. Upon application by the Auditor, obedience to the subpoena may be enforced by the circuit court in the same manner as a subpoena issued by the clerk of the circuit court.

This bill also specifies, among other things, that the Auditor's confidentiality provision applies to all working papers collected by, reviewed by, and provided to the Auditor and the Auditor's agents in the course of their duties.

Finally, this bill makes conforming amendments to the penalty provisions for violation and false evidence by including persons subpoenaed by the Auditor and including accounts, records, files, and other evidence to the list of items that, if improperly withheld from the Auditor, may cause criminal prosecution.

Your Committee on Conference agrees with the need to give the Auditor subpoena powers in order to facilitate the Auditor's information gathering ability, and further agrees with the need to clarify the penalty provisions to ensure compliance with the Auditor's investigations and audits.

Your Committee on Conference has amended this bill by:

- (1) Deleting section 2 of the bill, which clarified the scope of confidentiality with respect to the Auditor's working papers; and
- (2) Renumbering the remaining sections accordingly.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3045, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3045, S.D. 1, H.D. 2, C.D. 1.

Representatives Kanoho, Saiki and Fox.
Managers on the part of the House.

Senators Fukunaga, Levin, Matsunaga and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 89 on S.B. No. 2021

The purpose of this measure is to provide low-income tenants who live in housing projects subsidized under the United States Department of Housing and Urban Development (HUD) Section 8 program (Section 8) with some assurance that affordable housing will continue to be available.

This measure:

- (1) Requires Section 8 housing owners to provide the Housing and Community Development Corporation of Hawaii (HCDCH) with all HUD documents relating to the owner's intention to opt out of the Section 8 contract, as well as pertinent project and market information;
- (2) Requires the HCDCH to collaborate with HUD to preserve the affordability of the project by:
 - (A) Providing the owner and interested entities with information on government-assisted financing programs;
 - (B) Providing the owner with a list of local, regional, or national organizations interested in purchasing the project; and
 - (C) Encouraging the owner to provide the tenant association with an opportunity to purchase the project;
- (3) Requires that entities receiving state assistance be capable of managing the project by itself or through a management agent and agree to obligate itself and any successors in interest to maintain the affordability of the project for low, very low, or moderate income level persons; and
- (4) Prohibits entities receiving state assistance from having any officer with a financial interest in assisted housing projects that have terminated a subsidy contract or prepaid mortgage on the development.

Upon further consideration, your Committee notes that the purpose of this measure is to also encourage the HCDCH to devote its efforts primarily to the preservation of existing government subsidized rental housing and secondarily to the funding of rental housing projects by nonprofit organizations and has amended this measure by:

- (1) Limiting the definition of "owner" to one who holds title to an assisted housing development;
- (2) Authorizing or requiring the HCDCH to:
 - (A) Issue a "threat of condemnation";
 - (B) Communicate with HUD to maintain Section 8 subsidies;
 - (C) Use its staff and resources to form a tenant association and assist the association in applying for non-profit status;
 - (D) Conduct appraisals on properties targeted for purchase; and
 - (E) Issue multi-family housing bonds and make a corresponding appropriation to purchase target properties and perform necessary renovations;

- (3) Providing that tenant associations and local nonprofit organizations, and public agencies should first be considered as potential project purchasers; and
- (4) Providing that purchasing entities or successors in interest shall be obligated to maintain the affordability of the project for a minimum of thirty years from the date of possession.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2021, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2021, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Yamane and McDermott.
Managers on the part of the House.
(Representative Yamane was excused.)

Senators Tam, Chun, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 90 on S.B. No. 2056

The purpose of this measure is to establish an Individual Development Account Contribution tax credit equal to fifty per cent of a contribution.

This measure establishes the Individual Development Account Contribution tax credit which is a nonrefundable income tax credit of fifty per cent of the amount contributed by individuals, organizations, and businesses to fiduciary organizations. Excess credits may be carried over to subsequent years until exhausted. The credit is allowed for tax years 2000 to 2004, and claims for the credit must be certified by the Department of Human Services (DHS).

Your Committee on Conference has amended this measure by:

- (1) Requiring the DHS to total all contributions to individual development accounts that it certifies; and
- (2) Requiring the DHS to discontinue certifying when the total amount reaches \$1,000,000, and limiting the total amount of certified contributions to that amount over the five-year period between January 1, 2000, and December 31, 2004.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2056, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2056, S.D. 1, H.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Yamane and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Fukunaga, Chun Oakland, Nakata and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 91 on S.B. No. 2074

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

- (1) Establish an advisory council whose purpose is to develop a plan to increase interagency cooperation to address needs unique to female offenders;
- (2) Recommend programming needs to the Department of Public Safety and the Office of Youth Services;
- (3) Mandate that the Director of Public Safety make a planning grant available from funds appropriated by the Legislature; and
- (4) Appropriate funds for these purposes.

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

- (1) Adopting the language establishing a task force on parity for female offenders as reflected in S.D. 2; and
- (2) Deleting the appropriation provisions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2074, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2074, S.D. 2, H.D. 2, C.D. 1.

Representatives Garcia, Arakaki, Kanoho and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chumbley, Matsunaga, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 92 on S.B. No. 2533

The purpose of this measure is to allow assessment of victim compensation fees on persons who enter deferred pleas of guilty or nolo contendere.

Your Committee has amended this measure by reinserting language from the Senate draft of the bill amending section 853-1, Hawaii Revised Statutes, to specify that payment of the compensation fee shall be a condition of a deferred acceptance of guilty or no contest plea, unless the defendant is unable to pay.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2533, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2533, S.D. 1, H.D. 2, C.D. 1.

Representatives Garcia, Saiki, Kanoho and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chumbley, Matsunaga, Fukunaga and Chun.
Managers on the part of the Senate.
(Senator Chun was excused.)

Conf. Com. Rep. 93 on S.B. No. 2692

The purpose of this bill is to provide salary adjustments for the Administrative Director and Deputy Administrative Director of the Judiciary, and to give the Chief Justice of the Supreme Court the discretion to determine such salaries based on merit and other relevant factors, effective July 1, 2000.

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

- (1) Providing that the salary level of the Deputy Administrative Director of the Judiciary shall be no greater than provided in section 26-52(3), Hawaii Revised Statutes; and
- (2) Deleting the requirement that the factors used to determine the salary levels of the Administrative Director and the Deputy Administrative Director be disclosed in the Judiciary's annual budget submission to the legislature.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2692, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2692, S.D. 2, H.D. 2, C.D. 1.

Representatives Hamakawa, Nakasone, Saiki and Auwae.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 94 on S.B. No. 2988

The purpose of this measure is to ensure prompt payment by contractors to subcontractors working on state contracts. This measure imposes a penalty on contractors who improperly withhold payment from subcontractors where the subcontractor has provided evidence to the contractor of:

- (1) A valid union trust fund contribution bond acceptable to the contractor in an amount not less than three months of the subcontractor's trust fund contribution;

- (2) A performance and payment bond executed by a surety company authorized to do business in the State;
- (3) Any other bond acceptable to the contractor; or
- (4) Any other form of mutually acceptable collateral.

This measure also requires contractors who violate these provisions three or more times within two years from the first violation to be referred to the contractor license board by the procurement agency for action under section 444-17(14), Hawaii Revised Statutes, and requires the policy board to adopt rules relating to prompt payment and retainage.

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

- (1) Deleting the provision that would have required the Procurement Policy Board to adopt rules requiring contract clauses providing appropriate remedies with respect to prompt payment and retainage; and
- (2) Removing the statutory requirement that the Procurement Policy Board adopt rules requiring contract clauses providing for prompt payment and retainage by deleting subsection (c) of section 103D-501, Hawaii Revised Statutes and making conforming technical amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2988, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2988, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Yoshinaga, Kanohe, Luke and Halford.
Managers on the part of the House.
(Representative Halford was excused.)

Senators Tam, Fukunaga, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 95 on S.B. No. 1276

The purpose of this measure is to permit the Superintendent of Education to receive additional compensation from private sources.

Upon further consideration, your Committee on Conference amended the measure to allow the Board of Education to set the salary of the Superintendent at a rate no greater than \$150,000. The Ramseyer section was amended to conform to the new amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1276, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1276, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Kawakami, Morihara and Leong.
Managers on the part of the House.
(Representative Morihara was excused.)

Senators D. Ige, Fukunaga, Levin, Sakamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 96 on S.B. No. 2961

The purpose of this measure is to appropriate general funds for the payment of judgments against, and settlements entered into by, the University of Hawaii (University) in order to satisfy claims against the University, its officers, and employees.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Place the \$505,000.00 settlement under Miscellaneous Claims;
- (2) Add an \$800,000.00 miscellaneous claim for estimated expenditures for waste minimization and pollution prevention; and
- (3) Requiring all unexpended and unencumbered balances of the appropriations to lapse into the general fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2961, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2961, S.D. 2, H.D. 1, C.D. 1.

Representatives Saiki, Nakasone, Hamakawa and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

Senators D. Ige, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 97 on S.B. No. 2448

The purpose of this measure is to establish the Hawaii Autism Center for Excellence within the University of Hawaii at Manoa (UHM).

Autism causes severe impairments in language and communication, and generally manifests itself in young children in the first two years of life, causing devastation that lasts a lifetime due to the emotional and financial distress that families experience. The prevalence of autism is more common than popularly thought. The federal Centers for Disease Control and Prevention estimates that one in five hundred individuals in the State are affected by autism.

There has been little biomedical research into autism, in spite of the fact that scientists consider autism to be one of the most congenital of all developmental disorders and most likely to yield to the latest scientific advancements in genetics and neurology. Several other states have established autism research centers. This measure establishes a world-class autism research center at the UHM.

Your Committee on Conference has amended this measure by deleting the appropriation and changing the effective date from July 1, 2000, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2448, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2448, S.D. 2, H.D. 2, C.D. 1.

Representatives Santiago, Yamane, Kahikina and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Chun Oakland, D. Ige, Fukunaga and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 98 on S.B. No. 2486

The purpose of this measure is to establish a mandatory cigarette stamp tax system as a means to assess, collect, and enforce the cigarette and tobacco tax.

Your Committee on Conference finds that a mandatory cigarette tax stamp system is vital to enhance the State's collection of cigarette and tobacco taxes. Your Committee on Conference further finds that enforcement of the current system of collecting cigarette and tobacco taxes is sporadic, haphazard, and ineffective, resulting in uncollected potential tax revenue. The current system of filing of returns by licensed dealers is in effect a system of voluntary compliance. Persons may try to sell cigarettes and tobacco without obtaining a license, or could have a license and not file a return or understate the income on the return.

Your Committee on Conference further finds that obtaining actual proof of large-scale black market cigarette sales is nearly impossible, due to the nature of the activity which is necessarily surreptitious and to the limitation of available resources. However, your Committee believes that actual proof of the magnitude of the black market is unnecessary, judging from the anecdotal evidence existing and continuing over a fifteen year period that a black market exists. Recent increases in the cigarette tax contributes to the temptation to enter the black market.

Your Committee on Conference further finds that enforcement of a mandatory cigarette tax stamp system need not be overly burdensome or expensive for the Department of Taxation to administer. Any additional costs will more than likely pay for itself in the form of additional tax revenues to be derived. Any administrative rules could be adopted within the time frame provided for the effective date of this Act.

Your Committee on Conference believes that this measure will augment efforts to deter smoking, especially among youth. This measure also provides the necessary enforcement of the new stamping of cigarette packs requirements by the attorney general.

Your Committee on Conference has amended this measure by:

- (1) Deleting provisions relating to export and import of foreign cigarettes, on the recommendation of the Attorney General based on bill title problems;
- (2) Inserting an appropriation amount of \$35,000, to the Department of Taxation and an amount of \$200,000 to the Attorney General;
- (3) Clarifying the appropriate statutory reference citations for the reenactment provision; and
- (4) Making nonsubstantive changes for drafting purposes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2486, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2486, S.D. 2, H.D. 2, C.D. 1.

Representatives Menor, Saiki, Yamane and Whalen.
Managers on the part of the House.
(Representative Whalen was excused.)

Senators Chun Oakland, Fukunaga, Taniguchi and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 99 on S.B. No. 2490

The purpose of this measure is to require the Department of Health (DOH) as the agency responsible for establishing a long-term care information and referral process to serve all potential clients of licensed care homes.

This measure also directs the subcommittee on residential care of the Joint Legislative Committee on Long-Term Care to recommend to the legislature the enactment of a new adult residential care facilities model or an alternative model.

This measure also appropriates funds to the DOH for the Aging Network, ASK 2000, and implementation of this measure.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the purpose section to add the recommendation of the subcommittee to maintain a uniform assessment tool;
- (2) Deleting reference to the DOH administrative rules in the purpose section;
- (3) Replacing the DOH with the Executive Office on Aging (EOA) to establish the information and referral process;
- (4) Changing from July, 2001, to July 2000, the beginning of the initial expansion of the EOA's screening and referral program, and changing from July, 2002, to July, 2001, the beginning of the full operation; and
- (5) Deleting the appropriation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2490, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2490, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Santiago, Kahikina and Pendleton.
Managers on the part of the House.

Senators Chun Oakland, Buen, Chun and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 100 on S.B. No. 2872

The purpose of this measure is to make an emergency appropriation for the Hawaii Health Systems Corporation (HHSC).

An emergency appropriation is necessary to ensure that the HHSC can repay the State for moneys advanced to pay retroactive and current fiscal year collective bargaining increase payments to state employees working for the HHSC.

Your Committee on Conference has amended this measure by:

- (1) Replacing the appropriated amount with an amount of \$20,500,000;
- (2) Clarifying the proviso that the HHSC transmit all information relating to its accounts receivable; and
- (3) Deleting reference in the proviso to collection repayment to the general fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2872, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2872, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kanoho, Kawakami and Marumoto.
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators Chun Oakland, Levin, Fukunaga, Chun and Anderson.
Managers on the part of the Senate.
(Senators Chun and Anderson were excused.)

Conf. Com. Rep. 101 on S.B. No. 2108

The purpose of this measure is to require the Auditor to initiate and coordinate an inventory of lands within the Public Land Trust (Trust) by:

- (1) Establishing a comprehensive Trust inventory of all lands within section 5(f) of the Admission Act, which will identify all lands of the Trust and document title history for those parcels alienated or acquired since Statehood in 1959;
- (2) Facilitating the establishment of a Trust information system consisting of the Trust inventory and detailed information about each of the parcels; and
- (3) Consulting with the Office of Hawaiian Affairs on:
 - (A) Developing recommendations to the Legislature;
 - (B) Specifications for obtaining contractors' services; and
 - (C) Executing all other responsibilities imposed by the measure.

Delayed for years, your Committee finds that work on a comprehensive and accurate inventory must begin immediately to ensure that:

- (1) The State meets its fiduciary responsibility as the trustee of the Trust; and
- (2) The obligations under section 5(f) of the Admission Act are fulfilled.

Your Committee has amended the measure by inserting \$250,000 as the amount to be matched by the Office of Hawaiian Affairs and appropriated to the Auditor to complete the inventory and the other purposes of the measure.

Your Committee also recommends that the Department of Land and Natural Resources utilize a portion of the Special Land and Development Fund or any other moneys at the Department's disposal to assist in the funding of the Auditor's activities authorized under this measure.

Your Committee finds that the Legislature has been asking for a computerized, comprehensive public land trust inventory for a decade. Unfortunately, due to numerous reasons, no such inventory currently exists. Your Committee believes that placing the coordination of public land trust inventory activities in the hands of a neutral and well-respected entity such as the Auditor would facilitate a more expeditious resolution to the problems surrounding the public land trust.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2108, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2108, S.D. 2, H.D. 2, C.D. 1.

Representatives Hamakawa, Cachola, Kanoho, Kaho'ohalahala and Thielen.

Managers on the part of the House.

Senators Hanabusa, Fukunaga, Levin, Tanaka and Anderson.
Managers on the part of the Senate.
(Senator Tanaka was excused.)

Conf. Com. Rep. 102 on S.B. No. 2987

The purpose of this measure is to address any inequities in the retention practice of contractors on State projects by requiring equal retention rates for subcontractors who possess a valid performance and payment bond or other mutually acceptable form of collateral. This measure also authorizes government agencies to extend concession permit periods if the premises are under construction, renovation, or are being prepared for a new use.

