

SCRep. 485-00 Judiciary and Hawaiian Affairs on H.B. No. 2213

The purpose of this bill is to clarify that the amount that may be collected under any applicable liability policy under the optional binding arbitration procedure for claims covered by a motor vehicle liability insurance policy is limited to the policy limits.

The Consumers Lawyers of Hawaii testified in support of the measure.

Your Committee finds that the current language can be interpreted to prohibit use of a single arbitration to resolve claims for bodily injury liability benefits and underinsured motorists benefits. Your Committee finds that this bill will preserve the original intent of the Legislature that collection of an award from a liability policy is limited to the policy limits, while still allowing the arbitrator to determine the full value of the claim. This will avoid the need for a second unnecessary underinsured motorist arbitration in cases where the same company provides both the bodily injury liability and the underinsured motorist coverage.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2213 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 486-00 Judiciary and Hawaiian Affairs on H.B. No. 2344

The purpose of this bill is to repeal the exemption of the collection of delinquent assessments, the foreclosure of any lien, or the enforcement of any provision of a planned community association's governing document from the 25 percent limit on attorneys' fees on actions in the nature of assumpsit.

A member of the public testified in support of this measure.

Your Committee finds that this bill will help curb overcharges of legal fees from firms representing Association of Apartment Owners in foreclosure cases.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2344 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 487-00 Judiciary and Hawaiian Affairs on H.B. No. 2412

The purpose of this bill is to remove the problem raised by the case of State v. Modica, 58 Haw. 249 (1977), with regards to the misdemeanor offense and the petty misdemeanor offense of Criminal Contempt of Court.

The Department of the Attorney General and the Department of the Prosecuting Attorney for the County of Maui testified in favor of the measure. The Office of the Public Defender testified in opposition to the measure.

Your Committee finds that limiting judicial discretion for lowering a Contempt of Court charge from a misdemeanor to a petty misdemeanor to situations where the offense was committed within the immediate view or presence of the court, will resolve the Modica problem.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2412 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 488-00 Judiciary and Hawaiian Affairs on H.B. No. 1984

The purpose of this bill is to amend Hawaii's election laws by:

- (1) Decreasing the maximum amount of public funding available to the governor, lieutenant governor, or mayor candidates from 20 to 10 percent of the total expenditure limit for each election;
- (2) Decreasing the maximum amount of public funds available to state senator, state representative, county council member, and prosecuting attorney candidates in an election year from 30 percent to 15 percent of the total expenditure limit for each election;

- (3) Removing the requirement that the total amount of public funds for a primary, special primary, or general election for which a candidate is entitled to receive under section 11-221, Hawaii Revised Statutes, not exceed 50 percent of the maximum amount of public funds available for the candidate's office;
- (4) Requiring candidates to submit in their organizational report to the Campaign Spending Commission all web pages and e-mail addresses of the candidate;
- (5) Providing that candidates who withdraw or cease to be candidates, committees directly associated with candidates, individuals who receive contributions but fail to file for nomination, or committees or parties that discontinue their activities, return all residual private contributions to the donors of the contributions within four years;
- (6) Providing that upon the death of a candidate, residual contributions will escheat to the Hawaii Election Campaign Fund;
- (7) Deleting the organizational reporting requirement for contributions for a ballot issue or question;
- (8) Increasing the time for filing the organizational report from five to ten days; and
- (9) Making other technical, nonsubstantive amendments for purposes of clarity and style.

Common Cause Hawaii testified in support of the measure. The League of Women Voters of Hawaii supported the bill with reservations. The Campaign Spending Commission commented on the measure.

Your Committee is concerned that the proposed amendment which requires candidates to provide e-mail addresses and web pages regardless of whether those e-mail addresses or web pages are used for campaign purposes may constitute an unnecessary invasion of privacy. Candidates may have for private or business purposes related e-mail address or web pages that have nothing to do with their bid for public office. Further, your Committee is not prepared at this time to require candidates to be computer-literate to participate in the election process.

Your Committee has amended this bill by deleting the requirement that candidates report all e-mail addresses and web pages to the Campaign Spending Commission. Other technical, nonsubstantive amendments were made to conform to drafting conventions.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1984, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1984, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 489-00 Judiciary and Hawaiian Affairs on H.B. No. 1757

The purpose of this bill is to:

- (1) Remove trailer exemptions from the prohibitions relating to possession or consumption of intoxicating liquors in motor vehicles; and
- (2) Prohibit drivers from consuming intoxicating liquors even if not operating the vehicle at the time.

The Department of Transportation, the Honolulu Police Department and Mothers Against Drunk Drivers testified in support of the measure. The Office of the Public Defender testified against the measure in part.

Your Committee finds that:

- (1) Removing trailer exemptions will bring Hawaii back into compliance with federal requirements for open container laws in order to maintain federal highway construction funds; and
- (2) The prohibition against consuming intoxicating liquors even if not operating the vehicle is presently covered by Section 291-3.3 (Storage of opened container containing intoxicating liquor or consumption at scenic lookout), Hawaii Revised Statutes.

Your Committee has amended this bill by deleting a prohibition that is already expressed in another section of the statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1757, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1757, H.D. 1.

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

SCRep. 490-00 Education on S.B. No. 1275

The purpose of this bill is to expand the civil service exemption to Department of Education (DOE) employees who supervise students during meal periods in the distribution, collection, and counting of meal tickets.

The DOE submitted testimony in support of and to clarify this measure.

Your Committee finds that this bill will provide flexibility to the DOE in hiring persons to provide assistance during periods in order to comply with the United States Department of Agriculture's AccuClaim Regulation which requires that there be:

- (1) No overt identification of students receiving free or reduced-price meals; and
- (2) An accurate accountability of all meals claimed for federal reimbursement.

Based on the recommendations of the DOE, your Committee has amended the bill to clarify that there are two positions that have separate and distinct functions.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1275, S.D. 1, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 1275, S.D. 1, H.D. 2.

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

SCRep. 491-00 Tourism on H.B. No. 1780

The purpose of this bill is to allow the Convention Center Authority (CCA) to continue its work by extending:

- (1) The sunset date of the CCA; and
- (2) The deadline for the State Auditor to audit and monitor the progress made by CCA in resolving various outstanding issues and problems.

The CCA Board Chair, Vice Chair, and member, and the Hawaii Hotel Association testified in support of the measure. The Department of Business, Economic Development, and Tourism, the Waikiki Area Action Association, the Ala Moana Residents Advisory Council, and two individuals testified in opposition to this measure. Comments were submitted by the Visitor Industry Coalition and others.

Your Committee believes that operating a facility as labor-intensive as the Hawaii Convention Center (Center) requires staff who are experienced and knowledgeable about its operations. With its expertise and experience in the development and operations of the Center, the CCA is in the best position to ensure that the facility is operating at its optimum level and is able to address current and future concerns of the surrounding community.

Upon consideration, your Committee has amended this bill by repealing the sunset date of CCA.

As affirmed by the record of votes of the members of your Committee on Tourism that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1780, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1780, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala and Luke.

SCRep. 492-00 Labor and Public Employment on H.B. No. 2559

The purpose of this bill is to change and clarify the composition of the Workforce Development Council (Council).

The Director of the Department of Labor and Industrial relations, the Executive Director of the Workforce Development Council, and the Director of the Department of Human Services testified in support of this measure.

This measure would allow state department heads who are ex-officio members of the Council to name their designees to the Council. The measure also adds the Governor or his designee as a member, to comply with the Workforce Investment Act of 1998, and designates the four legislative and two mayoral members of the Council as ex-officio voting members. This bill increases the number of private sector members from fifteen to "fifteen or sixteen," to ensure a majority presence in the Council.

This measure will allow for greater participation in meetings by increasing the private and public sectors' representation, and will clarify the status of the legislators and mayors currently holding office as ex-officio voting members of the Council.

Your Committee has amended this measure by changing the composition of the Workforce Development Council from twenty-nine members to thirty to thirty-one members.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2559, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2559, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 493-00 Transportation on H.B. No. 2761

The purpose of this bill, as received by your Committee, is to clarify requirements for seeking special number plates.

Your Committee finds that it was unclear as to what entities were required to have a minimum number of special license plate applicants to qualify for their issuance, and who was authorized to purchase an organization's special plates.

This bill proposes that the minimum number of applicants is relevant to not-for-profit organizations and to military veterans groups, but not to state and county agencies, schools, and accredited institutions of higher learning. This bill also proposes that any vehicle owner may apply for an organization's special number plate, but that applications may be subject to approval of the organization.

Testimonies in support of this measure were received from the City and County of Honolulu, the University of Hawaii, and the Hawaii State Commission on the Status of Women.

Your Committee has amended this bill by amending the maximum size of a decal from two and one-half inches wide to three inches, permitting any vehicle owner to apply for an organization's number plate, and by deleting the requirement that an organization have at least one hundred members in good standing.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2761, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2761, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Okamura, Saiki, Takai and Yoshinaga.

SCRep. 494-00 Energy and Environmental Protection on H.B. No. 2526

The purpose of this bill is to clarify that the public notice and hearing requirements for used oil permits are not necessary unless the Director of Health (Director) determines that it is in the public interest.

The DOH submitted testimony in support of this measure. The University of Hawaii's Environmental Center submitted testimony in support of the intent of this measure.

In 1997, used oil was added to Chapter 342J, Hawaii Revised Statutes, relating to hazardous wastes. In doing so, the permitting procedures for used oil were inadvertently included in the more stringent permitting procedures for hazardous waste permits. The Department of Health (DOH) has not required public notices in the past for used oil permits and does not consider it necessary to do so now.

Your Committee agrees that used oil permits should not be subject to the same public notification and hearing requirements as other hazardous chemicals unless the Director determines that it is in the public interest.

Your Committee has amended this bill to correct typographical errors. Technical, nonsubstantive amendments were also made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2526, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2526, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Thielen.

SCRep. 495-00 Energy and Environmental Protection on H.B. No. 2544

The purpose of this bill is to conform the Hawaii Revised Statutes (HRS) to remove obsolete or duplicative provisions relating to sanitation.

Specifically, this bill repeals part III of Chapter 322, HRS, relating to approval of location and sanitary condition of businesses, and part IV, relating to dwellings and lodging houses.