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

- (1) Deleting the provisions authorizing government agencies to extend concession permit periods;
- (2) Deleting "penalty" from the proposed amendment to the title of section 103-32.1, Hawaii Revised Statutes; and
- (3) Making non-substantive technical amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2987, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2987, S.D. 1, H.D. 2, C.D. 1.

Representatives Menor, Yoshinaga, Yamane and Whalen.
Managers on the part of the House.
(Representative Whalen was excused.)

Senators Tam, Kawamoto, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 103 on S.B. No. 2579

The purpose of this measure is to create a special needs housing special fund.

The special needs housing special fund would be used to provide supportive housing for persons with mental illness and substance abuse conditions. The fund would be administered by the Housing and Community Development of Hawaii.

This measure will provide supportive housing which comprehensively addresses mental illness and substance abuse in the homeless population.

Current facilities and programs that provide special needs housing for persons with mental illness and substance abuse addictions have neither the funds nor the capacity to offer services to all those in need. State and county governments suffer unnecessary financial burdens when mainstream public support systems, such as prisons, hospitals, and emergency rooms, become the primary mechanism for treating acutely and chronically ill homeless persons. Studies show that these ad hoc approaches to the mentally ill and substance abusing homeless population exceed the cost of outright treatment by tens of thousands of dollars per capita per year. Ad hoc approaches that fail to comprehensively address mental illness, substance abuse, and homelessness will most likely prove unsustainable.

Combining housing services with mental health and substance abuse treatment is necessary to provide mentally ill homeless persons with the support needed to maintain housing and to ensure that homeless persons returning to more independent housing are able to adjust to their new demands.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the purpose section to reflect that this measure facilitates the efforts of the Department of Health to implement community housing in the downsizing of the Hawaii State Hospital;
- (2) Deleting the general obligation bond issuance; and
- (3) Exempting the special needs housing special fund from transfers for central service expenses and charges for administrative expenses.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2579, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2579, S.D. 1, H.D. 2, C.D. 1.

Representatives Arakaki, Santiago, Nakasone and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chun Oakland, Fukunaga and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 104 on S.B. No. 2873

The purpose of this measure is to authorize the Hawaii Health Systems Corporation (HHSC) to issue \$38 million in revenue bonds.

Act 116, Session Laws of Hawaii 1998, relating to the state budget, authorized \$38 million in revenue bond funds for capital improvement projects for the HHSC. The HHSC is required by law to obtain approval of the legislature to issue revenue bonds. This measure allows the HHSC to seek bond financing for that amount.

Your Committee on Conference has amended this measure by changing the effective date to upon approval, and substituting updated figures for certain fiscal years and certain dates on recommendation of the Department of Budget and Finance.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2873, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2873, S.D. 1, H.D. 2, C.D. 1.

Representatives Santiago, Yamane, Nakasone and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Chun Oakland, Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 105 on S.B. No. 3123

The purpose of this measure is to create a post-secondary education transitional benefits program within the Department of Human Services.

The program, called "bridge to hope", will be for heads of households in the Temporary Assistance to Needy Families program (TANF). The Federal Personal Responsibility and Work Opportunity Act of 1996 abolished the sixty-one year old Aid to Families with Dependent Children entitlement program and replaced it with a transitional aid program, TANF, that requires recipients who are able to work to secure employment at the earliest opportunity. The new law places a heavy burden on the states to meet strict work participation requirements.

Bridge to hope allows TANF recipients to continue to receive benefits if they are pursuing a post-secondary education, notwithstanding the work requirement of TANF.

Transitional benefits are needed to provide the necessary support to enable public assistance recipients to secure education and training beyond high school, in order to successfully transition from public assistance to self-sufficiency.

Your Committee on Conference has amended this measure by inserting an appropriation amount of \$300,000 in general funds.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3123, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3123, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Yoshinaga, Goodenow, Santiago and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Chun Oakland, D. Ige, Fukunaga and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 106 on S.B. No. 2576

The purpose of this measure is:

- (1) To increase the membership of the board of the Housing and Community Development Corporation of Hawaii (HCDCH) by adding two tenant representatives of public housing; and
- (2) To comply with the Federal Quality Housing and Work Responsibility Act (QHWRA) by:
 - (A) Requiring tenant representation on the board of HCDCH; and
 - (B) Establishing a resident advisory board to advise HCDCH on public housing issues and QHWRA compliance.

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

- (1) Requiring HCDCH to convene the resident advisory board upon consultation with the State Election Office and an independent monitor;
- (2) Requiring that the resident advisory board consist of no more than twenty-one members representing by percentage, federal, section 8, State, and senior citizen housing projects as deemed appropriate by HCDCH;
- (3) Requiring the resident advisory board once convened to compile a list of five candidates for the governor's consideration for appointment to the board of HCDCH;
- (4) Requiring the HCDCH to provide notice of board vacancies and nominations to "all occupied housing project units" as opposed to "active resident associations";
- (5) Deleting the proposed definition of "active resident associations";
- (6) Increasing the number of HCDCH board members from nine to twelve and limiting the tenant representatives to terms of two years;
- (7) Requiring the governor to appoint three tenant representatives to the board of HCDCH from the list of candidates prepared by the Resident Advisory Board;
- (8) Increasing the number of board members required for a quorum from five to seven;
- (9) Requiring the Resident Advisory Board to report annually to the legislature no later than thirty days prior to the convening of the legislative session; and
- (10) Making conforming, technical, non-substantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2576, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2576, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Kahikina, Yamane and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Tam, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 107 on S.B. No. 3160

The purpose of this measure is to streamline owner-occupancy sales requirements for condominiums set forth in part VI of chapter 514A, Hawaii Revised Statutes, by giving priority to owner-occupants for sales of residential condominium apartments without hampering a developer's need for flexibility in the ever-changing real estate market. This measure:

- (1) Simplifies the list of items required in the announcement under section 514A-102, Hawaii Revised Statutes (HRS);
- (2) Allows a developer to substitute an apartment designated for owner-occupants with an apartment not so designated without requiring a supplemental report; provided the units are sufficiently similar;

- (3) Allows an owner-occupant to convey the apartment into a trust for estate planning purposes within three hundred sixty-five days from execution of an owner-occupant affidavit; provided the apartment is used as the principal residence; and
- (4) Simplifies the provisions and procedures relating to the sale of residential apartments to owner-occupants.

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

- (1) Excluding from the amended definition of "residential apartment", any other use pursuant to authority granted by law to a county; and
- (2) Making technical, non-substantive amendments to conform this measure with the preferred drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3160, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3160, S.D. 2, H.D. 2, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.
(Representatives Lee and Whalen were excused.)

Senators Tam, Chun, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 108 on S.B. No. 3179

The purpose of this measure is to prohibit the importation, distribution, and sale of cigarettes intended for export or use outside the United States.

Cigarettes intended for foreign export or sale are being imported and sold in the State at below the cost of cigarettes legally in the market and cigarette and tobacco taxes are not being paid on these transactions. This measure will help to stem the loss of tobacco tax revenues to the State by prohibiting the sale of export cigarettes, authorizing the confiscation, seizure and forfeiture of illegally sold cigarettes, and establishing monetary penalties for violations.

Your Committee on Conference has amended this measure by:

- (1) Inserting three provisions relating to affixing cigarette stamps to export packages, documentation of foreign cigarettes, and illegal sale of export or foreign cigarettes;
- (2) Increasing the penalty to a class C felony for knowingly selling less than twenty cigarettes or single cigarette;
- (3) Adding to the effective date that the Act takes effect only if Senate Bill No. 2486, Regular Session of 2000, relating to tobacco stamping, becomes an Act; and
- (4) Making nonsubstantive changes for clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3179, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3179, H.D. 3, C.D. 1.

Representatives Santiago, Menor, Saiki, Yamane and Auwae.
Managers on the part of the House.
(Representative Auwae was excused.)

Senators Taniguchi, Kanno, Matsunaga, Chun and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 109 on S.B. No. 2716

The purpose of this measure is to provide that the one-half of one percent wholesale tax rate for general excise and use taxes applies:

- (1) To sales by a printer to a publisher of magazines or similar materials containing advertisements;
- (2) When the publisher is under contract with advertisers to distribute a minimum number of the materials to the public; and

- (3) Whether or not the publisher charges the public for the material or distributes it without charge to the public.

The change in tax rate proposed under the measure would take effect on July 1, 2005.

Upon further consideration, your Committee has amended the measure by reverting the language contained in the House Draft 1 back to the language contained in the Senate Draft 1.

Specifically, your Committee has amended the effective date to state that upon approval, the measure shall apply to gross income or gross proceeds received, or gross value accruing, after June 30, 2000.

Your Committee believes that the amended measure provides the necessary safeguards to ensure equitable treatment under the State's general excise tax law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2716, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2716, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Takamine, Souki, Suzuki and Halford.
Managers on the part of the House.
(Representative Halford was excused.)

Senators Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 110 on S.B. No. 2946

The purpose of this measure is to ease the financial burden on a taxpayer who is appealing a tax assessment to a District Board of Review.

Specifically, the measure lifts the requirement that taxpayers who are appealing a general excise, transient accommodation, use, fuel, liquor, tobacco, conveyance, or rental motor vehicle surcharge tax assessment, first pay the tax prior to an appeal to the District Board of Review.

Your Committee finds that requiring a taxpayer to pay a tax assessment as a condition precedent to appealing the assessment to the District Board of Review may place an undue burden on certain taxpayers.

Upon further consideration, your Committee has amended the measure by making technical, nonsubstantive amendments for the purpose of style.

Your Committee believes that the measure will benefit certain taxpayers without causing undue hardship upon the State. Your Committee would also like to note its intention that a taxpayer who appeals to the District Board of Review should not be required to pay the tax assessed so long as the person prevails in the judgment of the Board of Review.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2946, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2946, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kawakami, Suzuki and Marumoto.
Managers on the part of the House.
(Representative Suzuki was excused.)

Senators Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 111 on S.B. No. 2706

The purpose of this bill is to provide tax relief for operators of airlines.

More specifically, this bill provides a taxpayer the option of:

- (1) Taking an aircraft operating lease investment tax credit, that is deductible from the net income tax liability of a lessee of an aircraft under an operating lease;
- (2) Taking a general excise tax exemption for amounts received as rent for leasing or renting aircraft or aircraft components used by lessees or renters for interstate air transportation of passengers or goods; or

- (3) Exempting the importation of aircraft or aircraft engines from the use tax.

In addition, the bill reduces the general excise tax on lessors of aircraft and aircraft engines to one-half of one per cent.

Upon further consideration of this bill, your Committee has deleted all substantive provisions except for the income tax credit. Your Committee has amended the income tax credit by reducing the credit to two per cent, deleting the June 30, 2000, date and allowing the credit to be claimed for operating leases entered into before or after the effective date of the Act.

In addition, your Committee has amended the credit to require that the eligible aircraft for which the lease credit is allowed be state 3 aircraft as provided by federal law. Stage 3 aircraft are required in most places in the world and are quieter aircraft. By making this change your Committee is encouraging the investment in new, quieter aircraft that will benefit the State. Finally your Committee has made the bill effective for taxable years beginning after December 31, 1999, and to apply to lease rent paid after June 30, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2706, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2706, S.D. 1, H.D. 2, C.D. 1.

Representatives Hiraki, Herkes, Luke and Moses.
Managers on the part of the House.

Senators Kawamoto, Fukunaga, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 112 on S.B. No. 539

The purpose of this bill is to amend Article X, section 6 of the Hawaii Constitution, to:

- (1) Allow the University of Hawaii (University) to exercise greater internal control over the University by:
 - (A) Codifying many of the powers recently granted to the University through legislation;
 - (B) Providing that all internal structure, management, and operation decisions of the University are clearly the responsibility of the Board of Regents; and
 - (C) Deleting the requirement that the Legislature first authorize the University to formulate policy and exercise control over the University before the University takes such action; and
- (2) Reserve to the Legislature the exclusive jurisdiction to identify the laws of statewide concern, that the Legislature is currently empowered to enact.

Your Committee on Conference finds that the Constitution currently requires that before the Board of Regents of the University can formulate policy or exercise control over the University through its executive officer, legislation providing and defining such powers must first be enacted.

The constitutional amendment proposed by this bill allows the University to formulate policy and exercise control over its internal operations without the Legislature first enacting legislation to authorize such action. The increasing complexity of public higher education requires the University to be responsive to the needs of the community on a timely basis, and only autonomy over its internal affairs will allow the University to accomplish this goal. This measure will also enable the University to be a major contributor to the economic development of the State. The experience in other regions of the country has shown that a quality higher education system is an essential element in any effort to successfully develop and sustain a dynamic economy.

Your Committee on Conference retained two amendments made to this measure, both of which limit the scope and impact of this constitutional amendment.

First, your Committee on Conference makes special note of the change in constitutional language from "The board shall have exclusive jurisdiction over the internal organization and management of the university" to "The board shall also have exclusive jurisdiction over the internal structure, management, and organization of the university". This amendment is meant to be stylistic only, and is not intended to reflect any substantive change in the present constitutional provision.

The second amendment makes clear that the Legislature shall have exclusive jurisdiction to identify laws of statewide concern. Such language is necessary because, if ratified, this constitutional amendment will undoubtedly result in future

disputes and litigation, particularly when the Legislature enacts a statute that is perceived to adversely impact the University. A legislative determination that a law is of statewide concern shall extinguish the controversy.

The need to reserve the identification of laws of statewide concern to the Legislature is necessary because the proposed constitutional amendment is susceptible to misinterpretation. The amendment's essential terms, i.e. "internal" and "statewide concern," may be vague and overbroad. This has already been evidenced by the testimony presented at the hearings on this measure.

Testimony indicated that the amendment is necessary because the University "is unable to make crucial decisions with respect to those employed to work in the university system nor can the Regents negotiate collective bargaining agreements covering the various employment groups within the university system." Such testimony was presented notwithstanding House Standing Committee Report No. 877-00 (noting that certain state employment laws are of statewide concern) and the holdings in *City & County v. Ariyoshi*, 67 Haw. 412 (1984) and *Hawaii Government Employees' Association v. County of Maui*, 59 Haw. 65 (1978) (holding that civil service and compensation matters are within the purview of the legislature).

The University will remain, as it is in the current law, subject to laws of statewide concern, including, but not limited to:

- (1) The budgeting process of the Legislature;
- (2) The Governor's ability to restrict funds;
- (3) The Legislature's power to fund new initiatives concerning the University;
- (4) The state employment laws found in Title 7, Hawaii Revised Statutes, (Civil Service/Collective Bargaining); and
- (5) Laws related to Hawaiian ceded land rights.

Your Committee on Conference intends that this constitutional amendment will memorialize the University's existing statutory powers, without restricting the powers of the Legislature in matters of statewide concern and without limiting the Governor's ability to restrict University funds. In addition, your Committee intends that this constitutional amendment not preclude the Legislature's prerogative to fund or not fund a specific University program.

Your Committee has amended this measure by deleting the July 1, 2050 effective date condition.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 539, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 539, S.D. 1, H.D. 1, C.D. 1.

Representatives Takai, Saiki, Takamine and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators D. Ige, Fukunaga, Levin, Chumbley and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 113 on S.B. No. 2420

The purpose of this bill is to:

- (1) Allow the sale of net operating losses and amend the various income tax incentives enacted last year for technology-based businesses;
- (2) Appropriate funds for educational programs under the Department of Education, the Pacific Center for Advanced Technology Training, and the University of Hawaii;
- (3) Exempt the members of the Governor's Special Advisory Council for Technology Development from the Senate confirmation process and from the need to file a disclosure of financial interests with the State Ethics Commission;
- (4) Develop partnerships between the Hawaii Tourism Authority and Hawaii's business community to promote the State as a place to do high technology business;
- (5) Give increased autonomy and authority to the High Technology Development Corporation (HTDC) over its fiscal and personnel matters;

- (6) Establish the Hawaii Venture Capital Technology Revolving Fund;
- (7) Require HTDC to establish programs for seed capital assistance, venture capital assistance, and capital access;
- (8) Provide that an appointed member from HTDC, the Natural Energy Laboratory of Hawaii Authority (NELHA), and the Hawaii Strategic Development Corporation (HSDC) serve on each others' boards;
- (9) Require the Department of Business, Economic Development, and Tourism (DBEDT) and HTDC to report on the Hawaii Capital Loan Program; and
- (10) Clarify that the ERS may invest in Hawaii high technology businesses or venture capital investments.