Your Committee agrees with this administration proposal, which repeals obsolete and duplicative provisions that date back more than one hundred years.

Your Committee received testimony in support of this bill from the Department of Health and the Hawaii Environmental Health Consultation and Compliance Assistance Service.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2544 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola.

SCRep. 496-00 Judiciary and Hawaiian Affairs on H.B. No. 2021

The purpose of this bill is to assure reenactment of laws that were amended, and will be inadvertently repealed, by laws establishing the expedited sentencing program and amending the crime victim compensation special fund.

The Legislative Reference Bureau testified in support of this measure.

Your Committee finds that it was not the intent of the Legislature to have Act 316, Session Laws of Hawaii 1995 and Act 278, Session Laws of Hawaii 1999, repeal the affected statutes upon the sunset of these Acts. This measure would assure that the statutes revert to the language prior to the Acts.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2021 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshinaga.

SCRep. 497-00 Judiciary and Hawaiian Affairs on H.B. No. 2297

The purpose of this bill is to clarify that the repeat offender provision for the offense of Abuse of a Family or Household Member applies to successive convictions, rather than commission of successive violations of the law.

The Office of the Public Defender testified in support of the measure. The Department of the Prosecuting Attorney for the County of Maui testified in opposition to the measure. Child and Family Services provided comments.

Your Committee finds that the repeat offender provisions for Abuse of Family or Household Member is intended to be consistent with other repeat offender provisions which generally relate to the same subject matter. Inserting the qualification of "conviction" for prior offenses to be considered under the repeat offender provision of HRS Section 709-906 will make it consistent with the repeat offender provisions of HRS Sections 580-10, 586-4, and 586-11.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2297 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 498-00 Judiciary and Hawaiian Affairs on H.B. No. 1836

The purpose of this bill is to remove the pregnant women exclusion from the Uniform Health Care Decisions Act.

The Executive Office on Aging, the Commission on the Status of Women, the Hawaii Medical Association, the League of Women Voters, Hawaii Women Lawyers, the Family Planning Centers of Hawaii, and concerned individuals testified in support of this bill. The Hawaii Catholic Conference expressed concerns.

Your Committee finds that this measure will protect the autonomy of one's own critical life decisions.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1836 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 499-00 Judiciary and Hawaiian Affairs on H.B. No. 1982

The purpose of this bill is to adopt the Uniform Disclaimer of Property Interests Act (1999) (UDPIA 1999), drafted by the National Conference of Commissioners on Uniform State Laws, replacing section 560:2-801, Hawaii Revised Statutes.

Testimony in support of this bill was provided by the State Commission to Promote Uniform Legislation.

Your Committee finds that this measure will enhance opportunities for families to preserve assets through post mortem reallocation of interests in estates, trusts, and other kinds of property holdings in which benefits may be allocated at death.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1982 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Yoshinaga.

SCRep. 500-00 Judiciary and Hawaiian Affairs on H.B. No. 2507

The purpose of this bill is to allow the court to waive consent to permanent plans, by children aged 14 and over.

Testimony in support of this bill was received from the State Department of Human Services.

Your Committee finds that the current wording of section 587-73, Hawaii Revised Statutes, requiring a child to be supportive of the permanent plan, places an untenable burden on the child. The provisions of this measure are in the best interests of children.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2507 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 501-00 Judiciary and Hawaiian Affairs on H.B. No. 2508

The purpose of this bill is to clearly define the date from which the Department of Human Services must calculate the period that a child is in agency care.

Testimony in support of this measure was received from the State Department of Human Services.

Your Committee finds that The Adoption and Safe Families Act of 1997, requires states to have legislation to initiate or join proceedings to terminate parental rights for children under state custody. The provisions of this bill will result in consistent application of the federal mandate.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2508 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 502-00 Judiciary and Hawaiian Affairs 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).

Testimony in support of this bill was provided by the Hawaii Land Title Association and Title Guaranty of Hawaii, Inc. Testimony in support of sections 5 and 6 of this bill (concerning sections 501-171 and 501-173, Hawaii Revised Statutes (HRS)) was provided by the Judiciary and the attorney members of the Committee on the Uniform Probate Code and Probate Court Practices. The Department of Land and Natural Resources provided testimony in support of the intent of this bill.

This bill:

- (1) Adds unincorporated nonprofit associations to the list of entities on whose behalf an application for registration may be made in Land Court, to eliminate uncertainty as to whether Land Court registration is consistent with the Uniform Unincorporated Nonprofit Association Act, Chapter 429, HRS;
- (2) Amends sections 501-171(a) and 501-173, HRS, to eliminate the requirement to file a certified copy of certain court orders before Land Court property can be conveyed by a personal representative, to be consistent with informal procedures provided for in the Hawaii Probate Code as amended effective 1997;
- (3) Amends section 501-20 by defining "State" to mean the State of Hawaii; and

- (4) Amends sections 501-102 and 501-108 to require certain information regarding the certificate of title for recording purposes.

Your Committee finds that this bill will improve the administration of probate estates and enhance efficiency of transactions in Land Court property.

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

- (1) Adding "if possible" to the proposed addition to section 501-108, HRS, to be consistent with section 502-31, HRS.
- (2) Amending the portion of this bill that amends section 501-173, HRS, by:
 - (a) Deleting "ex-parte" from the term "ex-parte petition" because it refers to a petition that may be either ex parte or by hearing;
 - (b) Substituting "acknowledgment of authority" for "certificate of authority" to use correct terminology;
 - (c) Deleting the phrase "or the attorney for the estate of the decedent" because the personal representative should sign the affidavit;
 - (d) Revising section 501-196, HRS, to allow a certificate of title to be amended to reflect certain routine changes by filing an affidavit with supporting documentation, rather than by filing a petition for a Land Court order. Your Committee finds this change will simplify real estate transactions involving property registered in Land Court;

and

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1983, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1983, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 503-00 Judiciary and Hawaiian Affairs on H.B. No. 2646

The purpose of this bill is to amend the Uniform Trustees' Powers Act (chapter 554A, Hawaii Revised Statutes) and the Hawaii Probate Code (chapter 560, Hawaii Revised Statutes) by:

- (1) Expressly stating that trustees have the power to divide or sever a single trust into two or more separate trusts for administrative or tax purposes;
- (2) Extending antilapse provisions applicable to wills to revocable living trusts that provide for distribution of trust assets to designated beneficiaries upon the settlor's death (rather than remaining in trust for their benefit);
- (3) Rendering more consistent the law governing provisions in wills and trusts that attempt to penalize a person who brings a challenge;
- (4) Allowing a fiduciary to petition the court for an order allowing immediate transfer of unclaimed assets to the State Director of Finance;
- (5) Addressing apportionment of expenses incurred in connection with the determination of the amount of estate taxes;
- (6) Increasing the amount of estate assets that can be collected by affidavit; and
- (7) Increasing the value of the assets that can be administered by the clerk of the court as a small estate.

Testimony in support of this bill was provided by the Judiciary, State of Hawaii, and the Committee on the Uniform Probate Code and Probate Court Practices. The State of Hawaii Department of Taxation provided testimony taking no position on this bill.

Your Committee finds this bill will assist fiduciaries in the performance of their duties, bring consistent treatment to wills and trusts, where appropriate, and help streamline procedures for estates that do not exceed \$100,000 in value.

Your Committee has amended this bill by increasing the upper limit on the value of a decedent's estate administered by the clerk of the circuit court pursuant to section 560:3-1212, Hawaii Revised Statutes (estates of persons leaving no known relatives), to conform with changes made in sections 6, 7, and 8 of this bill.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2646, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2646, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 504-00 Judiciary and Hawaiian Affairs and Consumer Protection and Commerce on H.B. No. 2736

The purpose of this bill is to criminalize identity theft and provide for a civil action for identity theft.

The Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, Hawaii League of Savings Institutions, and concerned individuals testified in support of this measure. The Office of the Public Defender testified in opposition.

Your Committees find that this measure will address the growing problem of unauthorized use of personal information in the furtherance of thefts.

Your Committees have amended this bill by:

- (1) Retaining only the provisions concerning criminal sanctions for identity theft;
- (2) Replacing the three degrees of identity theft with one encompassing provision divided into misdemeanor and class C felony offenses; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Consumer Protection and Commerce that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2736, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2736, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Chang, Takumi, Yoshinaga, Halford, Rath and Whalen.

SCRep. 505-00 Consumer Protection and Commerce on H.B. No. 2216

The purpose of this measure is to amend the definition of "uninsured motor vehicle," by removing the requirement that a claimant who may have a legal action under the uninsured motorist provisions of a motor vehicle insurance policy, provide the claimant's insurer with notice of the potential claim within 30 days of the accident.

Your Committee received testimony supporting this measure from the Department of Commerce and Consumer Affairs and the Consumer Lawyers of Hawaii. Testimony in opposition was submitted by State Farm Insurance Companies.

Your Committee finds that if the 30-day notice requirement functions to bar an uninsured motorist claim, it is inconsistent with the statute of limitations under section 431:10C-315, Hawaii Revised Statutes, that is applicable to all claims for benefits under a motor vehicle insurance contract. In addition, if the requirement is intended to provide notice of an uninsured motorist claim to an insurer, it is unnecessary, because insurance companies are provided with notice of a claim that has the potential to exceed the \$5,000 personal injury protection tort liability cutoff and give rise to a legal action, when they receive and process claims for medical coverage, as well as for optional benefits such as collision or wage loss that arise from an accident.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2216 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Yoshinaga and Rath.

SCRep. 506-00 Consumer Protection and Commerce on H.B. No. 2220

The purpose of this bill is to create a mechanism by which captive insurance companies that are formed as stock, mutual corporations, or captive reciprocal insurers, and domiciled in the State under Article 19 of the Insurance Code, may be converted to, or merged with or into, another form of captive insurer.

Your Committee received testimony supporting this bill from the Department of Commerce and Consumer Affairs, AON Insurance Managers (USA) Inc., Becher and Carlson Risk Management, Hawaii Captive Insurance Council, Hawaii Captive Insurance Management, Marsh Management Services, and a private attorney.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2220 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 507-00 Consumer Protection and Commerce on H.B. No. 1773

The purpose of this bill is to require that a motion for reconsideration or rehearing of an order or decision made by the Public Utilities Commission (PUC) under Hawaii's Motor Carrier law, must be decided by an order issued by the PUC within 30 days of the date on which the motion is filed.

Your Committee received testimony in support of this bill from E Noa Corporation. Testimony supporting the intent of this measure and requesting an amendment was submitted by the Public Utilities Commission.

Your Committee finds that under the current motor carrier law, a motion for reconsideration or rehearing that has not been decided within 20 days of filing is deemed denied. Regardless of this, the PUC may subsequently decide the motion. This ambiguity, with regard to the PUC's decision, forces motor carriers to file two appeals to the Hawaii Supreme Court if they wish to preserve their right of appeal--once after the 20-day period has expired without a PUC decision, and a second time after the PUC actually issues an order deciding the motion. This measure would provide for a clear and certain final decision on a motion for reconsideration or rehearing, thereby improving administrative efficiency, and removing an unnecessary burden from regulated business.

Your Committee has amended this bill by increasing the decisional period from 30 to 45 days.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1773, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 508-00 Consumer Protection and Commerce on H.B. No. 2005

The purpose of this bill is to amend the definition of "reverse mortgage loan" contained in the reverse mortgage law enacted as Act 50, Session Laws of Hawaii 1999 (Act 50), to more clearly define and distinguish the loan from other mortgages by adding the requirements that:

- (1) The loan be a nonrecourse loan;
- (2) Cash advances under the loan are provided to the borrower based upon the equity or value in the borrower's principal residence;
- (3) The loan requires no repayments until the entire loan is due and payable; and
- (4) The loan is made by a lender licensed or chartered under state or federal law.

Your Committee received testimony in support of this bill from the Hawaii Bankers Association, Mortgage Bankers Association of Hawaii, and Hawaii Financial Services Association. An attorney in private practice supported the intent of the bill and suggested amendments. The Department of Commerce and Consumer Affairs (DCCA) offered comments on the measure.

Your Committee finds that this bill is necessary to address concerns that the definition of "reverse mortgage" in Act 50 is overbroad and does not clearly distinguish between the reverse mortgages regulated under the Act, and other types of mortgages. Your Committee has amended the bill to include language agreed upon by DCCA and the Mortgage Bankers Association of Hawaii, that provides that no person other than a lender licensed or chartered by the state or federal government shall offer reverse mortgage loans.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2005, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2005, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 509-00 Consumer Protection and Commerce on H.B. No. 2219

The purpose of this measure is to:

- (1) Clearly provide for the continuing confidentiality of nonpublic information submitted to the Insurance Commissioner (Commissioner) by a captive insurance company or its parent or member organizations;
- (2) Authorize the Commissioner to disclose this nonpublic information only under appropriate circumstances; and
- (3) Give the Commissioner flexibility in determining the type of accounting methods required, and auditors that may be employed, by captive insurance companies other than class 3 captives in writing their statements of financial condition.

Your Committee received testimony in support of the measure from Becher+Carlson Risk Management, Inc., Marsh Management Services, Inc., and Aon Insurance Managers. The Department of Commerce and Consumer Affairs (DCCA) also testified in support of the bill, but suggested amendments. An attorney in private practice testified as an individual and as chairman of the Hawaii Captive Insurance Council Corporation, and supported the measure as well as the amendments requested by DCCA. A private individual testified in opposition to the bill.

DCCA requested amendments to section two of the bill that would:

- (1) Make financial reporting requirements under that section applicable to all captive insurers other than class 3 insurers, thereby establishing a basic standard for financial reports; and
- (2) Remove the reference to class 4 captives from the paragraph exempting class 3 captives from any required filing of risk-based capital reports with the National Association of Insurance Commissioners.

Your Committee finds that this measure, which protects the confidentiality of captive insurance company nonpublic financial information while allowing for the public interest, and which gives the Insurance Commission some discretion with regard to financial reporting by captive insurance companies, will give existing and potential captive owners increased confidence in the Hawaii captive infrastructure, attract new captives, and support Hawaii's position as an industry leader.

Your Committee has amended this bill consistent with DCCA's request, and has also made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2219, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2219, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 510-00 Consumer Protection and Commerce on H.B. No. 2471

The purpose of this measure is to update the guaranty fund provisions that are applicable to the Hawaii Insurance Guaranty Association (HIGA). These amendments will allow HIGA to better implement the purpose of HIGA as specified in section 431:16-102, Hawaii Revised Statutes.

Your Committee finds that these revisions would clarify the original intent of the law. This measure will provide better protection for the general public against insolvencies and reduce the cost of insolvencies that are passed on to the general public.

Testimony was received in support of this measure from the Department of Commerce and Consumer Affairs and HIGA.

Technical nonsubstantive amendments were made for purposes of clarity, consistency and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2471, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Herkes, MOrita, Takumi, Yoshinaga and Rath.

SCRep. 511-00 Consumer Protection and Commerce on H.B. No. 2474

The purpose of this bill is to conform state insurance law to federal law by:

- (1) Requiring persons convicted of any felony who wish to engage in the business of insurance in Hawaii to first obtain the written consent of the Insurance Commissioner (Commissioner); and
- (2) Giving the Commissioner the discretion to withhold consent.

The Department of Commerce and Consumer Affairs (DCCA) and the Hawaii State Association of Insurance and Financial Advisors testified in support of this bill.

Federal law prohibits persons convicted of a felony involving dishonesty to engage in the business of insurance unless the person first receives written consent from the insurance regulatory official. DCCA testified that when a person requests consent under federal law, state law does not authorize the Commissioner to deny consent. This measure addresses the discrepancy by conforming state law to federal law while making state law more limiting than its federal counterpart. This bill requires a person convicted of any felony, not just a felony involving dishonesty, to obtain the written consent of the Commissioner before engaging in the business of insurance.

Technical, nonsubstantive amendments were made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2474, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2474, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Hiraki, Morita, Yoshinaga, Rath and Thielen.

SCRep. 512-00 Consumer Protection and Commerce on H.B. No. 2475

The purpose of this measure is to require health maintenance organizations (HMOs) and mutual benefit societies to file audited statements on a timely basis and require them to file these statements in accordance with the standards set forth by the National Association of Insurance Commissioners.

The Insurance Division of the Department of Commerce and Consumer Affairs (DCCA) testified in support of this bill.

Your committee finds that HMOs and mutual benefit societies act as insurers, and therefore, should be regulated by the Insurance Division of the DCCA as are other insurers. This measure ensures that HMOs and mutual benefit societies are subject to the same financial reporting provisions of the Insurance Code as all other insurers.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2475, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2475, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Hiraki, Morita, Yoshinaga, Rath and Thielen.

SCRep. 513-00 Consumer Protection and Commerce on H.B. No. 2479

The purpose of this measure is to include the finance and interest charges paid by a consumer in the consumer's Lemon Law refund.

Your Committee finds that consumers pay significant amounts of finance charges as part of a vehicle purchase. This bill would:

- (1) Help restore consumers to the financial position they were in prior to the purchase by more effectively unwinding the purchase transaction; and
- (2) Reduce consumer dissatisfaction and increase consumer confidence in the arbitration process.

Testimony was received from the Department of Commerce and Consumer Affairs (DCCA) in strong support of this measure.

Your Committee has adopted the recommendations of the DCCA and has amended section 4 of the bill by changing the effective date of the bill from October 1, 2000 to "upon its approval." Technical, nonsubstantive amendments were also made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2479, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2479, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Yoshinaga and Rath.

SCRep. 514-00 Consumer Protection and Commerce on H.B. No. 2483

The purpose of this measure is to make business registration requirements and procedures more consistent. This bill provides a one-step amendment of articles of organization for limited liability companies and makes housekeeping clarifications in the law.

Hawaii business law has many features unique to this State or that exist in only a very small minority of other states. The amendments in this bill would serve to make Hawaii's business law more uniform with the majority of other states, and conducive to the free flow of commerce and the formation of business entities in this State.

Testimony was received in support of this measure from the Department of Commerce and Consumer Affairs, the Business Law Section of the Hawaii State Bar Association, and two private attorneys.

Your Committee has amended this bill to correct certain typographic, technical, and stylistic errors.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2483, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2483, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Herkes, Morita, Yoshinaga, Halford and Thielen.

SCRep. 515-00 Consumer Protection and Commerce on H.B. No. 2485

The purpose of this measure is to clarify that licensees from other professions are able to perform "psychotherapy" if this service is within the scope of practice defined in the professions' laws or rules, without being subject to the provisions of Section 465-1, Hawaii Revised Statutes (HRS).

Testimony was received in support of this measure from the Board of Psychology of the Department of Commerce and Consumer Affairs, the Hawaii Nurses' Association, and the National Association of Social Workers.

Your Committee finds that this bill corrects an inadvertent prohibition on other licensed professionals from practicing psychotherapy caused by the current wording of this exemption. The Board of Psychology's intent is not to exclude qualified members or other licensed professions from performing "psychotherapy" and sees this bill as a necessary step to allow licensees from these professions to perform "psychotherapy" without violating the provisions of chapter 465, HRS.

Your Committee has amended this bill to correct certain typographic, technical, and stylistic errors.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2485, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2485, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Herkes, Morita, Yoshinaga, Halford and Thielen.

SCRep. 516-00 Consumer Protection and Commerce on H.B. No. 2797

The purpose of this bill is to amend Section 431:2-201.5, Hawaii Revised Statutes, to:

- (1) Add language that the State intends to retain enforcement jurisdiction over matters related to the federal Newborns' and Mothers' Health Protection Act of 1996, and the Women's Health and Cancer Rights Act of 1998;
- (2) Mirror requirements applicable under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA), by adding the term "all" to describe the range of group health plans that must be provided by group health issuers to small employers within the issuer's service area; and
- (3) Clarify references to HIPAA.

Your Committee received testimony from the Department of Commerce and Consumer Affairs (DCCA) supporting this measure and suggesting amendments.

Upon consideration of the testimony submitted, your Committee has amended this bill as requested by DCCA to:

- (1) Change a reference to "health coverage," to read "health insurance coverage," to be consistent with HIPAA; and
- (2) Add language to the definition of "group health issuer" to include association plans, thereby making applicable to these plans the prohibition against imposition of limitations on coverage for preexisting conditions that applies to group health issuers.