Your Committee on Conference has amended this bill by:

- (1) Deleting the substantive contents of this bill and replacing it with the substantive contents of S.B. No. 2420, S.D. 2, which establishes the New Economy Technology Scholarship Program (Program) on a pilot basis;
- (2) Inserting the appropriation amount of \$200,000 to establish and implement the Program;
- (3) Providing that DBEDT shall award a scholarship in an amount up to \$2,000 per academic year; and
- (4) Deleting references to the Hawaii Workforce Development Council, Pell grants, and other state grants.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2420, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2420, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Morihara, Takamine, Souki, Yoshinaga, Halford and Meyer.
Managers on the part of the House.
(Representative Souki was excused.)

Senators D. Ige, Fukunaga, Kanno, Inouye, Sakamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 114 on S.B. No. 2838

The purpose of this measure is to establish, on a special and temporary basis, the Access Hawaii Committee (Committee) to consist of a maximum of eleven voting ex officio members.

The Committee is to provide oversight of the Internet portal manager (portal manager) by:

- (1) Reviewing the annual strategic plan and periodic reports submitted by the portal manager;
- (2) Reviewing and approving all charges to be assessed to portal users;
- (3) Reviewing and approving service level agreements negotiated between government agencies and the portal manager;
- (4) Reviewing annual financial reports and audits of the portal manager;
- (5) Reviewing annual customer satisfaction surveys conducted by the portal manager; and
- (6) Reviewing the performance measures of the Internet portal.

This measure also allows the charging of fees for value added electronic services that will be collected by the portal manager and requires the Committee to submit an annual report on the operations of the portal manager to the Legislature.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Add titles to each section of the measure;
- (2) Expand the purpose section to include access to the portal through the public library system;
- (3) Expand the purpose of the measure, and duties of the Committee, to include assisting the public library system in providing access to the portal;

- (4) Expand the definition of "value added electronic services" to include the ability to transact business over the portal;
- (5) Terminate the Committee on June 30, 2003; and
- (6) Appropriate \$250,000 for the public library system to provide access to the portal.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2838, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2838, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Luke, Souki, Suzuki and Halford.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Ige, Sakamoto, Fukunaga and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 115 on S.B. No. 2859

The purpose of this measure is to reform the public employment laws to improve the efficiency and effectiveness of government consistent with Article XIII, Section 2, and Article XVI, Section 1, of the Hawaii State Constitution.

Your Committee has undertaken the work of integrating the differing approaches to the modernization of Hawaii's public employment laws. These differences reflect many of the concerns raised by stakeholders -- management and workers, the various jurisdictions and agencies within Hawaii's system of government and the unions representing public workers, legislators and the broader general public who benefit from government services -- and your Committee is well aware that the resolution of these differences will not please all the parties.

Your Committee believes strongly, however, that the concepts reflected in S.B. No. 2859, S.D. 1, H.D. 1, C.D. 1, provide a comprehensive, responsive body of law that will bring about a more efficient and effective means of providing government services to the people of Hawaii.

Your Committee has amended this measure to incorporate concepts contained in both the Senate and House versions of the bill, as well as many of those in the measure as introduced. As amended, this bill:

- (1) Replaces the seven-member statewide civil service commission with a three-member merit appeals board to hear appeals related to recruitment and examination, classification and reclassification, initial pricing, and other employment actions taken against civil service employees who are excluded from collective bargaining, authorizes other jurisdictions to establish a merit appeals board or continue to use a civil service commission or appeals board as the merit appeals board, and establishes a procedure for internal complaints;
- (2) Provides incentives for public employees through increased in-service training opportunities and entrepreneurial activities, and establishes a related special fund;
- (3) Replaces the existing statewide public employment system with nine jurisdictions, requires each jurisdiction to establish separate civil service systems based on the merit principle, clarifies that within the classification systems established by each director, equal pay for equal work shall apply between equal classes in the same bargaining units among jurisdictions, and requires continuous improvements to streamline the recruitment process;
- (4) Redefines the merit principle as the selection of persons based on their fitness and ability for public employment and the retention of employees based on their demonstrated appropriate conduct and productive performance, and incorporates the merit principle in Chapter 89, Hawaii Revised Statutes (HRS);
- (5) Increases the flexibility of the jurisdictions to pursue alternatives in providing human resources program services through decentralization, delegation, and agreements, including with a private entity if authorized by the legislature, and provides additional flexibility of exemptions in citizenship and residency requirements for highly specialized or hard-to-fill positions;
- (6) Clarifies the parameters for establishing positions exempt from civil service, establishes a process for conversion of exempt positions to civil service. Requires the Department of Human Resources Development (DHRD) to review exempt positions established prior to this Act, and submit to the legislature an annual report on positions that were permanently exempted prior to the effective date of this Act, which were reviewed during the year, and recommendations for any actions regarding the positions;

- (7) Adds to the list of positions exempt from civil service, employees of the office of the lieutenant governor, positions that must be filled to comply with a court order, such as the Felix-Cayetano consent decree, and additional positions within the Department of Education;
- (8) Clarifies performance appraisal and establishes conditions for release of an employee from the position or discharge from service for failure to meet performance requirements, and provides for the right to grieve through either collective bargaining or the merit appeals board;
- (9) Clarifies that layoffs, suspensions, discharges, and demotions shall be in accordance with procedures negotiated under Chapter 89 or determined under Chapter 89C, HRS;
- (10) Authorizes drug testing for all prospective employees, with no drug convictions for three years prior to employment;
- (11) Authorizes experimental modernization projects to be developed in consultation with affected employees;
- (12) Establishes provisions for office hours, leaves of absence, injured employees, credits for workers' compensation benefits, leave sharing program, temporary inter-and intra-governmental assignments and exchanges, in-service training programs, incentive and service awards, and cafeteria plans in Chapter 78, HRS, to replace provisions in chapters to be repealed, and makes vacation, sick leave, and other leaves of absence negotiable under Chapter 89, or adjusted under Chapter 89C, HRS;
- (13) Clarifies the procedures for salary withheld for indebtedness to the government, and establishes a process of repayment to the employee if the determination of indebtedness was contested and found to be incorrect;
- (14) Requires the parties to establish a grievance procedure for employees covered by collective bargaining, with the final and binding decision to be made by a performance judge -- a neutral third party selected from a list mutually agreed upon by the parties;
- (15) Adds a definition for "jurisdiction" to Chapter 89, HRS, that lists seven of the nine jurisdictions established in Chapter 76, HRS, as the University of Hawaii and the Department of Education bargain under the umbrella of the State;
- (16) Amends the definition of "collective bargaining" to clarify that wages include the number of incremental and longevity steps, the number of pay raises, and the movement between steps within and between pay ranges;
- (17) Amends the definition of "cost items" to mean all items agreed to in the course of collective bargaining that an employer cannot absorb under its customary operating budgetary procedures and that requires additional appropriations by the respective legislative body;
- (18) Amends the appropriate bargaining unit language to delete optional bargaining unit designation for units 9 through 13, to adjust the composition of the bargaining committees to reflect the multi-jurisdictions, and to authorize each employer to negotiate independently of one another, supplemental agreements that apply to their respective employees;
- (19) Amends the scope of negotiations to reflect related changes under collective bargaining;
- (20) Clarifies that collective bargaining agreements reached under binding arbitration, agreements effective during the term of an agreement, such as a supplemental agreement, an agreement on reopened items, or a memorandum of agreement, are not subject to ratification by the employees, and that once approved, the general provisions of the agreement shall be in effect, regardless of the requirements for the submission of cost items;
- (21) Establishes a calendar-driven impasse procedure, beginning on April 16 of an even-numbered year, as a means of achieving timely submission of cost items to the respective legislative body;
- (22) Amends the arbitration criteria to define the lawful authority of the employer to use special funds within statutory limitations, and to clarify that the financial ability of the employer does not depend on increasing or imposing new taxes, fees, or charges, or developing other sources of income;
- (23) Expands the office of collective bargaining to include managed competition, including formulation of a philosophy and coordination of the process;
- (24) Extends to the respective jurisdictions the flexibility to adjust wages, hours, benefits, and other terms and conditions of employment for excluded employees, and clarifies the guidelines for making adjustments for excluded employees, whether civil service or exempt;

- (25) Establishes a program for voluntary severance benefits and special retirement incentive benefits for state executive branch employees as a means of facilitating the restructuring of government; extends to the other jurisdictions the option to provide a special retirement incentive for workers under a reduction-in-force or workforce restructuring plan;
- (26) Authorizes the board of education to appoint school personnel engaged in instructional work, other than teachers and educational officers, as part of the board's overall efforts to increase autonomy and accountability of the public education system;
- (27) Repeals numerous sections of Chapter 76 and 78, and repeals Chapters 77, 79, 80, 81, 82, 83 in their entirety;
- (28) Appropriates \$600,000 for in-service training, and \$128,000 for the REACH program, out of general funds, and \$150,000 out of the employees' retirement system's investment earnings to process the special retirement incentive; and
- (29) Provides for a transition period of two years for implementation of this Act, with the Act to take effect July 1, 2002.

This measure amends public employment laws that have evolved over decades and procedures constricted by layers of well-intended rules and ordinances. Your Committee believes that the principles, innovations, and additional flexibility contained in this measure, as amended, will provide a more responsive base for the continuing evolution of public employment.

Your Committee commends the many people who have been involved in crafting a system of public employment for the new century. On July 19, 1999, Governor Cayetano issued Executive Order No. 99-04, tasking the Director of Human Resources Development with "the responsibility to establish partnerships with all stakeholders, labor and management included, to collaboratively design and effectuate a process to modernize the civil service system." These stakeholders convened dozens of meetings; exchanged concepts and complaints; reviewed current laws, rules, ordinances, and procedures; and debated the pros and cons of hundreds of recommendations produced as a result. Without the diligence, persistence, and commitment of so many people, the work of this Committee would have been far more difficult.

Your Committee also wishes to acknowledge the Governor's leadership in implementing these changes in Hawaii's public employment system. Your Committee has fully and with due deliberation considered the Governor's civil service reform agenda. With the following exceptions, the concepts on which this agenda was based have been incorporated into this measure.

Two remain for further consideration -- a "two strikes and you're out" drug policy and changes in vacation benefits for new employees. The parties have indicated a desire to negotiate these issues through the collective bargaining process. Your Committee believes the collective bargaining process may be the appropriate arena to determine these issues, which are critical both for employees and for management, and strongly urges the parties to bring these issues to the table for resolution.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2859, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2859, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga, Takamine, Goodenow, Souki and Moses.
Managers on the part of the House.

Senators Nakata, Levin, Fukunaga, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 116 on S.B. No. 2221

The purpose of this measure is to provide an investment credit for investment in a qualifying ethanol production facility.

Your Committee has amended this measure to:

- (1) Clarify that the facility shall be in production on or before January 1, 2012;
- (2) Replace the two-tiered investment schedule -- for investments of up to \$5,000,000, and over \$5,000,000 -- with a sixteen-step schedule based on gallons produced, with a cap of thirty percent up to a specified dollar amount for each step;
- (3) Amend the definition of "credit period" to a maximum period of eight years for facilities with a total investment of less than \$50,000,000, and ten years for those with a total investment of \$50,000,000 or more;

- (4) Add a definition for "nameplate capacity" as the qualifying ethanol facility's production capacity in gallons of ethanol per year, based on an operating year of three hundred fifty days;
- (5) Cap the eligible ethanol investments in total nameplate capacities of ethanol production facilities in the State at forty million gallons per year;
- (6) Require written notice prior to construction of any new ethanol production facility, and an additional written notice within thirty days of the initial qualifying production;
- (7) Allow the capacity to be revised if a qualifying facility fails to achieve average annual production of at least seventy-five percent of its nameplate capacity for two consecutive years;
- (8) Require each qualifying producer to provide specific information on productions and sales;
- (9) Require the Director of Business, Economic Development, and Tourism, to submit an annual report to the Governor and the Legislature on ethanol production and sales;
- (10) Amend section 237-27.1, Hawaii Revised Statutes, to delete the requirement for a written report, and to provide a sunset date of December 31, 2006;
- (11) Make the credit applicable to tax years beginning after December 31, 2001; and
- (12) Make technical amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2221, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2221, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Abinsay, Herkes, Luke and Fox.
Managers on the part of the House.

Senators Inouye, Chun, Buen and Slom.
Managers on the part of the Senate.
(Senator Buen was excused.)

Conf. Com. Rep. 117 on S.B. No. 2781

The purpose of this bill is to enact a hotel construction and remodeling income tax credit and to repeal the qualified improvement tax credit.

Your Committee finds that the hotel industry, which includes hotel condominiums and time share plans, needs state assistance to add new stock or to renovate the current stock. The purpose of this bill is to provide that assistance. In addition, your Committee finds that attracting call centers to the State will provide more employment for our citizens and will encourage a clean industry that involves technology in Hawaii.

Upon further review of this bill, your Committee has amended the bill to:

- (1) Provide that a taxpayer instead of reducing the basis of eligible property may report the credit as income in the appropriate year;
- (2) Change the time period for ending the credit to December 31, 2002, and provide that the period begins for projects after December 31, 1998;
- (3) Remove the requirement that a qualified project has a cost that exceeds \$1,000,000;
- (4) Add a definition of taxpayer to include associations of apartment owners and time share associations;
- (5) Make the tax credit refundable; and
- (6) Provide that no taxpayer may claim a credit under this bill and a credit under chapter 235D, Hawaii Revised Statutes (HRS).

Your Committee notes that its intention is to also pass Senate Bill No. 2409 in an amended form to provide an alternative qualified improvement tax credit that will amend chapter 235D, HRS, enacted last year. Your Committee finds that such an alternative is appropriate and will provide taxpayers with options that would not otherwise be available.

In addition, your Committee has added an exemption of call centers from the general excise and public service company tax to this bill to encourage the formation of clean, technology businesses in Hawaii. Your Committee believes that the package of tax incentives in this bill will encourage the economy of the State.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2781, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2781, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Takamine, Souki, Suzuki and Halford.
Managers on the part of the House.

Senators Inouye, Fukunaga, Levin, Buen and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 118 on S.B. No. 2521

The purpose of this measure is to establish disclosure requirements for purchasing agencies of contracts for professional services of \$250,000 or more.

This measure requires the contracting agency to:

- (1) Post within an unspecified number of days on the agency's bulletin board and Internet:
 - (A) The name of the firm or individual awarded the contract; and
 - (B) The amount of the contract awarded;
- (2) Make available an annual report of all contracts for professional services posted the agency's bulletin board or Internet which shall include:
 - (A) The name of the contracting agency; and
 - (B) The amount and type of each contract awarded.

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

- (1) Requiring screening committees to consider but not be limited to, the following primary selection criteria:
 - (A) Experience and professional qualifications of the staff to be assigned to the project;
 - (B) Past performance on projects of similar scope; and
 - (C) Capacity to complete work in allotted time frame.
- (2) Requiring heads of purchasing agencies to rank candidates based on the selection criteria;
- (3) Requiring contracts awarded under this section to be posted electronically within seven days of the award for at least one year. The posting shall include the names of the top five persons submitted for consideration of the award, the name of the person or entity receiving the award, the dollar amount of the award, the name of the purchasing head making the award, and any relationship between the principals and the official making the award;
- (4) Deleting the proposed language that established negotiation requirements for contracts for professional services of \$250,000 or more and required contracting agencies to make available annual reports of all contracts for professional services; and
- (5) Making conforming technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2521, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2521, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kanoho, Kawakami and Marumoto.
Managers on the part of the House.

Senators Tam, Fukunaga, Matsuura and Anderson.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 119 on S.B. No. 2409

The purpose of this bill is to provide an exemption from the general excise and public service company taxes for call centers, and to specify the terms, conditions, and amount of tax credits allowed qualified improvements under chapter 235D, Hawaii Revised Statutes (HRS).