Technical, nonsubstantive amendments were also made for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2797, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Yoshinaga and Rath.

SCRep. 517-00 Consumer Protection and Commerce on H.B. No. 2983

The purpose of this bill is to establish a new class of captive insurance companies, class 5, that will consist of reinsurance and excess insurance companies.

Testimony in support of the bill was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs, Hawaii Captive Insurance Council, Marsh Management Services Inc., AON Insurance Managers (USA) Inc., and a private attorney.

Testimony in support of the bill, with suggested amendments, was provided by the Reinsurance Association of America.

After full and free discussion, your Committee has incorporated the amendments suggested by the insurance commissioner. Technical, nonsubstantive amendments have been made for style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2983, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2983, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 518-00 Consumer Protection and Commerce on H.B. No. 2378

The purpose of this measure is to amend the Hawaii Revised Statutes section 431:10C-301 to mandate that the minimum bodily injury liability insurance coverage (BI) in motor vehicle insurance be increased.

Testimony in support of this measure was submitted by the Consumer Lawyers of Hawaii and a private attorney.

Testimony in opposition to this measure was submitted by the Hawaii Insurers Council and State Farm Insurance Companies.

Testimony commenting on this measure was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA) and Life of the Land.

Your Committee finds that the issue of mandatory minimum bodily injury liability insurance coverage is an important issue that deserves further consideration. However, any modification of the mandatory minimum BI liability insurance coverage should be postponed until an actuarial analysis has been conducted to determine the impact that the modification will have on insurance premiums. The DCCA has agreed to provide your Committee with an actuarial analysis regarding this issue.

Your Committee has amended this measure by leaving the BI mandatory minimum limits blank pending the actuarial analysis.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2378, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Yoshinaga and Rath.

SCRep. 519-00 Consumer Protection and Commerce on H.B. No. 2480

The purpose of this bill is to increase the uniformity of state laws relating to limited liability partnerships (LLPs) with those of other states, modernize the law, and make the formation of LLPs in this state more attractive, by:

- (1) Repealing the Limited Liability Partnership Act, Part V of Chapter 425, Hawaii Revised Statutes;
- (2) Adopting the Uniform Partnership Act (UPA) as amended in 1997;
- (2) Reflecting current business and administrative practices in the law adopted;
- (3) Deleting the prohibition against the formation of LLPs by attorneys; and
- (4) Deleting insurance and financial responsibility requirements that are not a part of the UPA.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA) and four attorneys.

Your Committee heard testimony that this bill is the product of a working group formed by DCCA in which the Business Law Section of the Hawaii State Bar Association participated. The measure repeals the current LLP law and provides for uniformity with the LLP laws of other states by adopting the 1997 UPA.

There was testimony that in modernizing the LLP law, this bill would also cure existing problems with the law. Existing law contains contradictions and anomalies that make it difficult to interpret and apply. As a result, it cannot be relied on by businesses to provide limited liability protection. Your Committee finds that this measure would benefit businesses and improve the business climate of the State.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2480, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2480, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Herkes, Morita, Yoshinaga, Halford and Thielen.

SCRep. 520-00 Consumer Protection and Commerce on H.B. No. 2846

The purpose of this measure is to avoid unnecessary litigation over condominium lease rent renegotiations by:

- (1) Giving the condominium association the responsibility to renegotiate lease rents;
- (2) Requiring that the costs of lease rent renegotiation be borne solely by the members of the association whose apartments are in leasehold as opposed to fee ownership; and
- (3) Providing that the costs of lease rent renegotiation may be collected in the same manner and in compliance with the same requirements governing collection of association common expenses.

Testimony in support of this measure was received from the Hawaii Council of Associations of Apartment Owners, Monarch Properties, Inc., Neely & Anderson, Hale Coalition, and an individual.

The Legislature passed Act 326, Session Laws of Hawaii 1993, which authorized the sale of the leased fee interest in the land under any condominium project, to individual condominium unit lessees. Conversion from lease to fee ownership under this law resulted in associations composed of a mixture of fee simple apartment owners and apartment lessees.

Associations facing lease rent renegotiation are now discovering that the drafters of their governing declarations and bylaws never considered that some association members would own in fee simple, and would not be subject to, or interested in, rent renegotiations. Many condominium governing documents, incorrectly assuming commonality of the interests of association members in rent renegotiation, fail to state who is responsible for renegotiation or inadequately address who is to bear the cost. To resolve these issues, a number of associations have already been involved in litigation.

Your Committee finds that this bill provides the minimum intervention in condominium self-governance necessary to avoid needless and costly legal disputes. Your Committee also finds that it is both appropriate and advantageous for lessees to be represented as a group in lease rent renegotiations by the association, and that it is fair that only those subject to lease rent renegotiation should bear the cost.

Mindful that the intent of the Condominium Property Regimes Law is to facilitate self-governance by condominium associations, your Committee hopes that association members will, through their own procedures, mutually reach the same result as in this measure. In this regard, your Committee notes that associations may, under their existing powers, provide for full representation of those affected by rent renegotiation, and urges associations to include lessee owners in any committee formed to conduct such renegotiations. Your Committee has refrained from adding provisions for the recovery of interest and costs incurred as a result of late payment of rent renegotiation assessments, and recognized that imposition of interest and costs is also within existing association power and authority.

Technical, nonsubstantive amendments were made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2846, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2846, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Takumi, Halford, Rath and Thielen.

SCRep. 521-00 Consumer Protection and Commerce on H.B. No. 2017

The purpose of this bill is to allow out-of-state collection agencies to collect debts from debtors residing in Hawaii after satisfying a minimal number of requirements. It creates what is referred to as an "open border" law for out-of-state collection agencies.

Credit Associates of Maui, Ltd., the Doctors Business Bureau, Honolulu Collection Corporation, State Wide Collections, CredGuard Corporation, Impact Financial Services, MEDCAH, Inc., Collection Agency of Hawaii, and a private attorney supported the general intent and purpose of the bill and the amendments submitted by the Department of Commerce and Consumer Affairs (DCCA), with the exception of a proposed \$25,000 bond requirement for out-of-state collection agencies. The Hawaiian Collectors Association supported the intent and purpose of the bill but offered amendments. DCCA opposed the measure but offered amendments.

Upon further consideration, your Committee agrees with the amendments proposed by DCCA and the Hawaiian Collectors Association and has amended the bill by:

- (1) Changing the language involving the bond amount from \$25,000 to "the maintenance of a bond in the amount required by the home state"; and
- (2) Creating a new section in Chapter 443B, Hawaii Revised Statutes, which outlines the parameters for exemption of an out-of-state collection agency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2017, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2017, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 522-00 Consumer Protection and Commerce on H.B. No. 2129

The purpose of this measure is to:

- (1) Amend Section 486M-2, Hawaii Revised Statutes (HRS), to require secondhand dealers and pawn brokers to legibly record information upon receipt of an article; and
- (2) Require specific forms of identification of the person who provides articles to secondhand dealers and pawn brokers by amending Section 486M-1, HRS, to include a new definition of "government issued identification."

Testimony in support of this measure was submitted by the Honolulu Police Department, Hawaii Pawnbrokers' Association, and Oahu Pawnbrokers Association.

Your Committee has amended the definition of "government issued identification" to include a drivers license issued by a "city" and "federally recognized tribe".

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2129, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 523-00 Consumer Protection and Commerce on H.B. No. 2468

The purpose of this bill is to clarify that the Consumer Advocate (CA) and the Public Utilities Commission (PUC) share responsibility for acting as a central clearing house for information regarding consumer complaints and inquiries concerning public utilities.

Your Committee received testimony supporting this measure from the Department of Commerce and Consumer Affairs and the PUC. Testimony supporting the intent of the bill and requesting amendments was provided by Hawaiian Electric Company, Inc. (HECO). Testimony in opposition was submitted by GTE Hawaiian Tel.

Your Committee finds that this measure is intended to reflect actual practice in the handling of consumer complaints by the PUC and CA, that in turn, is reflective of the resource limitations of the CA. The PUC presently collects and compiles consumer complaints pursuant to its general powers under section 269-6, Hawaii Revised Statutes, and publishes data regarding these complaints in the PUC annual report. The CA assists customers who have complaints regarding utility companies. Your

Committee heard testimony that this measure would help to reduce confusion regarding responsibility for collection, compilation, and handling of complaints.

An amendment has been made to this measure as suggested by HECO, to eliminate problems that would otherwise arise from overlapping responsibility. As amended, the bill provides that:

- (1) The CA is to assist consumers in handling consumer complaints before the PUC; and
- (2) The PUC is to provide a central clearing house of information and collect and compile all consumer complaints and inquiries concerning public utilities.

Your Committee has also eliminated the requirement that the CA monitor the handling of consumer complaints by the PUC, in response to concerns voiced by HECO that an agency that appears as a party in contested cases before the PUC should not play a monitoring role with regard to PUC actions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2468, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2468, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Herkes, Morita, Takumi, Yoshinaga and Rath.

SCRep. 524-00 Consumer Protection and Commerce on H.B. No. 2481

The purpose of this bill is to improve the State's securities law by:

- (1) Clearly providing that the Commissioner of Securities (Commissioner) has the authority to issue interpretive orders and forms as necessary to implement Chapter 485, Hawaii Revised Statutes;
- (2) Specifying that the Commissioner may revoke or suspend a registration, or require conditional registration that places limits or conditions on securities activities;
- (3) Authorizing the Commissioner to impose sanctions against those agents of dealers, and employees of investment advisors who have supervisory responsibilities and have failed to reasonably supervise agents;
- (4) Allowing the Commissioner to better enforce the law and continue to pursue potential, pending, or incomplete regulatory proceedings against registrants by authorizing the Commissioner to:
 - (A) Deny requests to withdraw registration in cases where regulatory proceedings concerning the requester are pending or incomplete;
 - (B) Deny requests to withdraw registration in cases where additional information regarding an application to withdraw is requested by the Commissioner; and
 - (C) Pursue proceedings against a former registrant within two years after withdrawal from registration becomes effective, in cases where no proceeding was pending or additional information was requested at the time of withdrawal;
- (5) Giving broker-dealers or investment advisors the ability to avoid interruptions in business by authorizing them to file applications for registration on behalf of a successor entity; and
- (6) Providing an exclusion from regulation as a dealer, that is reciprocal to one provided by Canada, for Canadian securities dealers servicing Canadian citizens who are temporarily on vacation in Hawaii.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs (DCCA) and four attorneys.