Your Committee notes that last year the legislature enacted chapter 235D, HRS, to allow an unspecified tax credit for qualified improvements for resort and general facilities. This bill provides an increased percentage of tax credit for increasing expenditures to improve hotels and other resort and resort related activities.

Your Committee has amended the bill to:

- (1) Divide the bill into Part I containing the call center provisions and Part II containing the qualified improvement provisions;
- (2) Delete reference to commercial or recreational use to support or service a hotel or resort use in the definition of qualified improvement costs, clarify that zoning for resort use is resort/commercial, clarify that time share use is included, and add a provision concerning residential use in areas designated for hotel, resort, or time share use to include condominium facilities. The term resort/commercial includes the term "resort-commercial" as used in the land use ordinance of the city and county of Honolulu;
- (3) Add a definition of taxpayer to include associations of apartment owners and time share owners association and clarify other provisions to include such associations;
- (4) Add a provision to allow a tax credit of four per cent for improvement costs less than \$1,000,000, delete the \$10,000,000 cap for costs over \$5,000,000, and increase to \$30,000,000 the costs necessary to claim the twenty per cent tax credit. Add a provision requiring the department of business, economic development, and tourism to certify that without the twenty per cent credit the project is not economically feasible and the department of taxation to certify that the project will contribute positive tax dollars to the state treasury within five years and that the tax credit may be phased in to prevent negative impacts on the state treasury. Add a provision to allow taxpayers who cannot or choose not to comply with the twenty per cent provisions to claim the credit at fifteen per cent. Require that all credit claimants meet the prevailing wage requirement for projects involving costs of over \$10,000,000;
- (5) Add a provision allowing the department of taxation to request the assistance of the department of labor and industrial relations in administering the provisions of the bill relating to prevailing wages and nonsupervisory, nontipped employees, and allowing the department of taxation to request documentation to assist in carrying out these provisions;
- (6) Add a provision that taxpayers shall be in compliance with all applicable federal, state, and county statutes, rules, and regulations;
- (7) Amend the provision allowing the director of taxation to develop a plan that phases in the tax credits over a ten-year period to provide instead that the director shall allow tax credits to be claimed over a seven-year period in a fluctuating manner in relationship to the tax revenues generated by a project. Your Committee notes that during the construction of a project substantial revenues are generated by the activity involving the project. After a project is finished the tax revenues it pays to the State will fall and then as the project matures tax revenues will increase. Your Committee intends for the director to develop a plan so that, if entitled, a higher amount of tax credits may be claimed when the activity of the project generates higher state tax revenues and when lower tax revenues are generated then a lower amount of tax credits may be allowed. In no case does your Committee intend that the full amount of the tax credits to which a taxpayer is entitled not be claimed in the seven-year period;
- (8) Add a provision that no taxpayer that claims a credit under these provisions shall claim a hotel construction and remodeling tax credit under the income tax law; and
- (9) Amend the effective date to reflect the amendments made by your Committee.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2409, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2409, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Takamine, Suzuki, Halford and Souki.
Managers on the part of the House.

Senators Inouye, Ige, Fukunaga, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 120 on S.B. No. 3026

The purpose of this bill is to improve the quality of Hawaii's primary and secondary public school facilities by, among other things:

- (1) Establishing special funds to eliminate the backlog of projects existing on June 30, 2000, and pay for school repairs and cyclical maintenance projects scheduled after June 30, 2000; and
- (2) Authorizing the Department of Budget and Finance to issue general obligation bonds for the two special funds and making other related appropriations.

Upon further consideration, your Committee has amended this bill by expanding the scope of the bill by seeking to improve Hawaii's primary, secondary, and college level facilities. As amended, this bill:

- (1) Eliminates the two new special funds and related references, requirement for a six-year program and financial plan for school repair and maintenance, departmental school district business and fiscal officer positions, authorization to accept donated repair and maintenance services and materials, authorization to enter into cooperative agreements with the U.S. Department of Defense, allocation requirements, and listing requirements;
- (2) Appropriates \$30,000,000 for repair, maintenance, and improvement projects for the Department of Education;
- (3) Appropriates \$15,000,000 for repair, maintenance, and improvement projects for the University of Hawaii;
- (4) Exempts the expenditure of appropriations for any repair, maintenance, or improvement project with a total cost of less than \$100,000 from the Hawaii Public Procurement Code under chapter 103D, Hawaii Revised Statutes;
- (5) Requires that a separate contract file be maintained for each project funded; and
- (6) Makes other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3026, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3026, S.D. 1, H.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa and Leong.
Managers on the part of the House.

Senators Ige, Sakamoto, Fukunaga, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 121 on S.B. No. 2303

The purpose of this measure is to allocate the public service company tax revenue stream from passenger cruise vessels to finance the improvements and additions to passenger cruise facilities around the State. The public service company tax revenues identified shall be transferred to the department of transportation's harbor special fund and the department of land and natural resources' boating special fund for this purpose.

Your Committee upon further consideration has made the following amendments:

- (1) Deleted the sections amending sections 248-8 and 266-19, Hawaii Revised Statutes, as unnecessary due to the elimination of the substantive amendments to the section by your Committee; and
- (2) Provided that the Act shall take effect upon approval.

Your Committee believes that this measure, as amended, will provide the support necessary for the cruise ship industry to become a significant contributor to Hawaii's economy. To further the growth of the cruise ship industry, your Committee notes that current inequities in the assessment of user fees on cruise ship companies must be addressed. Accordingly, the Department of Transportation and the Department of Land and Natural Resources are requested to examine their user fee schedules to address such inequities and to ensure that fees imposed on cruise ship companies are fairly and equitably assessed. Your Committee requests the Department of Land and Natural Resources and the Department of Transportation to submit a report to the Regular Session of 2001 setting forth the various fees imposed on the cruise ship industry by type of fee, amount, place, and type of cruise ship.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2303, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2303, S.D. 2, H.D. 2, C.D. 1.

Representatives Hiraki, Goodenow, Catalani, Takai and Fox.
Managers on the part of the House.
(Representative Catalani was excused.)

Senators Kawamoto, Inouye, Fukunaga, Levin and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 122 on S.B. No. 2312

The purpose of this measure is to fund the operations and activities of the Hoisting Machine Operators Advisory Board by making an appropriation from the general fund and from the Hoisting Machine Operators Certification Revolving Fund.

Your Committee on Conference has amended this measure by inserting an appropriation amount of \$50,000, for both appropriations and by making technical, nonsubstantive differences for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2312, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2312, S.D. 1, H.D. 1, C.D. 1.

Representatives Yoshinaga, Catalani, Goodenow, Nakasone and Moses.
Managers on the part of the House.
(Representative Goodenow was excused.)

Senators Kanno, Taniguchi, Kawamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 123 on S.B. No. 2218

The purpose of this measure is to:

- (1) Provide legal protection to New Century Charter School (Charter School) boards;
- (2) Allow a group of teachers to establish a Charter School;
- (3) Require the Auditor to consider:
 - (A) The recommendations of local school boards in determining the allocations for Charter Schools; and
 - (B) Any changes to the Department of Education's budget made by the Governor;
- (4) Require the Auditor to develop a fund allocation methodology that can be applied to various alternative forms of public schools, including Charter Schools;
- (5) Require establishment of financial and academic criteria for school accountability and student graduation requirements equivalent to state standards; and
- (6) Appropriate funds for the establishment of additional Charter Schools.

Upon further consideration, your Committee amended the measure to:

- (1) Remove the purpose and appropriation sections;
- (2) Add a new section for chapter 302A, Hawaii Revised Statutes (HRS), to require the Board of Education to adopt guidelines to review charter schools attempting formation pursuant to sections 302A-1182 or 302A-1183, HRS;
- (3) Amend the requirements of the local school board's implementation to:
 - (A) Require local school boards to include a comprehensive assessment and accountability system and a system of financial accountability, in their implementation plans; and
 - (B) Provide the board 60 days to review the completed implementation plan;

- (4) Require that small schools with less than 120 students receive a subsidy or allotment, as determined by the DOE;
- (5) Allow the Department of Education to provide a limited start-up and planning grant to each Charter School;
- (6) Require the Charter School self-evaluation process to include a profile of the school's enrollment and community;
- (7) Require Charter School boards to conduct an independent evaluation of each school to assure compliance with statewide student content and performance standards; and
- (8) Require this measure not to apply to existing charter schools.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2218, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2218, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Kanoho, Yoshinaga, Kawakami and Leong.
Managers on the part of the House.

Senators Ige, Sakamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 124 on S.B. No. 2475

The purpose of this measure is to prohibit gender discrimination in interscholastic, club, and intramural athletics in public schools, in grades nine through twelve.

Specifically, this bill:

- (1) Specifies factors that the Superintendent and the advisory committee may consider when assessing equality of opportunity for members of each sex, including unequal aggregate expenditures for members of each sex or unequal expenditures for male and female teams;
- (2) Allows the establishment of an Advisory Commission on Gender Equity in Sports and requires the advisory commission to determine if any school does not exhibit substantial progress toward compliance with state and federal laws prohibiting sexual discrimination in athletics;
- (3) Allows the Superintendent to define equity in athletics for all public high schools; develop a strategic plan; recommend rules for appropriate enforcement mechanisms to ensure equity; and prepare a compliance report to submit to the Legislature and the advisory commission; and
- (4) Applies this measure to public schools, grades 9 to 12.

Upon further consideration, your Committee on Conference amended the measure to:

- (1) Add a new provision on gender equity in athletics which prohibits denial of benefits or discrimination in athletics offered by a public school;
- (2) Delineate with more specificity some of the factors that the Superintendent and the advisory commission must consider when assessing equality of opportunity for members of each gender;
- (3) Require consideration of the failure to provide necessary funds for teams for one gender in assessing equality of opportunity for members of each gender, when determining violations;
- (4) Establish, for three years, a seven-member advisory commission which may make recommendations to the Board of Education, Superintendent of Education, and Legislature;
- (5) Require the Superintendent of Education to:
 - (A) Define equity in athletics for all public high schools;
 - (B) Recommend rules for appropriate enforcement mechanisms to ensure equity;
 - (C) Develop a strategic plan containing recommendations and a timetable to achieve equity;
 - (D) Commence and continue by the expiration of the advisory commission those recommendations relating to the use of existing personnel, equipment, resources, and facilities; and

- (E) Submit to the Legislature and the advisory commission on gender equity on sports a report of compliance with Title IX;
- (6) Specifying that no private right of action shall arise under the provisions contained within this Act; and
- (7) Change the effective date to July 1, 2000.

In making these amendments, your Committee on Conference acknowledges that the Department of Education has already initiated a process to self-analyze and implement its means of compliance with Title IX. Thus, this measure merely formalizes those efforts. Further, your Committee on Conference notes that this measure is not intended to abrogate the Legislature's power to appropriate funds for the purpose of achieving compliance or require the expenditure of new or supplemental funds absent legislative appropriation. Accordingly, your Committee on Conference amended this measure to emphasize that the implementation of the Superintendent's recommendations over the stated three-year time period shall only apply to existing personnel, equipment, resources, and facilities, as opposed to those recommendations that will require new or supplemental funding by the Legislature.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2475, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2475, S.D. 1, H.D. 3, C.D. 1.

Representatives Ito, Saiki, Catalani and Leong.
Managers on the part of the House.

Senators Ige, Sakamoto and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 125 on S.B. No. 2134

The purpose of this bill is to keep Hawaii rabies-free and reduce the burdens that Hawaii animal quarantine user fees place on military personnel and others when being transferred to Hawaii.

It is your Committee's intent to continue working with the federal government to obtain federal funds to reduce or alleviate the cost of Hawaii animal quarantine fees imposed on military personnel.

Your Committee has amended this bill by:

- (1) Deleting provisions that:
 - (a) Prohibit the transfer of Animal Quarantine Special Fund (Special Fund) moneys to the general fund; and
 - (b) Reduce the user fee of the Animal Quarantine Station by a certain percentage of the user fee rate that existed on January 1, 2000;
 and
- (2) Inserting the appropriation sum of \$500,000 in general funds for deposit into the Special Fund for fiscal year 2000-2001 to be used to reduce quarantine user fees, provided that the reductions shall be based on the following factors:
 - (a) The public health, safety, and welfare;
 - (b) Fairness and equity to users; and
 - (c) Economic factors to ensure that individuals and families moving to Hawaii relocate without creating an economic hardship.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2134, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2134, S.D. 1, H.D. 2, C.D. 1.

Representatives Abinsay, Garcia, Espero and Marumoto.
Managers on the part of the House.

Senators Inouye, Kawamoto, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 126 on S.B. No. 2433

The purpose of this bill, as received by your Committee, is to provide for privatized correctional facilities in the State. More specifically, this bill authorizes the Governor to:

- (1) Enter into and execute contracts in the name of the State with any private entity to operate correctional facilities at sites within the State and selected by the Governor; and
- (2) Negotiate with any person for the development of a private correctional facility capable of housing both minimum and medium security inmates to be situated on lands identified as a portion of TMK 1-6-001-025 and 1-6-001-002.

Your Committee on Conference notes that under existing law, the Governor and the Director of Public Safety have the authority to act to reduce prison overcrowding. For example, the law provides that the Governor may negotiate with private entities for the development and construction of out-of-state correctional facilities, which the State or a private entity may own. However, your Committee recognizes that similar authorization has not been enacted to permit the Governor or the Director of Public Safety to negotiate with a private entity for the management and operation of in-state correctional facilities.

In Konno v. County of Hawaii, 85 Haw. 69 (1997), the Supreme Court concluded that absent legislative authorization for non-civil servants to perform services customarily and historically performed by civil servants, such services must be performed by civil servants. Within the State of Hawaii, correctional facilities have been customarily and historically staffed by state employees who are civil servants. If in-state correctional facilities, particularly those developed by private entities to relieve prison overcrowding, are to be staffed by persons other than civil servants, express authority for implementing such a staffing plan must be conferred by the legislature. Thus, it is your Committee's intent that this measure overrule the Supreme Court's decision in Konno, with respect to staffing of the correctional facilities.

Your Committee on Conference further believes that the management and operation of a newly constructed correctional facility would be a good pilot project for the managed competition process. The process is designed to encourage in-house efforts to improve the Department of Public Safety's operation first, and to permit the Department to contract for the new correctional facility's operation without violating civil service, collective bargaining, and procurements laws, only if a contractor is willing and able to operate the new facility at less cost than an in-house effort is able to realize. The process is premised on the assumption that efficiencies and economies are more likely to be realized when the public and private sectors are given the opportunity to compete with each other.

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

- (1) Changing the legislative findings and purpose section to reflect the amendments made to the bill;
- (2) Authorizing the Director of Public Safety, with the approval of the Governor, to use a managed competition process for the operation of in-state correctional facilities constructed after the effective date of this Act;
- (3) Providing that if the contract for operation of the new correctional facility is awarded to a private contractor, the Director of Public Safety shall appoint a state monitor to oversee all aspects of the operation of the facility;
- (4) Providing that any contract executed between the State and a private contractor for the operation of the new correctional facility shall include specific contractual provisions to insure the safety and well-being of the inmates, the employees, and the general public;
- (5) Providing that the requirements for the managed competition process as set forth in the bill supersede inconsistent provisions of civil service, state employee compensation, collective bargaining, and procurement laws;
- (6) Repealing section 353-16.3, Hawaii Revised Statutes (HRS), that grants the governor the authority to negotiate with an out-of-state jurisdiction to develop a Hawaii correctional facility in that other jurisdiction;
- (7) Repealing section 353-16.36, HRS, which is reenacted in the new subsections of section 353-16.35;
- (8) Making conforming amendments to section 96-1, HRS, by amending the definition of "agency";
- (9) Correcting site identification numbers from "TMK 1-6-001-025" to "TMK 3-1-6-001-025" and "TMK 1-6-001-002" to "TMK 3-1-6-001-002";
- (10) Expanding the scope of possible designated construction sites to also include any other appropriate sites within the State;
- (11) Deleting the section appropriating funds for the preparation of an environmental impact statement for the development of a private correctional facility;

- (12) Providing that the developer of the facility shall be responsible for the preparation of an environmental impact statement for the development of a private correctional facility; and
- (13) Making technical, non-substantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2433, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2433, S.D. 2, H.D. 2, C.D. 1.