Your Committee heard testimony that this bill is one of a number of bills produced by a working group formed by DCCA and the Business Law Section of the Hawaii State Bar Association. This group identified areas of the law that could be improved from a legal standpoint or that were unnecessarily restrictive, and developed legislation to address the problems identified. Your Committee finds that this bill will enhance the Commissioner's ability to implement the securities law and protect consumers, and will also reduce unnecessary regulatory burdens on business.

In response to testimony that state broker-dealer applications for registration are currently available in electronic form, and that the United States Securities and Exchange Commission is developing a nationwide electronic registration filing system, your Committee has amended this bill to:

- (1) Remove language requiring written applications for registration and withdrawal of registration; and

- (2) Give the Commissioner the option of determining whether to accept electronically filed applications.

Technical, nonsubstantive amendments were also made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2481, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2481, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 525-00 Consumer Protection and Commerce on H.B. No. 2482

The purpose of this measure is to update Hawaii Revised Statutes (HRS) chapter 415, Control Share Acquisitions, to make business acquisitions easier in situations where the acquisition conforms with state merger laws or is approved by the board of directors.

Testimony in support of this measure was submitted by the Commissioner of Securities of the Department of Commerce and Consumer Affairs, the Business Law section of the Hawaii State Bar Association, and two private attorneys.

Your Committee finds that this measure would eliminate the requirement of having duplicate meetings of the board of directors and the shareholders to approve a merger. Hawaii law requires a special meeting of the board of directors and shareholders when companies intend to merge or exchange stocks. Prior to merger, substantial amounts of shares of the company's stock are acquired. The accumulation of a substantial amount of stock triggers the the Hawaii Control Shares Acquisition Act, that requires another meeting of the board of directors and shareholders. This measure would reduce the cost and expense of having duplicate meetings of the board of directors and shareholders, thereby improving business transactions in Hawaii.

Your Committee has amended this measure to incorporate technical nonsubstantive changes that have been made for the purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2482, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2482, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 526-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1938

The purpose of this measure is to amend Hawaii Revised Statutes Chapter 490 to incorporate a revised Article 9 (secured transactions) of the Uniform Commercial Code.

Testimony in support of this measure was submitted by the Hawaii Bankers Association, Hawaii's Commission to Promote Uniform Legislation, and the National Conference of Commissioners on Uniform State Laws.

Testimony commenting on this measure was submitted by the Department of Budget and Finance.

Your Committees find that the Uniform Commercial Code, Article 9 - Secured Transactions, provides the rules governing a "security interest" in the context of a debtor/creditor relationship. The revised Article 9 addresses issues such as: technology, new collateral, certainty of perfection, new liens, and consumer impact. In addition, the revisions address and clear up ambiguities in the interpretation of Article 9 rules that have occurred over time.

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

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1938 as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1938, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 527-00 Consumer Protection and Commerce on H.B. No. 2315

The purpose of this measure is to amend section 431:10C-301.5, Hawaii Revised Statutes, to reduce damages recovered in motor vehicle injury suits by 50% of the personal injury protection (PIP) benefits rather than by the greater of \$5,000 or the total PIP benefits.

Testimony opposing this measure was submitted by the Hawaii Insurers Council and State Farm Insurance Companies.

Testimony commenting on this measure was submitted by the Department of Commerce and Consumer Affairs (DCCA), Consumer Lawyers of Hawaii, and a concerned citizen.

The DCCA testified that an actuary's analysis has determined that reducing the covered loss deductible as mandated by this measure would significantly impact insurance premiums savings. However, the actuarial analysis does not include an estimate of the impact because DCCA does not have the necessary data. When the necessary data becomes available, the DCCA will provide your Committee with the estimated impact.

Accordingly, your Committee has amended the reduction by 50% of PIP benefits by leaving a blank to ensure further discussion pending the actuarial analysis.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2315, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2315, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 528-00 Judiciary and Hawaiian Affairs on H.B. No. 3018

The purpose of this bill is to mandate that police not identify a person reporting a case of child abuse or neglect unless ordered by the court. This bill also allows the person reporting the abuse to report either to the Department of Human Services (DHS) or to the police.

The Department of the Prosecuting Attorney for the City and County of Honolulu, the Office of Information Practices, and the Sex Abuse Treatment Center testified in support of the bill. The Department of Education testified in support of the intent of the measure.

Your Committee finds that this bill would allow persons with knowledge of child abuse or neglect to come forward without fear of retribution. Further, your Committee finds that reporting cases of child abuse or neglect to both the DHS Services and to the police is redundant. Your Committee believes that reporting to either of these government agencies is sufficient.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3018 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 529-00 Finance on H.B. No. 2409

The purpose of this bill is to ensure that the State's Information Processing Services Program (Program) avoids a payroll deficit during the current fiscal year by approving \$800,000 in emergency appropriations.

Your Committee received a letter from the Governor dated February 3, 2000:

- (1) Stating that supplementary appropriations are needed by April 1, 2000, for the operating expenses of the Department of Accounting and General Services' (DAGS) Information and Communication Services Division; and
- (2) Requesting the timely passage of this measure.

The DAGS testified in support of this measure.

Due to an error in computing billing rates, the State overcharged the federal government in fiscal years 1996-1997 and 1997-1998, for information technology services relating to federal-funded programs. To address this discrepancy, the State has agreed not to charge the federal government the full cost of federal reimbursements in fiscal years 1999-2000 and 2000-2001. However, since most of the federal reimbursements are used to fund the Program's payroll costs, the Program faces a shortfall during the current fiscal year.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2409, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2409, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 530-00 Finance on H.B. No. 2414

The purpose of this bill is to appropriate additional moneys for payment of expenses of the asbestos property damage litigation in fiscal year 1999-2000.

Your Committee received a letter from the Governor dated February 4, 2000:

- (1) Stating that funds requested will enable the Attorney General to begin the critical first trial segment, commencing June 2000, and to continue the State's efforts to recover costs due to asbestos removal and damages; and
- (2) Requesting timely passage of this measure in order to compensate experts, consultants, and special deputies retained for the asbestos property damage litigation.

The Attorney General submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2414, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2414, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Suzuki.

SCRep. 531-00 Finance on H.B. No. 2517

The purpose of this bill is to appropriate moneys to prevent the reduction or discontinuance of direct medical services for medicaid recipients.

Your Committee received a letter from the Governor dated February 4, 2000:

- (1) Stating that the Medicaid program will expend all appropriated funds before the end of the current fiscal year and the Department of Human Services (DHS) will not be able to meet its fiscal obligation to provide health care services to Medicaid recipients;
- (2) Requesting supplementary emergency appropriations of \$4,075,000 general funds and authorization to increase federal expenditure appropriations by \$4,243,025 in fiscal year 2000 for the Medicaid program; and
- (3) Requesting immediate passage of this measure.

Testimony in support of this bill was submitted by DHS, the Hawaii Long Term Care Association, and the Healthcare Association of Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2517, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2517, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Suzuki.

SCRep. 532-00 Finance on H.B. No. 2531

The purpose of this bill is to appropriate moneys so the Hawaii Health Systems Corporation (HHSC) can repay funds advanced by the State for collective bargaining increase payments to state employees assigned to the HHSC and to partially fund increases for the rest of the current fiscal year.

Your Committee received a letter from the Governor dated February 8, 2000:

- (1) Stating that the emergency appropriation for \$14,500,000 from general funds will allow HHSC to continue to provide health services in their twelve facilities for the period of March 1, 2000, through June 30, 2000; and
- (2) Requesting immediate passage of this measure.

The Chamber of Commerce of Hawaii, HHSC, and a concerned individual testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the expending agency to the Department of Health; and
- (2) Making technical, nonsubstantive changes for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2531, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2531, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 533-00 Finance on H.B. No. 2536

The purpose of this bill is to make an emergency appropriation to the Department of Health for the Child and Adolescent Mental Health Division.

Your Committee has received a letter from the Governor dated January 31, 2000:

- (1) Stating that an emergency appropriation and authorization for \$17,735,924 from general funds, \$378,646 from the Child and Adolescent Mental Health Special Fund, and \$38,866 from the Behavioral Health Administration Special Fund will allow the Department of Health, Child and Adolescent Division to continue to provide mental health services to certain emotionally disturbed children and adolescents for the period of March 1, 2000, through June 30, 2000; and
- (2) Requesting immediate passage of this measure.

The Department of Health submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2536, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 534-00 Finance on H.B. No. 2551

The purpose of this bill is to allow the Department of Health immediate access to funds allocated from the Hawaii Tobacco Settlement Special Fund through Act 304, Session Laws of Hawaii 1999, and intended for use in fiscal year 1999-2000.

Your Committee has received a letter from the Governor dated February 2, 2000:

- (1) Stating that the correction of the defective fiscal year reference from 1999-2001 to 1999-2000 will make it possible for the Department of Health to begin immediately to provide expanded preventive health and health promotion programs to our Hawaii citizens; and
- (2) Requesting immediate passage of this measure.

Testimony in support of this bill was submitted by the Department of Health and the Coalition For A Tobacco Free Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2551, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2551, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Suzuki.

SCRep. 535-00 Finance on H.B. No. 2588

The purpose of this bill is to enable the State to pay vendors on a more timely basis by eliminating the duplicative pre-audit reviews currently being performed by both the Comptroller and the executive departments.

This bill authorizes the Comptroller to delegate the pre-audit responsibility for proposed payment accounts below \$1,000 to the executive departments. The Comptroller would continue to pre-audit the larger payments that comprise a significant portion of state funds being expended.

The Department of Accounting and General Services, the Department of Human Services, and the Department of Land and Natural Resources testified in support of this bill. The Department of Commerce and Consumer Affairs supported the intent of this measure, and the Office of the Lieutenant Governor offered comments.

Your Committee has amended this bill by making technical, nonsubstantive revisions to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2588, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Fox.