Representatives Garcia, Yoshinaga, Takamine and Pendleton.
Managers on the part of the House.

Senators Chumbley, Matsunaga, Levin, Fukunaga, Nakata and Anderson.
Managers on the part of the Senate.

Conf. Com. Rep. 127 on S.C.R. No. 204

The purpose of this measure is to assist homeowners whose health may be at risk from toxic substances in their soil. The measure authorizes the Department of Health (DOH) to provide technical guidance and assistance regarding soil testing to the owners of homes in Village Park and West Loch Fairways where soil samplings tested positive for the presence of dichlorodiphenyltrichloroethane, chromium, or arsenic.

Your Committee on Conference has amended this measure to:

- (1) Request the DOH to perform soil testing on the individual homes covered in composites 17 and 25 from the Department's previous tests to clarify the level of toxic substances in each home and determine the habitability of each residence, and to report its findings to the Legislature; and
- (2) Request the DOH to make full disclosures to the affected homeowners regarding their responsibilities and liabilities if the testing reveals soil contamination, prior to obtaining the homeowners' consent to testing.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of S.C.R. No. 204, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 204, H.D. 1, C.D. 1.

Representatives Morita, Schatz and Fox.
Managers on the part of the House.
(Representative Fox was excused.)

Senators Kanno, Taniguchi and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 133 on H.B. No. 2650

The purpose of this bill is to provide supplemental appropriations and authorizations for the operation of and capital improvements for the Judiciary branch by amending Act 156, Session Laws of Hawaii 1999, for the 1999-2001 fiscal biennium.

ECONOMIC CONDITIONS

Hawaii's economy in the previous decade was marred by stagnation while the mainland economy experienced a substantial economic boom. The lack of sufficient revenues required the Legislature to dramatically limit spending. The Judiciary actively supported the general fund through the last decade of stagnation, by implementing its own initiatives to generate revenues, and by consistently participating in budget reduction initiatives.

Although we are still far from economic prosperity, the economy seems to be slowly recovering at present. This fact is supported by several leading economic indicators including increases in personal income and visitor arrivals and decreases in unemployment claims and bankruptcy filings. These tell-tale economic indicators hint that Hawaii's economy is poised for a recovery and gives your Committee on Conference a cautious sense of optimism for the future.

JUDICIAL PARADIGM

Because of the specialized role the Judiciary plays in our government, developing its budget requires special attention. As an independent branch, the Judiciary is entrusted to administer justice in an impartial, efficient, and accessible manner. For this reason, your Committee on Conference has focused appropriations in the Judiciary budget on the efficient and effective adjudication of criminal and civil cases. At the same time, your Committee on Conference

recognizing the importance and effectiveness of these services have earmarked funds for treatment and rehabilitation of both victims and offenders in those departments best equipped to provide those services.

To this end, your Committee recommends that the Judiciary budget be increased from \$95,246,911 to \$96,885,971 for all means of financing. Of noted interest in the Judiciary budget are the following four areas:

HIGHLIGHTS

- (1) Providing for Basic Needs: Guardian Ad Litem and Attorney Costs;
- (2) Supporting New Initiatives: Maui Drug Court Program and the Domestic Violence Criminal Division;
- (3) Improving Efficiency: the Human Resources Information and Management System; and
- (4) Investments in the future: Capital Improvement Projects.

PROVIDING FOR BASIC NEEDS

As outlined under Chapter 587 of the Hawaii Revised Statutes, in cases where parental rights might be severed to protect children from harm, the Judiciary is required to provide guardians to protect the interests of the children and appoint attorneys to protect the rights of the parents in these cases.

The safety of children has consistently been a top priority of your Committee on Conference. Therefore, this measure addresses budget shortfalls for these services in the Third Circuit with an additional allocation of \$350,000. This ensures that the Judiciary can meet its obligation to the law and that the rights of citizens will be upheld.

SUPPORTING NEW INITIATIVES

Recognizing that certain types of cases not only require specialized knowledge, but also additional attention, your Committee on Conference supports the Judiciary's efforts to expand two special divisions: the Drug Court Program and the Domestic Violence Criminal Division.

The Drug Court Program was first implemented on Oahu in 1995. It has proven to be a very effective and cost-efficient alternative to incarceration for nonviolent drug offenders.

With a growing drug abuse problem on Maui, your Committee on Conference supports the Judiciary's efforts to expand the success of the Drug Court Program to this neighbor island. This measure provides the matching funds required for \$90,000 in federal funds, an additional social worker position, and an additional \$125,000 for substance treatment services.

The Domestic Violence Criminal Division in the First Circuit Court has committed staff and resources to meet the needs of both victims and offenders. With dedicated judges, and specially-trained staff, this division can promptly respond to the complex problem of violence in the home.

This measure dedicates an additional \$222,690 in general funds, and six positions to the Domestic Violence Division. These funds will improve the process of investigating, evaluating, and adjudicating domestic violence and spouse abuse cases.

IMPROVING EFFICIENCY

The Judiciary has long searched for a system that would enhance its personnel management. Relying on the key-punch data entry system has proven to be insufficient to adequately maintain the Judiciary's employee and payroll data.

Your Committee on Conference supports the Judiciary's initiative to more effectively manage personnel resources and identify labor needs. Therefore, your Committee on Conference supports the allocation of \$400,000 for a state-of-the-art, on-line personnel management system.

CAPITAL IMPROVEMENT PROJECTS

Your Committee on Conference has provided \$6,990,000 in new projects. Of this amount, \$6,501,000 is for the land acquisition for the Hilo Judiciary Complex. Other projects include the following:

- (1) \$265,000 for roof and structural improvements to Aliiolani Hale; and
- (2) \$224,000 for improvements to Koloa District Court, and the Lihue Office Annex.

CONCLUSION

Your Committee on Conference believes that this measure balances both the Legislature's understanding of the significance of the Judiciary's mission and the sensitivity to the current fiscal situation. It is important that the Legislature continue to support the Judiciary in its efforts to further develop these new initiatives and improve its efficiency through the system.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2650, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2650, H.D. 1, S.D. 2, C.D. 1.

Representatives Hamakawa, Takamine, Saiki, Moses and Kawakami.
Managers on the part of the House.

Senators Fukunaga, Levin, Buen, Chun, Chun Oakland, D. Ige, M. Ige, Iwase, Kawamoto, Nakata, Tam, Taniguchi and Anderson.
Managers on the part of the Senate.
(Senators Chun Oakland and Anderson were excused.)

Conf. Com. Rep. 134 on H.B. No. 1900

GENERAL OVERVIEW

As our voyage into the new century begins, it is becoming clear that the State of Hawaii is heading in the right direction. Positive indications for the future of our economy, combined with renewed dedication to educating our children and caring for those in need, are signs that the course we have charted has led us out of the stormy seas of the last decade.

Economic Backdrop

After ten years of economic stagnation, Hawaii's economy is finally showing signs of recovery. Several leading economic indicators support this claim, including increases in personal income and visitor arrivals and decreases in unemployment claims and bankruptcy filings. Of particular note is the state unemployment rate for March 2000, which is below the March 1999 rate by more than a percentage point.

Despite these recent signs of strength, Hawaii's dependence on economic growth in Asia and the mainland United States still makes our economic future uncertain. Unfortunately, the Japanese economy continues to struggle, although there is long-term expectation of growth in Japan. In addition, recent volatility in U.S. equity markets demonstrates that the American economy is susceptible to economic shocks.

Thus, while a slowly expanding Hawaii economy has generated additional revenues as evidenced by two upward revisions in state tax revenues by the Council on Revenues, future economic prosperity is far from certain. For this reason, your Committee on Conference remains cautiously optimistic.

Budgetary Approach

These modestly increased revenues enabled your Committee on Conference to focus on a broad, but prudent, range of initiatives that demonstrate an investment in our future, a dedication to providing for basic needs, and a continued commitment to improving government operations.

Your Committee on Conference has made a concerted effort to invest in our future by devoting additional funds to the Department of Education (DOE) and the University of Hawaii (UH), as well as making efforts to spur long term economic stability. Simultaneously, your Committee on Conference has remained dedicated to providing for the basic needs of our citizens with increased funding for the Department of Health (DOH), as well as the Department of Human Services (DHS). Finally, your Committee on Conference has continued the drive to improve the provision of government services and support the ever-growing number of programs moving towards self-sufficiency.

In light of this, your Committee on Conference has recommended an increase of the general fund executive budget in fiscal year 2001 from \$3,094,546,973 to \$3,104,504,134 an increase of \$9,957,161 or 0.3%. For all means of financing, your Committee has proposed a total expenditure level of \$6,367,979,192 for fiscal year 2001.

BUDGET HIGHLIGHTS

EDUCATION

Department of Education

Although the outlook for Hawaii's economy is optimistic, uncertainty still exists. Consequently, the need to invest in Hawaii's future is that much greater. This investment necessitates a commitment of resources to our public school system. As such, your Committee on Conference recognizes the importance of smaller class sizes and has therefore

appropriated \$2.6 million to reduce the student-teacher ratio for the most formative years of a child's life from kindergarten through the second grade. To further reduce class size, your Committee on Conference has also set aside resources for 275 additional regular and special education teachers for all grade levels, statewide.

To assist all teachers and students, your Committee on Conference is recommending an additional cash infusion of \$3 million directly to our schools. These funds will be spent at the discretion of each school to address their unique needs from technology infrastructure to textbooks to basic classroom supplies.

To further aid teachers in classroom instruction, \$2.7 million has been appropriated for the Hawaii Content and Performance Standards. These funds will complete the work on the benchmarks teachers use to guide classroom instruction and develop assessments that will measure student performance statewide. These standards and assessments are necessary to ensure not only the instruction of a consistent curriculum but also to hold both teachers and students to high standards.

In addressing the need to improve our educational infrastructure, \$2.8 million was provided for equipping and staffing new schools and facilities. These funds are in addition to the \$30 million in general funds (S.B. 3026, C.D. 1) and \$15 million in general obligation bonds that has been allocated for the general repair and maintenance of our public schools statewide. This devotion of funds will not only ensure that facilities are safe and adequate for our children, but will also create an environment conducive to learning.

With regard to broader educational concerns, your Committee on Conference appropriated \$5.7 million for an entire array of educational programs, including English for Second Language Learners, Hawaiian Language Immersion, and programs for at-risk students. Your Committee on Conference also saw fit to increase the budget of the public library system by \$1.25 million for the purchase of books and materials.

Finally, in accordance with the requirements of the *Felix v. Cayetano* Consent Decree, \$4.6 million was appropriated to improve educational services to children with physical and mental impairments. These resources will be used to employ additional speech pathologists, school psychologists, educational assistants, and resource teachers to meet the special learning needs of these children.

In sum, your Committee on Conference has demonstrated a clear commitment to investing in our future by approving an additional \$18 million in the operating budget for the education of our young people, a full \$6.7 million more than originally requested by the Governor.

University of Hawaii

Despite the large investment in lower education, your Committee on Conference has not overlooked the necessity of investing in higher education as well. To this end, your Committee on Conference has appropriated an additional \$8 million for the University of Hawaii, which is \$3.4 million more than requested by the Governor. These additional resources target two specific areas: maintaining basic educational infrastructure and improving instructional capacity in advanced technology.

To improve the educational infrastructure of UH, your Committee on Conference has appropriated \$1.3 million for the basic system-wide needs of the community college system. In addition, \$15 million in general funds (S.B. 3026, C.D. 1) and \$5 million in general obligation bonds have been provided to ensure that the physical infrastructure of the University is functional, architecturally sound, and in compliance with building and safety codes.

To build instructional capacity in advanced technology, your Committee on Conference has appropriated \$1 million for the Pacific Center for Advanced Technology Training for the UH Community Colleges. This will better prepare students to enter the high technology workforce. Furthermore, to specifically conduct research into wireless communication, \$1 million was approved for the UH School of Engineering to establish the Hawaii Center for Advanced Communications. Your Committee on Conference also provided another \$1 million for the business school to purchase computer hardware and develop course material for an e-commerce curriculum.

In the area of medical technology, \$1 million was provided to the John A. Burns School of Medicine to establish a molecular genetics program focused on disease prevention. In addition to the necessary equipment, funds will be used to employ faculty who are recognized as pioneers in their fields, which in turn will attract additional funds to UH through external grants.

Finally, your Committee on Conference has also provided \$2 million to improve a wide range of educational programs at UH-Hilo, including biology, marine science, astronomy, agricultural research, nursing, psychology, and workforce training.

BASIC NEEDS

Department of Health

In addition to investing in our future through appropriations for higher and lower education, your Committee on Conference also deemed important the basic needs of our citizens, particularly those who live in isolated, rural areas.

With this concern in mind, your Committee on Conference has appropriated over \$2.5 million for nonprofit community health care facilities, such as Kahuku Hospital, Molokai General Hospital, Hana Health Center, and the Waianae District Comprehensive Health Center. Recognizing the poor financial situation of the Hawaii Health Systems Corporation, your Committee on Conference also appropriated \$13 million to Hawaii's only network of public hospitals. These health care facilities are the safety net for those living in rural areas.

Your Committee on Conference, dismayed with the ever-growing number of people without health coverage, provided \$800,000 for primary health care for the uninsured. This appropriation is over and above the current \$1.3 million budget and covers an additional 4,800 uninsured people.

Cognizant of its responsibility to provide adequate levels of health care for Hawaii's special needs population children and adults who are mentally ill and developmentally disabled, your Committee on Conference has set aside funds in three distinct areas. First, your Committee on Conference has appropriated an additional \$2 million to provide child and adolescent mental health services and to achieve compliance with the Felix v. Cayetano Consent Decree.

Secondly, your Committee on Conference provided \$4.2 million in response to the Makin vs. State of Hawaii lawsuit. These funds will reduce the waitlist for home and community-based waiver services for persons with developmental disabilities or mental retardation. This appropriation will bring the total number of clients served to 1,200.

Finally, your Committee on Conference recognized the longstanding nature of the Department of Justice Settlement Agreement concerning the Hawaii State Hospital. In light of this, your Committee on Conference has increased the Adult Mental Health Division budget by \$23.5 million for community-based mental health services for persons with serious mental illnesses.

Department of Human Services

Your Committee was also sensitive to the needs of the most vulnerable segments of our population and has allocated resources to ensure that their basic needs are adequately met.

To simultaneously protect those who cannot work and to promote self-reliance, responsibility, and family stability, your Committee on Conference has maintained \$122 million in all means of financing for the Temporary Assistance to Needy Families (TANF) and Temporary Assistance to Other Needy Families (TANOF) financial assistance programs.

Your Committee on Conference has also maintained funding levels of over \$600 million for the state's medical assistance payment programs to provide medical, dental, and other professional health care services to those in need.

In addition to these services, DHS is also responsible for safeguarding the welfare of all children. When the removal of a child from the child's home is deemed necessary for safety reasons, it is essential that the child be placed in an appropriate and safe environment. To this end, your Committee on Conference has provided \$3.2 million for out-of-home child placement costs, which includes adoption and foster care.

In continuing your Committee on Conference's dedication to the safety of children, \$420,000 has been appropriated for the Blueprint for Change program. This program will provide for the basic needs of Hawaii's children by establishing community-based services for families considered to be at-risk for child abuse and neglect.

Along with the growing needs of our children, the needs of Hawaii's elderly have also grown. The number of elderly who need long-term care will continue to grow as the median age of the population increases. To enable Hawaii's elderly to remain in their homes and to prevent or delay institutionalized care, your Committee on Conference has provided an additional \$2 million for home-based care services.

ECONOMIC DEVELOPMENT

In an effort to improve the state economy, to build a sound foundation from which to invest in education, and to provide for the basic needs of our population, your Committee on Conference has allocated resources to retain and improve our competitiveness in the tourism industry as well as to diversify our economic base.

To improve Hawaii's position in the tourism industry, your Committee on Conference provided an additional \$1 million for the Hawaii Tourism Authority. These funds will be used for marketing and product development programs in order to maintain Hawaii's status as one of the top destinations for travelers worldwide.

Recognizing the need to incubate an entrepreneurial spirit in the islands, an additional \$2.5 million for the Hawaii Strategic Development Corporation (HSDC) was appropriated. Through various partnerships with venture capital firms, HSDC will be able to increase investment in Hawaii-based companies.

Even with investment and tax incentives for high technology firms being the focus of legislative initiatives, your Committee on Conference still recognizes the importance of providing support for those who have been displaced by the decline of the sugar and pineapple industries in Hawaii. To this end, your Committee on Conference supports economic diversification through the continued funding of the Community-Based Economic Development Program (CBED). Through CBED support, hundreds of business startups and expansions are expected statewide. This program will continue to provide financial and technical assistance to those areas transitioning to a more diversified economy.

With their large populations and close proximity to Hawaii, the emerging economies of Asia present a substantial opportunity for local growth and development. One of these opportunities is tapping Asia's infrastructure development markets with the expertise of local architecture, engineering, and planning firms. To aid in this process, \$175,000 has been set aside for obtaining matching funds from the federal government to establish the Center for Asia-Pacific Infrastructure Development (CAPID). CAPID will provide links and will facilitate business for small to medium-sized local firms by assisting in the process of making initial contact and fostering relations with foreign business partners.

GOVERNMENT OPERATIONS

To complement efforts to increase economic growth and resulting tax revenues, your Committee on Conference has recommended budgetary measures to maximize existing streams of revenue. The Office of the Attorney General was appropriated \$4 million to allow for aggressive litigation efforts. Recent examples of success in this area include an antitrust lawsuit against gasoline dealers resulting in a substantial partial settlement of millions of dollars and legal action against asbestos manufacturers that should result in a settlement of at least \$30 million.

In addition to these efforts, your Committee on Conference has also supported proposals that encourage efficient and effective use of current revenue levels by promoting self-sufficiency and improving the delivery of services. The move towards self-sufficiency calls for state agencies to sustain their operations through use of non-general funds, thereby freeing up general funds that may be used to support not only existing programs but also new initiatives. Divisions striving to achieve self-sufficiency include the Land Division under the Department of Land and Natural Resources and the entire Department of Commerce and Consumer Affairs.

Your Committee on Conference also approved the transfer of the student transportation program from the Department of Accounting and General Services to the Department of Education. This will advance the State towards the goal of optimizing government services while minimizing the costs of these services. This transfer improves program coordination and brings revenue and cost accountability for student transportation services into one department.

Finally, in efforts to further improve services to the public, your Committee on Conference has appropriated \$840,000 to complete the modernization of the document recordation systems at the Bureau of Conveyances. This will improve efficiency and alleviate the problems caused by the time consuming and labor-intensive process of manual document recording done presently.

CONCLUSION

This is a responsible budget. It not only meets the needs of the State, but also allocates resources to those areas of highest priority such as education, health, and human services. It also promotes improved government operations, all while ensuring that the State lives within its means. With this budget, your Committee on Conference trusts that the State is equipped to stay the course of fiscal prudence that your leadership has charted.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. 1900, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. 1900, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Kawakami, Ahu Isa, Catalani, Espero, Goodenow, Kahikina, Kanoho, Luke, Nakasone, Schatz, Suzuki, Yamane, Fox, Marumoto, Meyer and Moses.

Managers on the part of the House.

(Representatives Kahikina, Fox and Moses were excused.)

Senators Fukunaga, Levin, Buen, Chun, Chun Oakland, D. Ige, M. Ige, Iwase, Kawamoto, Nakata, Tam, Taniguchi and Anderson.

Managers on the part of the Senate.

(Senators Chun Oakland and Anderson were excused.)

Conf. Com. Rep. 135 on H.B. No. 2024

The purpose of this bill is to:

- (1) Make an appropriation for legislative agencies to fund retroactive salary increases and other cost adjustments for fiscal years 1997-1998 and 1998-1999 for officers and employees of the Office of the Auditor, Ethics Commission, Legislative Reference Bureau, and Ombudsman;

- (2) Make an appropriation for studies by the Office of the Auditor;
- (3) Make an appropriation for Council of State Governments (CSG) dues;
- (4) Make an appropriation for the Office of Information Practices (OIP);
- (5) Place the Office of the Legislative Analyst with the Office of the Auditor for administrative purposes, require the Legislative Analyst to produce fiscal impact statements, and fund the Office of the Legislative Analyst; and
- (6) Repeal the Joint Legislative Budget Committee.

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$125,000 for studies by the Office of the Auditor;
- (2) Appropriating \$103,000 for CSG dues;
- (3) Deleting the retroactive pay raises for legislative officers and employees;
- (4) Deleting the OIP appropriation; and
- (5) Deleting the provisions related to the Office of the Legislative Analyst and the Joint Legislative Budget Committee.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2024, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2024, H.D. 1, S.D. 2, C.D. 1.

Representatives Takamine, Kanoho, Kawakami, Luke, Souki and Moses.
Managers on the part of the House.
(Representative Moses was excused.)

Senators Fukunaga, Levin, D. Ige, Taniguchi and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 136 on H.B. No. 2407

The purpose of this bill is to make an emergency appropriation to cover the expenses for the temporary relocation of the Department of Agriculture's Measurement Standards Program (Program) and its personnel as a result of the redevelopment of Kakaako.

Specifically, this bill:

- (1) Appropriates \$200,000 to cover the expenses for the temporary relocation of the Program; and
- (2) Authorizes the issuance of \$3,800,000 in general obligation bonds to finance the plans, design, construction, and equipment for a new building for the Measurement Standards and Commodities Programs on Oahu.

Your Committee on Conference has amended this bill by:

- (1) Revising the net general fund revenues and debt limit forecasts to reflect the amounts reported in the Council on Revenues report to the Governor dated March 10, 2000; and
- (2) Changing the date the Council on Revenues made its net general fund revenues estimates from December 20, 1999 to March 10, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2407, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2407, H.D. 1, S.D. 2, C.D. 1.

Representatives Takamine, Catalani, Goodenow, Kawakami and Moses.
Managers on the part of the House.

Senators Inouye, Fukunaga, Buen and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 137 on H.B. No. 3014

The purpose of this bill is to authorize the issuance of special purpose revenue bonds, in an amount not to exceed \$19,000,000, to assist Rickmar Properties, Inc. in establishing a distribution system for air conditioning of buildings utilizing water chilled at a cooling facility.

Your Committee on Conference finds and declares that the issuance of special purpose revenue bonds under this bill constitutes an industrial enterprise defined in part V, chapter 39A, Hawaii Revised Statutes, and is in the public interest.

Your Committee on Conference has amended this bill by:

- (1) Requiring that the Department of Budget and Finance report to the legislature regarding any "status" made with respect to the issuance of the special revenue bonds as opposed to any "progress"; and
- (2) Making technical, nonsubstantive changes for purposes of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3014, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3014, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Catalani, Goodenow, Kawakami, Moses.
Managers on the part of the House.
(Representative Goodenow was excused.)

Senators Inouye, Chun and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 138 on H.B. No. 2314

The purpose of this measure is to modify certain provisions of the Hawaii Hurricane Relief Fund (HHRF) law.

Specifically, this bill:

- (1) Clarifies that the HHRF will not assess property and casualty insurers on their gross direct written premiums for property insurance if the insurers offer the standard extended coverage endorsements on commercial or residential property;
- (2) Terminates coverage for commercial property; and
- (3) Requires the HHRF to set aside funds to provide policyholders with matching grants to install hurricane damage mitigation devices.

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

- (1) Deleting the provision which develops a comprehensive loss reduction plan for hurricane peril; and
- (2) Incorporating a section to provide for the HHRF advisory committee to study the issue of hazard mitigation, including the providing of matching grants to policyholders who install mitigative devices.

Technical, nonsubstantive amendments have also been made for clarity and style.

The study by the HHRF advisory committee shall also take into consideration and provide advisement for the development of:

- (1) Improvements to current practices and procedures at HHRF for application and issuance to policyholders of "Wind Resistive Devices Credits" used as the basis for internal administrative processing of matching grants;
- (2) Hazard mitigation incentives for policyholders of property insurers, and the development of promotional material for these incentives;
- (3) A marketing plan designed to promote awareness of the hazard mitigation program;
- (4) Co-operative public/private sector marketing programs for the hazard mitigation program; and
- (5) A timetable for completion of the study.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2314, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2314, H.D. 1, S.D. 2, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.
(Representatives Cachola and Whalen were excused.)

Senators Taniguchi, Kanno, Chun and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 139 on H.B. No. 2222

The purpose of this measure is to direct the Real Estate Commission (Commission) to review Hawaii's existing condominium laws and propose a recodification. The Commission is also required to hold a public hearing to receive input and comments from affected parties. Appropriation for this measure is provided by the Condominium Management Education Trust Fund, rather than the General Fund.

Your Committee on Conference finds that the condominium law was initially enacted in 1961 and is approximately thirty-nine years old. The initial condominium law was just an enabling statute enacted soon after the Federal Housing Authority approved mortgages for condominiums. From 1963 to the present, the condominium law has been subject to numerous amendments and has grown initially from 7 sections to the current 135 plus sections. Since its initial enactment, many piece-meal amendments have been made to the condominium law over the years, without regard to the condominium law as a whole. As a result, the condominium law today is unorganized, not clearly understood and unresponsive to the changing times.

Past studies conducted over the years by the Legislative Reference Bureau and the Commission in connection with specific issues relating to project registration and condominium management and governance all lend support to a major recodification effort.

It is your Committee's understanding that the Commission continues to hear from developers and their attorneys that the law is confusing, overly complicated, and extremely expensive to comply with, given Hawaii's current economic and real estate market.

Accordingly, your Committee on Conference is in agreement that a study should be performed to recodify the condominium law so that it is easy to understand and user friendly.

After careful consideration, your Committee on Conference has incorporated the proviso submitted by the division administrator of the Professional & Vocational Licensing Division by amending the appropriation provision to establish a full-time temporary specialist position, instead of a full-time temporary position. The amendment provides that the appropriation may also be used for other current expenses.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2222, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2222, H.D. 1, S.D. 1, C.D. 1.

Representatives Menor, Yamane, Cachola, Lee and Whalen.
Managers on the part of the House.

Senators Kanno, Taniguchi, Tam and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 140 on H.B. No. 2556

The purpose of this bill is to repeal the requirement that effective July 1, 2000, the period between an initial safety inspection of a boiler, pressure system, amusement ride, or elevator and kindred equipment, or the inspection used as the basis for the issuance of a permit to operate, and any subsequent inspection, not exceed seven months nor be less than five months.

Your Committee on Conference has amended this bill by requiring that the period between an initial safety inspection or the inspection used as the basis for the issuance of a permit to operate, and any subsequent inspection of:

- (1) A boiler or pressure system shall not exceed thirteen months; or
- (2) Elevators and kindred equipment shall not exceed eight months.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2556, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2556, H.D. 1, S.D. 1, C.D. 1.

Representatives Yoshinaga, Catalani, Goodenow, Nakasone and Moses.
Managers on the part of the House.
(Representative Nakasone was excused.)

Senators Nakata, Kawamoto, Kanno and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 141 on H.B. No. 2277

The purpose of this bill, as received, is to:

- (1) Provide that any expenditure of moneys by DOH of tobacco settlement moneys for health promotion and disease prevention programs not supplant or diminish the funding of programs by the State's general fund;
- (2) Clarify that Special Fund moneys shall be transferred, rather than appropriated, from the Special Fund to the three funds receiving tobacco settlement moneys;
- (3) Allow the transfers to be made without an appropriation act or budget proviso, to alleviate the necessity of annual legislative appropriation measures, which was not the intent of Act 304, SLH 1999;
- (4) Create the DOH Tobacco Special Fund (DOH Special Fund) for tobacco settlement moneys received by DOH, to provide consistency and convenience;
- (5) Add youth programs, programs for the prevention of child abuse and neglect, early childhood education and care programs, substance abuse prevention and treatment services, and adult dental services to the list of health promotion and disease prevention programs;
- (6) Require DOH to expend available moneys for each program in a proportional amount, if tobacco settlement moneys are less than anticipated, because of the difficulty of accurately predicting the precise amounts of moneys that will be received in any upcoming fiscal year;
- (7) Allow the selected nonprofit entity to expend moneys from the Trust Fund to implement the Tobacco Prevention and Control Strategic Plan;
- (8) Revise the appropriated amounts contained in Act 304, SLH 1999, to reflect new anticipated amounts of tobacco settlement moneys for the coming fiscal year; and
- (9) Make various appropriations from the DOH Special Fund for substance abuse prevention and treatment programs, the prevention of child abuse and neglect, early childhood education and care, school-based health services, dental services, and the Healthy Hawaii Initiative.

This measure is intended to address the following problems that arose since Act 304, SLH 1999, went into effect just less than a year ago:

- (1) The administration has proposed to use moneys from the Special Fund to supplant existing DOH programs; and
- (2) Concerns have been raised that DOH has not adequately incorporated the community's need to address primary prevention programs such as substance abuse prevention and treatment, child protection, early childhood education and care, school-based health services, and dental services.

The intent of Act 304, SLH 1999, is to expand tobacco prevention and control programs and health promotion and disease prevention programs, and to serve as a long-term source of stable funding for prevention-oriented public health efforts. As such, your Committee on Conference agrees that additional language, as found in both the House and Senate versions of the bill, is necessary to make it absolutely clear that the Legislature is against the administration using Special Fund moneys to supplant existing programs.

The Senate version of this measure attempts to address the second problem by dipping into the Trust Fund's corpus, for a period of one year, to fund various prevention programs. The intent of establishing the Trust Fund was to allow the corpus to grow, reaching significant levels where the interest accrued would be a continual source of program funding once tobacco settlement moneys are depleted. The expectation is to have DOH and the Trust Fund Advisory Board (Board) work together on their long-range plan.

After much discussion, your Committee on Conference agrees that dipping into the corpus would not be sound policy, as it would deprive Hawaii from a unique opportunity to accrue a significant amount of interest to ensure a long-term and

meaningful commitment to prevention programs. Should the Board decide to fund start-up programs, the Board should consult with DOH for funding.

Your Committee on Conference has amended this measure by:

- (1) Deleting the various programs that were added on to the list of health promotion and disease prevention programs;
- (2) Deleting the requirement that DOH expend available moneys for each program in a proportional amount if tobacco settlement moneys are less than anticipated;
- (3) Deleting the authorization for the selected nonprofit entity to expend moneys from the Trust Fund to implement the Tobacco Prevention and Control Strategic Plan;
- (4) Deleting the revisions to appropriations contained in Act 304, SLH 1999, for the Reserve and Trust Funds to reflect new anticipated amounts of tobacco settlement moneys for the coming fiscal year;
- (5) Deleting the various appropriations from the DOH Special Fund for substance abuse prevention and treatment programs, the prevention of child abuse and neglect, early childhood education and care, school-based health services, dental services, and the Healthy Hawaii Initiative;
- (6) Clarifying that moneys transferred to the DOH Special Fund shall be used only for the Healthy Hawaii Initiative and S-CHIP, which includes services for immigrant and other children;
- (7) Requiring DOH to submit a report of the previous fiscal year's beginning balance, revenues, expenditures, and ending balance of the Special Fund and its three funds to the Legislature no later than twenty days prior to the convening of each Regular Session;
- (8) Exempting the DOH Special Fund from assessments for central services and administrative expenses;
- (9) Revising the appropriations contained in Act 304, SLH 1999, to reflect for fiscal year 2000-2001, \$19,506,527 to DOH, of which \$6,100,000 will be transferred to DHS for S-CHIP, which includes services for immigrant and other children;
- (10) Increasing the number of members of the DOH advisory group to include a member of the House of Representatives, to be appointed by the Speaker of the House, and a member of the Senate, to be appointed by the Senate President;
- (11) Clarifying that the Special Fund moneys will be immediately transferred to the three funds, but the departments are not obligated to expend the moneys immediately; and
- (12) Making technical, nonsubstantive amendments for purposes of clarity and style.