SCRep. 536-00 Finance on H.B. No. 2606

The purpose of this bill is to remedy an unfair situation for persons under contractual obligation to pay taxes by authorizing the disclosure of general and use tax returns and tax return information to a person contractually obligated to pay general excise and use taxes assessed against another.

The Department of Taxation testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2606, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2606, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Luke, Marumoto and Moses.

SCRep. 537-00 Finance on H.B. No. 2616

The purpose of this bill is to provide flexibility in securing concessionaires by:

- (1) Allowing state and county agencies to select the most feasible method of contracting for concessions by allowing them the option to enter into concession contracts by competitive sealed proposals; and
- (2) Clarifying that concessions do not have to be only retail in nature and include services such as advertising, communications, and telecommunications.

The City and County of Honolulu submitted testimony in support of this bill. The Department of Transportation submitted testimony in support of the intent of this bill.

Your Committee finds that the definition of "concession" should be expanded to include "land" in addition to "in or on buildings" because there are operations which do not utilize buildings, such as mobile lunch wagons or stadium flea market stands. Your Committee further finds that there are situations where governmental agencies should have the flexibility to extend temporary concession permits.

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

- (1) Clarifying that government agencies have jurisdiction over concessions that are located on "land" in addition to those located "in or on buildings";
- (2) Providing that government agencies have the authority to extend concession permits for additional periods in the event that the premises are under construction, renovation, or being prepared for a new use; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2616, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2616, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 538-00 Consumer Protection and Commerce on H.B. No. 1761

The purpose of this bill is to close a loophole in the law requiring that motor carriers subject to regulation by the Public Utilities Commission (PUC) hold a valid certificate or permit issued by the PUC under Chapter 271, Hawaii Revised Statutes, before advertising as a motor carrier, by expanding the prohibition against commercial broadcasting by means of airwave transmission, to include commercial broadcasting by any and all communications media.

Your Committee received testimony in support of this measure from the PUC and the Hawaii Transportation Association.

Your Committee finds that the amendment made by this bill will update the law so that it reflects current use of the internet as an advertising medium, and encompasses the use of any new types of broadcasting media.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1761 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Herkes, Morita, Yoshinaga, Halford and Thielen.

SCRep. 539-00 Consumer Protection and Commerce on H.B. No. 2565

The purpose of this measure is to repeal Chapter 375, Hawaii Revised Statutes, which covers workers who sew at home for garment manufacturers. This law requires the Department of Labor and Industrial Relations to issue an Industrial Homework Certificate if certain criteria are met by the employer and homeworker.

Your Committee finds that repeal of this chapter will help to eliminate unnecessary regulations.

Testimony was received in support of this measure from the Office of the Lieutenant Governor and the Department of Labor and Industrial Relations.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2565 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 540-00 Consumer Protection and Commerce on H.B. No. 2488

The purpose of this measure is to allow institutional facilities or supervised living groups to return prescription drugs previously dispensed or distributed by a pharmacist, to be redispensed or redistributed by the pharmacist. Controls have been included to ensure the integrity of the returned drugs.

Your Committee finds that this measure would help to reduce the cost of health care without compromising patient care.

Testimony was received in support of this measure from the Board of Pharmacy, Department of Human Services, Department of Health, Hawaii Pharmacists Association, and Hawaii Long Term Care Association.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2488, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 541-00 Consumer Protection and Commerce on H.B. No. 1387

The purpose of this bill is to change the composition of the nine-member State Board of Nursing (Board), from:

- (1) Five registered nurses (RNs), one of whom is also an advance practice registered nurse (APRN);
- (2) Two licensed practical nurses (LPNs); and
- (3) Two public members,

to:

- (1) Six RNs, one of whom is also an APRN;
- (2) One LPN; and
- (3) Two public members.

The bill also includes provisions allowing LPN board members serving on the board on the effective date of the bill to serve out the remainder of their terms.

Your Committee heard testimony in support of this measure from the Board and the Hawai'i Nurses' Association.

The Board testified that the majority of issues that the Board had addressed for over a decade have been related to the practices of RNs and APRNs and that LPN practice has not been addressed except in an indirect and nonsubstantive manner. In addition, RN and APRN issues are becoming increasingly complex, requiring specialized knowledge and experience, and LPNs do not always possess the expertise needed to contribute to discussion of these issues. Testifiers stated that LPN representation was still needed on the Board, but that a single LPN would suffice, and substitution of another RN would better assist the Board to make consumer safety decisions.

Your Committee has made extensive technical, nonsubstantive amendments to this measure for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1387, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1387, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Takumi, Halford, Rath and Thielen.

SCRep. 542-00 Consumer Protection and Commerce on H.B. No. 1776

The purpose of this measure is to:

- (1) Specify factors that the Public Utilities Commission (PUC) must consider in granting a certificate of public convenience and necessity; and
- (2) Make unauthorized activity grounds for denying subsequent applications.

Testimony was received in support of this measure by a private attorney representing a Hawaii motor carrier. Testimony in opposition was submitted by the PUC.

Your Committee has amended Section 272-12(f), Hawaii Revised Statutes, of this measure to address the concerns raised by the motor carriers. The amendments reflect the requirements set forth in the Hawaii Supreme Court Charley's Tour case.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1776, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1776, H.D. 1.

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

SCRep. 543-00 Consumer Protection and Commerce on H.B. No. 2463

The purpose of this measure is to:

- (1) Require applicants for advanced practice registered nurse (APRN) recognition to have an unencumbered APRN recognition or similar designation in all other states in which the nurse has a current and active recognition as an APRN; and
- (2) Clarify that APRNs who are not recognized by the board may use titles designated by national certifying bodies.

Your Committee finds that this measure will provide greater consumer safety, increase the protection of the nursing profession, and clarify current language.

Testimony was received in support of this measure from the Board of Nursing, Hawaii Nurses' Association, and Hawaii Government Employees Association.

Technical, nonsubstantive amendments were made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2463, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2463, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 544-00 Consumer Protection and Commerce on H.B. No. 2486

The purpose of this bill is to ensure that chiropractors will have nationally accepted practice competencies that will enhance the public's protection with no additional cost to the consumer, by:

- (1) Requiring the National Board of Chiropractic Examiners (NBCE) part IV examination in place of the state-constructed Chiropractic Licensure Examination (CLE);
- (2) Authorizing the Board of Chiropractic Examiners to require the NBCE Special Purpose Examination for Chiropractic, also in place of the CLE, for issues within the Board's area of responsibility, including but not limited to licensure by endorsement or reciprocity, and to assess competency following disciplinary actions, licensure lapse, suspension, or revocation;
- (3) Deleting outdated educational requirements; and
- (4) Amending current language for the purpose of clarification.

Testimony was received in support of this measure from the Board of Chiropractic Examiners, Hawaii Chapter American Physical Therapy Association, and the Hawaii State Chiropractic Association.

Technical, nonsubstantive amendments were made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2486, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2486, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 545-00 Consumer Protection and Commerce on H.B. No. 2525

The purpose of this bill is to improve the delivery of health care in this state by:

- (1) Liberalizing requirements for:
 - (A) The dispensing of prescription drugs for out-of-state prescriptions, by removing unnecessary regulatory controls including the 30-day supply restriction, and building flexibility into existing procedures; and
 - (B) The dispensing of medical oxygen, by authorizing distribution by a medical oxygen distributor pursuant to a valid prescription or certificate of medical necessity;

and
- (2) Improving existing prescription drug procedures by:
 - (A) Clarifying minimum content requirements and verification procedures for prescription drug orders; and
 - (B) Shifting from the Department of Health (DOH), to the Department of Public Safety, responsibility for the assignment to physicians of oral code numbers for prescription verification purposes.

Your Committee received testimony in support of this measure from DOH, the Hawaii Pharmacists Association, and Longs Drugs.

Your Committee heard testimony that the liberalization of procedures for out-of-state prescriptions will benefit both tourists and residents who have physicians outside of the State. Your Committee finds that this measure retains federal and state law requirements applicable to controlled substances, while removing restrictions that unnecessarily impede access to needed prescriptions, and streamlining the delivery process.

Technical, nonsubstantive amendments were made to this bill for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2525, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2525, H.D. 2.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 546-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 2013

The purpose of this bill is to improve the collection of Hawaii's cancer statistics by requiring cancer cases detected in physician's offices, laboratories, free-standing radiation oncology facilities, and other treatment and pathology facilities to be reported to the Hawaii Tumor Registry or hospital-based registries.

Testimony in support of this measure was received from the Hawaii Medical Association, the Department of Health, the Hawaii Tumor Registry, the University of Hawaii's Cancer Research Center, and the American Cancer Society, Hawaii Pacific, Inc.

Your Committees find that this measure would ensure more accurate statistics on the incidence rate of cancer in the State by requiring physicians and other health care providers to report cases they diagnose and treat in an out-patient setting to the Hawaii Tumor Registry or hospital-based registries. This measure will significantly assist local, state, and national agencies in the planning of appropriate cancer surveillance, prevention, and control activities in the State of Hawaii.

This bill was amended to correct certain typographic, technical, and stylistic errors.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2013, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2013, H.D. 1.

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

SCRep. 547-00 Judiciary and Hawaiian Affairs on H.B. No. 750

The purpose of this bill is to establish an official color and flower or lei material for each island of the State.

Testimony in support of this measure was received from the State Office of Hawaiian Affairs, Kaho'olawe Island Reserve Commission, and a concerned individual.

Your Committee finds that the citizens of this State have long recognized and accepted the various floral and color designations found in this measure.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 750, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 750, H.D. 1.

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

SCRep. 548-00 Judiciary and Hawaiian Affairs on H.B. No. 1763

The purpose of this bill is to require bicycle riders under eighteen years old to wear bicycle helmets.

The Department of Transportation, the Department of Health, the Honolulu Police Department, People Advocacy for Trails Hawaii, Keiki Injury Prevention Coalition, Hawaii Bicycling League, Brain Injury Association of Hawaii, and concerned individuals testified in support of this measure.

Your Committee finds that requiring the use of helmets will improve child safety in bicycling.

Your Committee has amended this bill by:

1. Requiring the purchase of a helmet within ten days after citation in order for the waiver of the fine to apply; and
2. Making technical, nonsubstantive changes for purposes of clarity and style.

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

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

SCRep. 549-00 Judiciary and Hawaiian Affairs on H.B. No. 1922

The purpose of this bill is to:

- (1) Prohibit the possession and use of tobacco products by minors under eighteen years of age; and
- (2) Penalize minors who possess or use tobacco with a fine of \$500 for the first offense and a fine between \$500 and \$2,000 for subsequent offenses.

The Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Legislative Information Services of Hawaii, and concerned individuals testified in support of the measure. The American Cancer Society, American Heart Association, the Coalition for a Tobacco Free Hawaii, and the Hawaii Nurses' Association testified in opposition to the measure. The Department of Health and the Office of Youth Services provided comments.

Your Committee finds that only the purchase of tobacco products by minors is presently prohibited. Prohibiting the possession of tobacco products by minors is a logical extension to the prohibition on the purchase of tobacco products by minors.

Your Committee has amended the bill by raising the conforming penalty for minors purchasing tobacco from \$10 to \$20 for the first offense and conforming the penalty for possession of tobacco products by minors with that of purchase of tobacco products by minors.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1922, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1922, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 550-00 Judiciary and Hawaiian Affairs on H.B. No. 2090

The purpose of this bill as received by your Committee, is to impose the same requirements on, and offer the same protections to, health care providers who treat drug-impaired patients involved in motor vehicle collisions, as exist for those who treat patients with alcohol in their blood.

Testimony in support of this measure was received from the State Department of Transportation, City and County of Honolulu Police Department, and Mothers Against Drunk Driving. Testimony in opposition to this measure was received from the Office of the Public Defender, and Hawaii Medical Association.

Your Committee finds that placing reporting requirements upon health care providers of patients involved in motor vehicle collisions whose blood or urine contain drugs that impair a person's ability to operate a vehicle, will equalize enforcement for the offenses of driving under the influence of alcohol and driving under the influence of drugs.

Your Committee has amended the bill by deleting the reference to "drugs that are capable of impairing" and replacing it with the phrase "drugs that impair", and by making technical, non-substantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2090, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2090, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Chang, Yoshinaga, Pendleton and Thielen.

SCRep. 551-00 Finance on H.B. No. 2751

The purpose of this bill is to enable law enforcement officers to determine whether a motor vehicle is in compliance with the motor vehicle insurance laws by establishing a database of insured vehicles that are identified by vehicle identification numbers. Insurers would be required to update the database within 48 hours of the issuance, cancellation, nonrenewal, or lapse of a motor vehicle insurance policy.

The Department of Commerce and Consumer Affairs and the Honolulu Police Department testified in support of this measure. State Farm Insurance Companies and the Hawaii Insurers Council opposed this measure.

Your Committee has amended this measure by:

- (1) Reducing the appropriations to \$1 per county for purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2751, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2751, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.
(Representative Marumoto and Meyer voted no).

SCRep. 552-00 Finance on H.B. No. 2024

The purpose of this bill is to effectuate its title.

H.B. No. 2024 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2024, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2024, H.D. 1.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 553-00 Finance on H.B. No. 3014

The purpose of this bill is to effectuate its title.

H.B. No. 3014 was introduced as a short-form bill, which is sometimes referred to as a "vehicle" bill primarily used to introduce a bill containing only a general idea as to the purpose of the bill without specific details in long form.

Your Committee has amended the bill to provide the substantive contents of the bill in long form so that a public hearing may be properly held on its substantive contents.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the action to report out H.B. No. 3014, as amended herein, and recommends that it be recommitted to the Committee on Finance, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 3014, H.D. 1.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 554-00 Judiciary and Hawaiian Affairs on S.B. No. 1095

The purpose of this bill is to extend the repeal date of Act 254, Session Laws of Hawaii 1997, to June 30, 2002.

Testimony in support of this measure was received from the Board of Land and Natural Resources, Hawaii Citizens' Rights Pac, Hawaii Rifle Association, Hawaii Hunting Association, and several concerned individuals.

Your Committee finds that it will be beneficial to allow additional time to assess the benefits of, and any problems with, handgun hunting in the State.

Your Committee has amended this bill by amending the effective date of the bill to June 30, 2000.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1095, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as S.B. No. 1095, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala, Morita and Yoshinaga.
(Representative Thielen voted no).

SCRep. 555-00 Finance on H.B. No. 1764

The purpose of this bill is to change the composition of the Metropolitan Planning Organization (MPO) by increasing the number of members from thirteen to fifteen, thereby adding to MPO, the Chairperson of the Citizen Advisory Group of MPO and a member representing the private sector transportation industry in the appropriate county.

E Noa Corporation testified in support of the measure. The Department of Transportation testified in opposition to the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1764 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 556-00 Finance on H.B. No. 1874

The purpose of this bill is to improve accountability for educational resources by establishing an interagency educational accountability working group to review agency administrative rules, policies, procedures, and practices, and temporarily suspend these, thereby allowing the Department of Education (DOE) to restructure and reallocate its resources to support student achievement.

The Department of Accounting and General Services, the Chamber of Commerce of Hawaii, the Hawaii Business Roundtable, and the Hawaii Association of Realtors testified in support of this measure. The Hawaii State Teachers Association testified in support of the intent of this measure. The DOE, the Board of Education, and the Hawaii Government Employees Association commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1874, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 557-00 Finance on H.B. No. 1893

The purpose of this bill is to highlight the importance of reducing greenhouse gas emissions in this State by:

- (1) Amending the State's energy facility system planning objectives to include the reduction of greenhouse gas emissions as one of the State's energy objectives; and
- (2) Adding two new state policies of:
 - (A) Supporting the reduction of greenhouse gases in utility, transportation, and industrial sector applications; and
 - (B) Supporting the reduction of greenhouse gas emissions through agriculture and forestry initiatives.

Department of Business, Economic Development, and Tourism, Hawaii Renewable Energy Alliance, the Hawaii Chapter of the Sierra Club, and concerned individuals testified in support of this bill. The Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and concerned individuals supported the intent of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1893, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 558-00 Finance on H.B. No. 2040

The purpose of this bill is to appropriate funds to the Department of Education (DOE) to implement the Safety Risk Management Alliance Pilot Program to provide a comprehensive approach to safe and secure schools.

The DOE and concerned citizens testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2040, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 559-00 Finance on H.B. No. 2218

The purpose of this bill is to maintain and improve Hawaii's presence in the worldwide captive insurance marketplace by authorizing the transfer of ten percent of all moneys in the Captive Insurance Administrative Fund to be deposited into the Insurance Regulation Fund for promotional activities related to the captive insurance industry.

The Department of Commerce and Consumer Affairs, the Hawaii Captive Insurance Council, and Marsh Management Services testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2218, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 560-00 Finance on H.B. No. 2222

The purpose of this bill is to facilitate condominium self-governance and industry efficiency by appropriating funds for a comprehensive review of the Condominium Property Regimes law, to be conducted by the Real Estate Commission (Commission), for the purpose of developing legislation to reorganize, clarify, and deregulate the Condominium Property Regimes law.

The Commission, Gentry Homes, Ltd., the Hawaii Association of Realtors, the Land Use Research Foundation of Hawaii, and the Hawaii Legislative Action Committee of the Community Associations Institute testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2222, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 561-00 Finance on H.B. No. 2418

The purpose of this bill is to improve service to the public who renew their State identification cards every six years, by:

- (1) Changing the expiration date of the State identification card (card) to coincide with an individual's birthday; and
- (2) Providing the option for renewal by mail of a card issued after November 1, 1998, for a person 65 years and older, if there is no change in name and citizenship.

The Attorney General, the Executive Office on Aging, and Government Efficiency Teams, Inc., testified in support of this measure. The Disability and Communication Access Board testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2418 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 562-00 Finance on H.B. No. 2457

The purpose of this bill is to repeal Chapter 364, Hawaii Revised Statutes, relating to veterans loans.

The Department of Budget and Finance and the Office of Veterans Services testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2457 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 563-00 Finance on H.B. No. 2459

The purpose of this bill is to repeal the Hawaii Telecommunications and Information Industries Act under Chapter 206P, Hawaii Revised Statutes.

The Department of Budget and Finance testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2459 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Luke.

SCRep. 564-00 Finance on H.B. No. 2487

The purpose of this bill is to ensure that the Hawaii Hurricane Relief Fund (HHRF) has an available funding source in the event of a hurricane, by:

- (1) Removing an impediment to pledging assessments needed for post-hurricane revenue bonds; and
- (2) Clarifying the total amount of bonds that may be issued.

Under Chapter 431P, Hawaii Revised Statutes, the Director of Finance is authorized to issue revenue bonds on behalf of the HHRF in an amount up to \$500,000,000. The housekeeping amendments contained in this bill will ensure that the HHRF has the necessary funds available.

The HHRF and the Department of Budget and Finance testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2487, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 565-00 Finance on H.B. No. 2491

The purpose of this bill is to set the price of school lunches in proportion to the total cost of operating the school food services program by allowing the Department of Education (DOE) to adjust the price to maintain this proportion.

The price will be limited to one-third of the cost of preparing the lunches, rounded up to the nearest twenty-five cents. The DOE will continue to provide lower cost meals to those who qualify.

The DOE supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2491, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 566-00 Finance on H.B. No. 2505

The purpose of this bill is to clarify that the Housing and Community Development Corporation of Hawaii (HCDCH) and mortgage lenders contracted to provide mortgage financing are authorized to provide project loans for housing projects on Hawaiian Home Lands.

The Department of Hawaiian Home Lands testified in support of the measure. HCDCH testified in support of the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2505 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 567-00 Finance on H.B. No. 2519

The purpose of this bill is to enable the State to offer a new employee benefit plan called Flexible Spending Accounts (FSA) by:

- (1) Requiring that all FSA participant contributions, interest earned, and forfeited participant balances be held in trust for the benefit of the plan and its participants;
- (2) Allowing the administrator of the FSA plan to hold funds in trust outside the state treasury;
- (3) Requiring that contributions, interest earned, and forfeited participant balances not be subject to the State's general creditors; and
- (4) Requiring that the interest earned on the contributions and forfeited participant balances be used to defray participant fees and other administrative costs of the FSA plan as determined by the administrator of the FSA plan.