Essentially, this measure now:

- (1) Prohibits the supplanting or diminishing of moneys received from the Special Fund for existing health promotion and disease prevention programs;
- (2) Transfers thirty-five percent of the tobacco settlement moneys to the newly established DOH Special Fund and clarifies that these moneys can only be used for the Healthy Hawaii Initiative and S-CHIP, which includes services for immigrant and other children;
- (3) Requires that each year, DOH submit a report of the previous fiscal year's beginning balance, revenues, expenditures, and ending balance of the Special Fund and its three funds to the Legislature;
- (4) Adds a member of the House and the Senate to the DOH advisory group; and
- (5) Increases the ceiling of S-CHIP, which includes services for immigrant and other children, and the DOH Special Fund.

As a result of conference discussions, your Committee on Conference strongly encourages DOH and the Board to:

- (1) Work closely with one another to ensure a long-range, seamless system of prevention programs for healthy living that embraces the spirit of Act 304, SLH 1999; and
- (2) Reflect in the Healthy Hawaii Initiative the array of services as expressed through the Senate version.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2277, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2277, H.D. 1, S.D. 1, C.D. 1.

Representatives Santiago, Hamakawa, Takamine, Yamane and McDermott.
Managers on the part of the House.
(Representatives Yamane and McDermott were excused.)

Senators Chun Oakland, Fukunaga, Levin, Iwase and Anderson.
Managers on the part of the Senate.
(Senators Iwase and Anderson were excused.)

Conf. Com. Rep. 142 on H.B. No. 139

The purpose of this bill is to revitalize Hawaii's construction industry by:

- (1) Establishing a definition of "state resident" that can be used by federal contracting officers in enforcing employment preferences for state residents that are provided in federal law;
- (2) Exempting from the general excise tax (GET), all of the gross income or gross proceeds arising from federal construction contracts and received by state subcontractors;
- (3) Clarifying that contractors, including out-of-state contractors, working on federal construction contracts in the State are subject to the licensing and other provisions of chapter 444, Hawaii Revised Statutes, to the extent allowed under federal law; and
- (4) Authorizing the use of, and establishing criteria for, project labor agreements, which are intended to ensure the efficiency, stability, and quality of federal construction projects.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provisions:
 - (a) Authorizing the use of, and establishing criteria for, project labor agreements; and
 - (b) Exempting from the GET, all of the gross income or gross proceeds arising from federal construction contracts and received by state subcontractors;
- (2) For purposes of employment preference provided in federal law in favor of state residents where the "state resident" is:
 - (A) A business entity, by reducing the percentage of employees that are required to be state residents from one hundred percent to eighty-five percent for a business entity to qualify as a state resident; or
 - (B) A joint venture, by requiring that a majority of the business entities that compose a joint venture be state residents and eighty-five percent of the employees of the joint venture be state residents for the joint venture to qualify as a state resident;

and
- (3) Changing the effective date to July 1, 2000;

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 139, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 139, H.D. 1, S.D. 2, C.D. 1.

Representatives Herkes, Yoshinaga, Yamane, Luke, Suzuki and Meyer.
Managers on the part of the House.

Senators Kawamoto, Fukunaga, Levin, Bunda, Iwase and Tam.
Managers on the part of the Senate.
(Senators Iwase and Tam were excused.)

Conf. Com. Rep. 143 on H.B. No. 2392

The purpose of this measure is to require all individual accident and sickness health care policies and all group health care contracts to cover outpatient diabetes self-management training, education, equipment, and supplies.

This measure provides:

- (1) Clarification to the assessment amount paid by health insurers annually to the Insurance Commission, to effect the intent of the legislature in Act 127, Session Laws of Hawaii 1999, that all health insurers pay for the costs of regulation;
- (2) Clarification of the coverage for diabetes self-management training, education, equipment, and supplies as to the provision of services;
- (3) A provision to amend Act 121, Session Laws of Hawaii 1999, relating to establishment of Hawaii mental health insurance task force; and
- (4) A provision to move the Hawaii mental health insurance task force from the Department of Health to the Insurance Division of the Department of Commerce, and Consumer Affairs and renames the Hawaii mental health task force.

Your Committee on Conference finds that in 1996, the cost of care attributable to diabetes in Hawaii was \$600 million. The total cost of care, including costs that are not directly attributable to diabetes is about three times greater for those with diabetes, compared to those without. Cost of caring for those with diabetes may approach 25% of the United States Medicare budget. The high cost of care has refocused attention on the potential of reducing costs by preventive measures. Studies show that it is cost effective to treat diabetes with the goal of normoglycemia, and that the initial investment in preventive treatment is partially offset by reducing future expenditure for end-stage complications. Treatment is more cost-effective for those with greater risk of complications, including those with greater life expectancy, ethnic groups, and those with worse glycemic control.

After careful consideration, your Committee on Conference has amended the bill as follows by:

- (1) Incorporating a provision for insurers, health maintenance organizations, and mutual benefit societies required to provide coverage for outpatient diabetes programs to conduct a study of their diabetes coverages;
- (2) Deleting subsections (a)(3), (b), (c), (d), (e) and (f) of new HRS section "431:10A-" to allow insurers the ability to develop and manage their own programs to best meet the needs of its members;
- (3) Changing the effective date to July 1, 2001, except for sections 6, 7, and 8, which shall take effect upon approval;
- (4) Providing that sections 6 and 7 shall be repealed on June 30, 2003; and
- (5) Reenacting Hawaii Revised Statutes sections 431:2-216 and 431M-5;

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2392, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2392, H.D. 2, S.D. 1, C.D. 1.

Representatives Menor, Kawakami, Kahikina, Lee and McDermott.
Managers on the part of the House.
(Representative McDermott was excused.)

Senators Chun Oakland, Taniguchi, Kanno, Kawamoto and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 144 on H.B. No. 1873

The purpose of this bill is to:

- (1) Allow the Department of Education (DOE) to retain the excess federal impact aid, U.S. Department of Defense funds, and federal direct overhead reimbursements it receives, rather than depositing them into the general fund;
- (2) Allow the DOE to increase the federal fund expenditure ceiling for EDN 100 if the aforementioned federal funds received by the DOE exceed the authorized appropriation in the General Appropriations Act or the Supplemental Appropriations Act;
- (3) Allow the DOE to retain the full amount of any general fund offset created by increased impact aid receipts to further carry out the purposes of EDN 100;

- (4) Create the Federal Grants Search and Application Revolving Fund for the deposit and expenditure of indirect overhead reimbursements; and
- (5) Allow the Superintendent of Education to approve trust fund expenditures up to the amount of available revenues.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Allowing DOE to increase the federal fund expenditure ceiling for all program identification numbers when federal funds received exceed the authorized appropriation in the General Appropriations Act or the Supplemental Appropriations Act;
- (2) Allowing the DOE to retain any general fund offset created by increased impact aid receipts for any program identification number, provided that such funds shall not be used to create or expand programs;
- (3) Changing the name of the revolving fund to "Federal Grants Search, Development, and Application Revolving Fund";
- (4) Changing the effective date to July 1, 2000; and
- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1873, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1873, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Kawakami, Ahu Isa, Takai and Moses.
Managers on the part of the House.

Senators D. Ige, Sakamoto, Fukunaga, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 145 on H.B. No. 2280

The purpose of this bill is to continue the development of school-to-work initiatives in Hawaii by:

- (1) Clarifying the membership and powers of the School-to-Work Executive Council (Council); and
- (2) Appropriating funds to the Council.

Upon careful consideration, your Committee on Conference has amended this bill by:

- (1) Removing the Director of Human Resources Development from the membership of the Council;
- (2) Reinstating the Director of Human Services as a member of the Council;
- (3) Changing the appropriation amount from \$1 to \$200,000; and
- (4) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2280, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2280, H.D. 2, S.D. 1, C.D. 1.

Representatives Ito, Morihara, Yoshinaga, Takamine and Leong.
Managers on the part of the House.

Senators D. Ige, Nakata, Sakamoto and Slom.
Managers on the part of the Senate.
(Senator Slom is excused.)

Conf. Com. Rep. 146 on H.B. No. 2458

The purpose of this bill is to reduce the State's and counties' employer contributions to the Employees' Retirement System by extending the payment schedule for the actuarial present value cost of the 1994 early retirement incentive bonus from five years to nineteen years beginning July 1, 1997.

Your Committee on Conference has amended this bill by:

- (1) Requiring the State and counties to make separate additional payments to the Employees' Retirement System in the amounts required to liquidate the additional actuarial present value of benefits over a period of time as specified in section 88-122(d), Hawaii Revised Statutes (HRS);
- (2) Amending the bill to liquidate each employer's total unfunded actuarial present value of benefits as of June 30, 1997 instead of June 30, 1999;
- (3) Deleting language that referenced the unfunded actuarial present values of benefits as part of the unfunded accrued liability under sections 88-122 and 88-123, HRS;
- (4) Providing it shall take effect, upon approval, on June 30, 1999; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2458, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2458, S.D. 1, C.D. 1.

Representatives Yoshinaga, Goodenow, Catalani, Suzuki and Fox.
Managers on the part of the House.

Senators Kanno, Taniguchi, Fukunaga, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 147 on H.B. No. 1994

The purpose of this bill is to provide necessary funds to assist in maintaining current minimum levels of agricultural research and development at the Hawaii Agriculture Research Center (HARC).

Specifically, this bill appropriates funds for agricultural research and development by HARC, provided that the funds are matched dollar-for-dollar by the private sector.

Your Committee on Conference has amended this bill by:

- (1) Inserting the sum of \$750,000 for fiscal year 2000-2001 for agricultural research and development by HARC; and
- (2) Making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1994, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1994, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa, Chang and Halford.
Managers on the part of the House.
(Representative Chang was excused.)

Senators Inouye, Nakata and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 148 on H.B. No. 2801

The purpose of this bill is to determine the incidence of porcine respiratory and reproductive syndrome (PRRS), a disease that can have a devastating impact on swine, by requiring the Department of Agriculture (DOA) to:

- (1) Conduct a mandatory survey and sampling of swine farms in the State;
- (2) Establish procedures to certify that swine herds are negative for PRRS; and
- (3) Maintain a list of these herds.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2801, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2801, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa, Chang and Halford.
Managers on the part of the House.
(Representative Ahu Isa was excused.)

Senators Inouye, Chun, M. Ige, and Slom.
Managers on the part of the Senate.
(Senator M. Ige was excused.)

Conf. Com. Rep. 149 on H.B. No. 2802

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist the Hawaii Food Resource Center (Center) in planning and building a multi-function food processing facility on Oahu.

Your Committee on Conference has amended this bill by:

- (1) Authorizing the issuance of special purpose revenue bonds in a total amount not to exceed \$3,500,000 to assist the Center; and
- (2) Making technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2802, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2802, S.D. 1, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa, Chang and Halford.
Managers on the part of the House.
(Representatives Ahu Isa and Halford were excused.)

Senators Inouye, Chun and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 150 on H.B. No. 2151

The purpose of this bill is to:

- (1) Exempt state bonds from the requirement of perfecting security interests in government collateral; and
- (2) Authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest, estimated for such bonds authorized but unissued and calculated for all bonds issued and outstanding, will not cause the debt limit to be exceeded at the time of issuance.

Article VII, section 13 of the Constitution of the State of Hawaii requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee on Conference has amended this bill by:

- (1) Deleting the exemption of state bonds from the requirement of perfecting security interests in government collateral;
- (2) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (3) Making technical, nonsubstantive revisions for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2151, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2151, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Kawakami, Ahu Isa, Catalani, Espero, Goodenow, Kahikina, Kanoho, Luke, Nakasone, Schatz, Suzuki, Yamane, Fox, Marumoto, Meyer and Moses.
Managers on the part of the House.
(Representatives Fox, and Meyer were excused.)

Senators Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 151 on H.B. No. 1759

The purpose of this bill is to extend the traffic enforcement demonstration project until July 1, 2003, authorize the department of transportation to retain and pay contractors for the project, and make other required changes to the enabling legislation.

Your Committee on Conference finds that this measure will provide additional time needed to implement the demonstration project, provide sufficient time for contractors to recover their investment, and provide the Legislature with sufficient time to enact appropriate permanent legislation. Your Committee further finds that the further implementation of the photo red light imaging and photo speed imaging detector demonstration project will assist in both reducing traffic congestion and making Hawaii's roads safer.

Your Committee has amended this bill by making the following amendments:

- (1) Changing the fiscal years for the sum of \$5,000,000 to be appropriated out of the moneys deposited into the photo enforcement revolving fund from "fiscal years 2000-2001, 2001-2002, and 2002-2003" to "fiscal year 2000-2001".
- (2) Replacing the term "the fund" with the term "this Act", on page 30, line 17.
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1759, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1759, H.D. 2, S.D. 2, C.D. 1.

Representatives Hiraki, Goodenow, Catalani, Takai and Fox.
Managers on the part of the House.

Senators Kawamoto, Matsunaga, Buen, Iwase and Anderson.
Managers on the part of the Senate.
(Senators Iwase and Anderson were excused.)

Conf. Com. Rep. 152 on H.B. No. 2835

The purpose of this bill is to appropriate funds to be expended by the Department of Land and Natural Resources (DLNR) for watershed protection.

Your Committee finds that the four county water departments (Honolulu, Maui, Hawaii and Kauai), are committed to water management and resource protection programs. The estimated county water departments' expenditures, including past and current expenditures, are about \$9.1 million statewide. This represents about 5.4% of the annual revenue collected by all four county water departments.

The various county watershed and resource protection programs among the islands include the following:

- (1) Watershed partnerships to preserve and protect valuable watersheds;
- (2) Projects to eradicate miconia that threatens watersheds;
- (3) Partnerships with the various State Soil and Water Conservation Districts;
- (4) Cooperative agreements with the United States Geological Survey for resource monitoring and hydrologic studies that improve understanding of water resources; and
- (5) The tri-county monitor well drilling program to advance understanding of groundwater resources.

Your Committee recognizes that fresh water is not an infinite resource and that its high quality, quantity, and sustainability are linked to the existence of forested watershed. A statewide watershed management plan must be developed to assess the condition of our watersheds and determine what actions or programs are necessary to insure their long-term viability for future generations.

Your Committee further finds that there is no funding requirement from the budget of the current fiscal year.

Your Committee has amended this bill by:

- (1) Eliminating the appropriation for watershed protection and language that the appropriation is to be expended by the Department of Land and Natural Resources;

- (2) Revising the purpose of this bill, that it will establish a watershed protection board to develop a watershed protection master plan to provide for the protection, preservation, and enhancement of important watershed areas;
- (3) Inserting language regarding this master plan, that it will include potential watershed protection projects, an implementation plan, and funding sources;
- (4) Describing the membership of the watershed protection board;
- (5) Describing the powers and duties of the watershed protection board;
- (6) Stating that the cost shall be borne by some or all of the agencies that have representation on the board by agreement or from other funding sources as approved by the board;
- (7) Adding language that the board shall submit the watershed protection master plan to the legislature no later than June 30, 2001; and
- (8) Revising the effective date to be upon approval of this Act, and sunset date to be June 30, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2835, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2835, H.D. 2, S.D. 2, C.D. 1.

Representatives Cachola, Kanoho, Garcia, Schatz and Moses.
Managers on the part of the House.
(Representative Garcia was excused.)

Senators Hanabusa, Fukunaga, Levin, Chun and Matsuura.
Managers on the part of the Senate.
(Senator Matsuura was excused.)

Conf. Com. Rep. 153 on H.B. No. 2062

The purpose of this bill is to allow the University of Hawaii (UH) to manage its resources more flexibly. More specifically, this bill allows UH to carry over unexpended general funds for one additional fiscal year to be applied to any UH program. Additionally, this bill Allows UH to expend a sum equal to its end-of-the-fiscal-year faculty payroll from funds appropriated for the following fiscal year.

Upon careful consideration, your Committee on Conference has amended this bill by requiring that general funds that are carried over shall be used for instructional programs only.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2062, H.D. 2, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2062, H.D. 2, S.D. 1, C.D. 2.

Representatives Takai, Kanoho, Goodenow, Yamane and Leong.
Managers on the part of the House.
(Representative Goodenow was excused.)

Senators D. Ige, Sakamoto, Iwase and Slom.
Managers on the part of the Senate.
(Senator Iwase was excused.)

Conf. Com. Rep. 154 on H.B. No. 3016

The purpose of this bill is to appropriate funds to the Department of Human Services to raise the income eligibility for the medically needy program.

Your Committee on Conference finds that the "medically needy program" is a Medicaid option that Hawaii has chosen to implement. The program is designed for aged and disabled persons who are ineligible for the standard Medicaid program because their income levels exceed one hundred per cent of the federal poverty level. Your Committee on Conference finds that this is a gap group that is not income qualified but has significant medical expenditures.

Your Committee on Conference further finds that the medically needy program utilizes a "spend-down" provision and a "medically needy" income standard. The dollar amount by which net countable monthly income exceeds that income

standard is the spend-down requirement, so that a person who incurs monthly medical expenses that are more than the spend-down requirement will be provided medical coverage for the remainder of the month.

A typical situation is a person who is disabled from a terminal illness and whose income exceeds the maximum amount allowable to qualify for Medicaid. That person has medical bills that would reduce the person's income to below the qualifying amount for Medicaid, but that person would still not qualify for medical assistance unless the State has implemented the medically needy program.

Your Committee on Conference has amended this bill by:

- (1) Deleting the appropriation to the Department of Human Services;
- (2) Adding a new section to chapter 321, Hawaii Revised Statutes, to require the State to cover medical assistance according to a statutory formula to certain medically needy persons who derive their income solely or not less than eighty per cent from Social Security, if they have a terminal or life threatening illness; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 3016, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3016, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Takamine, Kahikina, Kawakami and Fox.
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators Chun Oakland, Fukunaga, Levin and Anderson.
Managers on the part of the Senate.
(Senator Anderson was excused.)

Conf. Com. Rep. 155 on H.B. No. 645

The purpose of this bill is to provide an alternative to the disbursement of burial grant funds for World War II Filipino veterans (veterans).

This bill requires the Office of Veterans Services (OVS), at the request of a deceased Filipino veteran's survivor or an interested party, to make payment to:

- (1) Provide funeral and burial services for a deceased veteran; and
- (2) Transport the remains of a deceased veteran to the Philippines.

Among other things, this bill also:

- (1) Requires OVS to establish specific eligibility criteria, application and appeal procedures, service choices, and invoicing arrangements; and
- (2) Appropriates the sum of \$1.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the purpose of this bill by specifying that OVS is authorized to provide grants;
- (2) Appropriating the sum of \$55,000 for fiscal year 2000-2001;
- (3) Within the amount appropriated in this bill, requiring OVS to establish the maximum amounts of burial grant funds that may be disbursed;
- (4) Taking the provisions out of chapter 363, Hawaii Revised Statutes, and authorizing OVS to implement the purposes of this bill; and
- (5) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 645, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 645, S.D. 2, C.D. 1.

Representatives Garcia, Kanoho, Kaho'ohalahala and Pendleton.
Managers on the part of the House.
(Representative Pendleton was excused.)

Senators Kawamoto, Levin, Bunda, Taniguchi and Slom.
Managers on the part of the Senate.
(Senator Bunda was excused.)

Conf. Com. Rep. 156 on H.B. No. 2023

The purpose of this bill is to provide a tax credit for major investment in the planning, design, construction, reconstruction, improvement, altering, or repair of large agricultural infrastructures and the construction of drought mitigating water storage facilities.

Your Committee on Conference has amended this bill by changing its effective date to take place upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2023, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2023, H.D. 2, S.D. 2, C.D. 1.

Representatives Abinsay, Espero, Ahu Isa, Chang and Halford.
Managers on the part of the House.
(Representative Ahu Isa was excused.)

Senators Inouye, Levin, Fukunaga, Buen and Slom.
Managers on the part of the Senate.
(Senator Buen was excused.)

Conf. Com. Rep. 157 on H.B. No. 2793

The purpose of this bill is to:

- (1) Carry over to fiscal year 2000-2001, any expended or unencumbered funds at the close of fiscal year 1999-2000, for expenses incurred in the performance of the duties of the Agribusiness Development Corporation (ADC) Board; and
- (2) Allow ADC to use \$250,000 for grants for the development of an agricultural subdivision in the Hamakua District on the island of Hawaii.

Your Committee on Conference has amended this bill by changing the effective date to June 29, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2793, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2793, H.D. 1, S.D. 1, C.D. 1.

Representatives Abinsay, Takamine, Chang, Espero and Halford.
Managers on the part of the House.

Senators Inouye, Fukunaga, D. Ige and Slom.
Managers on the part of the Senate.
(Senator D. Ige was excused.)

Conf. Com. Rep. 158 on H.B. No. 1956

The purpose of this bill is to assist small businesses in this State by:

- (1) Making permanent the law enacting the Hawaii Small Business Regulatory Flexibility Act and the Small Business Defender;
- (2) Transferring the Small Business Regulatory Review Board and the Small Business Defender to the Department of Budget and Finance (B&F) for administrative purposes; and
- (3) Appropriating funds for the Small Business Defender to carry out the purposes of the bill.

Your Committee on Conference has amended this bill by:

- (1) Expanding the purpose section to specify a direct nexus regarding small businesses in serving a public purpose;
- (2) Leaving the Small Business Regulatory Review Board in the Department of Business, Economic Development, and Tourism (DBEDT);
- (3) Transferring the Small Business Defender to DBEDT;
- (4) Allowing the Small Business Defender to hire attorneys under section 28-8.3, Hawaii Revised Statutes;
- (5) Specifying that the Small Business Defender's salary be within the range of salaries paid to the directors and deputy directors of the departments of state government, rather than as determined by the appointing authority;
- (6) Authorizing the Small Business Defender to request staff assistance from DBEDT, rather than B&F, and other appropriate state agencies in carrying out its duties;
- (7) Deleting the appropriation for the Small Business Defender and its related provisions; and
- (8) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1956, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1956, H.D. 1, S.D. 2, C.D. 1.

Representatives Herkes, Menor, Luke, Suzuki and Halford.
Managers on the part of the House.

Senators Inouye, Taniguchi and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 159 on H.B. No. 1969

The purpose of this bill is to appropriate general fund moneys to match federal funds on a dollar-for-dollar basis to establish manufacturing extension programs in the State.

Your Committee on Conference has amended this bill by changing the appropriation amount from \$2 to \$200,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1969, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1969, H.D. 2, S.D. 1, C.D. 1.

Representatives Herkes, Luke, Ahu Isa, Suzuki and Halford.
Managers on the part of the House.

Senators Inouye, Levin, Buen and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 160 on H.B. No. 1632

The purpose of this bill is to encourage continuation of sugar production on the island of Kauai by:

- (1) Appropriating \$2,500,000 in general funds for fiscal year 2000-2001 to be deposited into the Agriculture Loan Revolving Fund (Fund);
- (2) Appropriating \$2,500,000 out of the Fund for fiscal year 2000-2001; and
- (3) Authorizing the Department of Agriculture to make direct loans to qualified farmers under section 155-8, Hawaii Revised Statutes, in the aggregate amount of \$5,000,000 from the Fund;

to finance major sugar cane operations on Kauai.

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$5,000,000, rather than \$2,500,000, out of the Fund to finance major sugar cane operations on Kauai;
- (2) Requiring not less than a first lien position in collateral;
- (3) Organizing the bill into two parts to include a part that appropriates \$800,000 for fiscal year 2000-2001 for intensive control of the papaya ringspot virus, leading to the eradication of the virus from the island of Hawaii; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style and to correct a drafting error.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1632, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1632, H.D. 3, S.D. 1, C.D. 1:

Representatives Abinsay, Kanoho, Espero, Kawakami and Halford.
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators Inouye, Levin, Buen, Fukunaga and Anderson.
Managers on the part of the Senate.
(Senators Buen and Anderson were excused.)

Conf. Com. Rep. 161 on H.B. No. 2901

The purpose of this bill is to encourage the continued growth and development of high technology businesses and associate industries by:

- (1) Providing tax benefits to encourage and support high technology businesses;
- (2) Allowing the Board of Trustees of the Employees' Retirement System (ERS) to invest up to ten percent in venture capital for high technology businesses;
- (3) Creating partnerships with the tourist industry to market and promote Hawaii's emerging technology industries and Hawaii as an ideal location to conduct e-business;
- (4) Creating the Hawaii Technology Investment Program for small individual investors; and
- (5) Creating the New Economy Trust Fund (Trust Fund) to support:
 - (a) Public education;
 - (b) Innovative projects that expand access to technology; and
 - (c) Workforce development initiatives emphasizing skills-building.

In making amendments to this bill, it is your Committee on Conference's intention that high technology businesses qualifying for the tax provisions under Part I be businesses that engage in activities that advance the state-of-the-art in the high technology industry. These businesses include:

- (1) Computer software design and development that involve the delivery of full lifecycle software development products (from analysis through implementation); and
- (2) The use of fourth generation software development tools or native programming languages to design and construct unique and specific code to create applications and design databases for sale or license.

Your Committee on Conference intends the following software programming to qualify under this bill, including innovative technology applications, such as:

- (1) Palm-top-based application to collect data during field inspections;
- (2) Web-based client data collections systems;
- (3) Health plan web-based interface application;
- (4) Entertainment applications, such as computer-based games and digital media;

- (5) Interactive web-based products and services;
- (6) Large-scale relational databases;
- (7) Web-based stock exchange; and
- (8) Creation of development tools.

Activities that would not qualify under this standard include computer repair, break and fix services, and configuration of off-the-shelf software.

Your Committee on Conference has amended this bill by, among other things:

- (1) Deleting provisions that:
 - (a) Allows the ERS Board of Trustees to invest ten percent of its alternative investment funds in qualified high technology businesses;
 - (b) Provides an income tax credit to promote investment in venture capital; and
 - (c) Establishes the New Economy Trust Fund;
- (2) Clarifying provisions relating to the sale of unused net operating loss carryovers;
- (3) Amending the definition section under the Income Tax Law to: include the definition of "biotechnology", amend the definitions of "computer data" and "investment", and delete the definitions of "qualified high technology business" and "qualified research" for appropriate applicability to the law;
- (4) Broadening the scope of services performed by qualified high technology businesses to include performing arts, thereby enabling businesses performing these services to qualify for the tax incentives under Part I of the bill, subject to certain requirements including fees and residuals from television and film products to be excluded from taxation;
- (5) Specifying that qualified high technology businesses under the stock options exemption section conduct more than fifty percent of its activities in qualified research;
- (6) Amending the High Technology Investment Tax Credit by deleting the option of obtaining a refund and changing the one hundred percent requirement to seventy-five percent for conducting research and receiving gross income in the State;
- (7) Expanding the types of individuals who may qualify for the stock option exemption, to include officers, or directors, or investors who qualify for the High Technology Business Investment Tax Credit;
- (8) Deleting the limitation of research to Hawaii and instead requiring a business to have at least fifty percent of its activities in qualified research and providing that the business conducts more than seventy-five percent of its qualified research in the State;
- (9) Stipulating that the Governor's Special Advisory Council for Technology Development (Council):
 - (a) Is not subject to the requirements under section 26-34, HRS, regarding the selection and terms of members of boards and commissions;
 - (b) Develop, establish, and implement ethics and conflict of interest guidelines for its members; and
 - (c) Is exempt from the financial disclosure requirements under section 84-17, HRS, provided that the Council members are not otherwise subject to subsection 84-17(c)(9), HRS;
- (10) Broadening the business area in which the Hawaii Tourism Authority may enter into contracts and agreements;
- (11) Granting increased autonomy and authority to the High Technology Development Corporation (HTDC) over its personnel and fiscal matters by broadening its powers, and creating the Hawaii Technology Loan Revolving Fund;
- (12) Allowing for a member of the Boards of HTDC, the Hawaii Strategic Development Corporation, and the Natural Energy Laboratory of Hawaii Authority to sit on one another's boards;

- (13) Establishing the Hawaii Technology Investment Program (Program) to allow individual investors to contribute to the Program to invest venture capital in businesses in Hawaii;
- (14) Deleting the appropriation relating to funds out of the New Economy Trust Fund;
- (15) Removing the provision requiring the Governor's Special Advisor for Technology Development to submit a report to the Legislature on the initiatives and actions taken in response to the bill;
- (16) Inserting the appropriation sum of \$200,000 for fiscal year 2000-2001 for HTDC;
- (17) Including an appropriation of \$800,000 for fiscal year 2000-2001 for the expansion of the Department of Education's E-Academies and the Laptops for Learning Program;
- (18) Indicating legislative intent that the amendments to Part I of the bill be liberally construed, and in this regard, give latitude to the Department of Taxation (DOTAX) to interpret those amendments in light of current industry standards;
- (19) Specifying that amendments made in Part I of the bill shall not be construed to disqualify any taxpayer who has received a favorable written determination from DOTAX under the original provisions of those sections as enacted by Act 178, Session Laws of Hawaii 1999 (SLH 1999); and
- (20) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee on Conference has deleted the ten percent venture capital investment requirement imposed on the ERS and the definitions regarding venture capital investment to enable the ERS Board of Trustees to use greater prudence in making such investments, in their informed opinion, that are appropriate to invest funds of the ERS. A provision regarding the evaluation of venture capital investments was added to require the ERS Board to consider the impact on job creation in the State and the state economy. It is not your Committee on Conference's intent that the ERS Board make seed money investments in this area. Instead, your Committee intends that the ERS make investments in companies that show or will show a positive return on investment.

Your Committee on Conference believes that the amendments in this bill will enable the State to strengthen its high technology industry, and are reflective of the progress made in this area as a result of the enactment of Act 178, SLH 1999. Your Committee finds that the package of incentives in this bill improves upon existing law. Amendments to the HTDC Law will greatly enhance HTDC's ability to lead Hawaii into the New Economy. This, in turn, will diversify Hawaii's economy and benefit the citizens of Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2901, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2901, H.D. 2, S.D. 2, C.D. 1.

Representatives Herkes, Morihara, Yoshinaga, Takamine, Luke, Fox and Marumoto.
Managers on the part of the House.

Senators D. Ige, Fukunaga, Taniguchi, Inouye, Levin and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 162 on S.C.R. No. 129

The purpose of this measure is to address public health and safety issues arising out of unplanned releases of emissions and spills at Campbell Industrial Park by requesting the Hawaii State Emergency Response Commission (HSERC) to assess the risks to the public and the environment posed by above ground chemical storage tanks at Campbell Industrial Park.

Your Committee on Conference has amended this measure to:

- (1) Request the Department of Health (DOH) to transmit copies of the findings of its June, 2000, study on unplanned emissions to members of the Campbell Industrial Park/Kahe Area Air Quality Advisory Task Force and other community, governmental, and legislative entities, request the recipients to submit comments to the DOH, and request the DOH to submit its findings, including comments received, to the Legislature;
- (2) Request the DOH to assess the effectiveness of its environmental hotlines and to submit a report of its assessment to the Legislature; and
- (3) Identify additional parties who should receive copies of the Concurrent Resolution.

Your Committee has also amended the title of this measure to reflect its amended purpose.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of S.C.R. No. 129, S.D. 1, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 129, S.D. 1, H.D. 1, C.D. 1.

Representatives Morita, Schatz and Fox.
Managers on the part of the House.
(Representative Fox was excused.)

Senators Kanno, Taniguchi and Slom.
Managers on the part of the Senate.

SPECIAL COMMITTEE REPORT**Spec. Com. Rep. 1**

Your Committee on Credentials begs leave to report that it has thoroughly considered the matter of the seating of Willie C. Espero as a member of the House of Representatives of the Twentieth Legislature of the State of Hawai'i.

Your Committee was referred the communication from the Governor of the State of Hawai'i on the appointment of Willie C. Espero to fill the vacancy created by the resignation of former State Representative Paul T. Oshiro. After reviewing the communication of appointment and the qualification of the appointee, your Committee finds the said appointee to be qualified and recommends that Willie C. Espero be seated as a member of the House of Representatives from the Forty-First Representative District.

Signed by Representatives Hamakawa (Chair), Saiki (Vice Chair), Lee, Takumi, Pendleton and Whalen.