The Department of Human Resources Development, the University of Hawaii at Manoa, the United Public Workers, the Government Employees Association, and Comprehensive Financial Planning, Inc., supported this bill. The Hawaii State Teachers Association supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2519, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 568-00 Finance on H.B. No. 2567

The purpose of this bill is to allow the Department of Land and Natural Resources to use blue lights on their vehicles to respond to emergency calls more expediently and safely.

The Department of Land and Natural Resources supported this bill. The Department of Transportation commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2567, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Luke.

SCRep. 569-00 Finance on H.B. No. 2584

The purpose of this bill is to reduce administrative burden by deleting certain fuel tax reporting requirements that are no longer used by the Department of Taxation.

The Lieutenant Governor, Department of Taxation, and Tesoro Hawaii supported this bill. The Tax Foundation of Hawaii commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2584 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 570-00 Finance on H.B. No. 2763

The purpose of this bill is to increase the qualified pool of teachers on Kauai in critical shortage areas--math, science, special education, career and technical education, and counselor education--by appropriating funds for teacher education and graduate level outreach programs on Kauai.

The Department of Education, the Hawaii State Teachers Association, and several individuals testified in support of this measure. The University of Hawaii Manoa testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2763, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 571-00 Finance on H.B. No. 2822

The purpose of this bill is to ensure there is an adequate pool of education officers in future years by appropriating funds for personnel, equipment, and other expenses for the Certification Program for School Administrators.

The Department of Education testified in support of this bill, provided that its passage does not replace or adversely affect the priorities in DOE's Executive Biennium Budget. The Hawaii Government Employees Association testified in support of the intent of the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2822, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 572-00 Finance on H.B. No. 2964

The purpose of this bill is to appropriate funds to encourage and support community-based physical improvements that are the result of comprehensive regional community-based economic development planning initiatives.

The funds would be used for the planning, design, and construction of physical improvements selected as part of an existing or emerging comprehensive, regional, multi-sector community-based strategic action planning process coordinated by the Hawaii Alliance for Community-Based Economic Development and implemented by the appropriate regional community-based economic development nonprofit organization lead entity.

The Hawaii Alliance for Community-Based Economic Development, Empower Oahu, and several individuals testified in support of this measure. Comments were submitted by the Department of Business, Economic Development, and Tourism.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2964, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 573-00 Finance on H.B. No. 3021

The purpose of this bill is to protect Hawaii's groundwater and drinking water from contamination by methyl tertiary-butyl ether (MTBE) by:

- (1) Prohibiting the sale of gasoline containing MTBE for use in motor vehicles after July 1, 2001; and
- (2) Establishing fines for violations and depositing these fines into the Environmental Response Revolving Fund.

The Department of Health and the City and County of Honolulu Board of Water Supply testified in support of this measure. Chevron offered comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3021, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 574-00 Finance on H.B. No. 2601

The purpose of this bill is to improve the accuracy of the official forecasts of total state personal income by:

- (1) Changing the dates on which the Council on Revenues (COR) must report its estimates of total personal income to the Director of Finance, the Governor, the Chief Justice, and the Legislature; and
- (2) Changing corresponding dates on which the Director of Finance must determine estimates of the state growth and expenditure ceiling.

Testimony in support of this bill was submitted by the Department of Taxation. Comments were submitted by the COR and Tax Foundation of Hawaii.

The U.S. Bureau of Economic Analysis has been releasing its estimates of total personal income on July 27 and October 26. Your Committee finds that by changing the COR's reporting dates to August 5 and November 5, COR will have this additional economic information available to make its forecast.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2601 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 575-00 Judiciary and Hawaiian Affairs on H.B. No. 2586

The purpose of this bill is to clarify the time period wherein agencies must respond to requests for personal records by specifying that an agency has ten working days from the date of receipt by the agency to respond to such a request.

The Office of Information Practices testified in support of the measure.

Your Committee finds that current law requires agencies to respond within ten working days from the date of a request for an individual's personal record. This language has caused confusion as a request may be dated with the date it was drafted but received by the agency at a later date. This measure clarifies that requests must be responded to within ten days from the date a request is received by the agency, thereby allowing the agency sufficient time to respond to the request, while keeping in line with the original intent of the public records law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2586 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 576-00 Judiciary and Hawaiian Affairs on H.B. No. 2635

The purpose of this bill is to allow for vote casting positions on the ballot to either precede or follow the candidate's name as it appears on the ballot, depending on the requirements of the voting system in use.

The Office of Elections testified in support of the bill.

Your Committee finds that current state law requires vote casting positions on the ballot to be placed immediately after all the names of the candidates for office, on the right side of the ballot. This bill allows for vote casting positions to be either to the left of (before) or to the right of (after) the candidate's name depending on the requirements of the voting system. This measure will allow flexibility in the placement of the vote casting position based upon the needs of the voting system in use.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2635, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2635, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 577-00 Judiciary and Hawaiian Affairs on H.B. No. 2809

The purpose of this bill is to increase the penalty for desecration to that of a class C felony.

A concerned individual testified in support of the measure.

Your Committee amended the bill by inserting an ex post facto provision and by making technical and nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2809, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Thielen.

SCRep. 578-00 Consumer Protection and Commerce on H.B. No. 2148

The purpose of this measure is to establish a "good faith" defense within the Insurance Code for persons charged with an insurance violation in connection with a motorcycle or motorscooter.

Your Committee finds that motorcycle and motor scooter operators should have the same protection and opportunity to exercise this defense as do motor vehicle operators.

Testimony was received in support of this measure from the Department of Commerce and Consumer Affairs and Consumer Lawyers of Hawaii.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2148 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 579-00 Consumer Protection and Commerce on H.B. No. 2310

The purpose of this bill is to recognize the current competitive market for and ample inventory of condominium apartments, by streamlining sales requirements originally designed to address the speculative housing market of the 70's and 80's. This bill retains requirements giving potential owner-occupants of condominium apartments notice of the sale of residential apartments and opportunity to purchase an apartment at its initial offering price, while adding flexibility to the law by:

- (1) Allowing the owner-occupant presale announcement to be issued in the form of an advertisement;
- (2) Allowing the chronological system used to offer apartments to prospective owner-occupants, to be based on the order of reservations for an apartment;
- (3) Allowing the developer to exchange apartments designated for owner-occupants, with non-designated apartments, so long as they are similar types of apartments;
- (4) Repealing limitations on the time period in which a buyer must obtain adequate financing;
- (5) Removing restrictions on the type of loan that an owner-occupant may obtain; and
- (6) Deleting the requirement that the owner-occupant must file for the owner-occupant property tax exemption at the closing of escrow.

This bill also streamlines the law by:

- (1) Removing the requirement that each owner-occupant be provided twice, by certified or registered mail, with a complete copy of the affidavit executed by the owner-occupant that must include information about the loan restriction and property tax exemption filing requirements;
- (2) Reducing the amount of information that must be included in the owner-occupancy presale announcement to recognize a change in the law making the information available in the public report of the residential condominium project before the announcement is made;
- (3) Deleting the requirement that a notarized owner-occupancy affidavit be reaffirmed; and
- (4) Providing that projects developed pursuant to affordable housing requirements of a state or county agency, and thus subject to state or county regulation under those agencies, need not provide detailed written notification to the Real Estate Commissioner of the provisions of the condominium owner-occupant law that will be waived because they conflict with affordable housing requirements.

Your Committee received testimony in support of this bill from the Real Estate Commission (Commission), Gentry Companies, and the Land Use Research Foundation of Hawaii. The Department of Commerce and Consumer Affairs (DCCA) and Gentry Companies suggested technical, clarifying amendments.

Your Committee finds that the bill will benefit businesses and consumers by adding flexibility to the law regulating the sale of residential condominium apartments without diluting existing consumer protections. Technical amendments requested by the Commission and Gentry Companies have been adopted, and additional nonsubstantive amendments have been made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2310, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala, Takumi, Halford, Rath and Thielen.

SCRep. 580-00 Consumer Protection and Commerce on H.B. No. 2477

The purpose of this measure is to:

- (1) Prohibit the viatication of life insurance policies or certificates in the State; and
- (2) Provide a legal framework for the regulation of accelerated death benefits under life insurance contracts or certificates.

Your Committee received testimony supporting this bill from the Department of Commerce and Consumer Affairs (DCCA). The Hawaii State Association of Life Underwriters (HSALU) and State Farm Insurance (State Farm) submitted testimony requesting that the bill be amended to allow regulated viatical settlement agreements.

Your Committee heard testimony from DCCA that under a viatical settlement contract, the owner of a life insurance policy assigns the death benefit under the policy to a viatical service provider (provider). In return for the right to collect the full amount of the life insurance death benefit upon the owner's death, the provider pays the owner cash in an agreed amount that is less than the total policy death benefit, and also agrees to pay all remaining premiums until the death of the owner. DCCA testified that the bill's prohibition of viatical settlement contracts was based on the concern that authorizing viatical settlements would institutionalize in state law, an activity that essentially gambles on the death of the insured, and gives providers a financial interest in the insured's early death. DCCA also testified that accelerated death benefit policies eliminate the provider middleman, and thus, provide more money to the insured.

Your Committee heard competing testimony from State Farm that prohibiting viatical settlements would do a disservice to seriously ill individuals and those in dire circumstances, because it would take away the option to enter into legitimate agreements that could help pay for medical care or other debts. HSALU testified similarly, and also stated that a viatical settlement can be a useful option for persons either facing tough financial choices or for whom a life insurance policy no longer makes financial sense, because the settlement allows these persons to receive a greater amount of money than they would otherwise receive if they surrendered the policy, or let the policy lapse. Both State Farm and HSALU urged that the Committee adopt the National Association of Insurance Commissioner's model act, that would protect persons who choose to enter into viatical agreements, rather than prohibit the agreements altogether.

Upon consideration of the issues raised in this bill, your Committee finds that further discussion is merited. Accordingly, your Committee has

- (1) Deleted the provision prohibiting viatical settlement agreements;

- (2) Incorporated the National Conference of Insurance Legislators' Viatical Settlements Model Act of July 11, 1997, into this bill to facilitate discussion;
- (3) Provided for licensing fees for viatical settlement providers;
- (4) Replaced the effective date of this measure with a blank; and
- (5) Made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2477, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2477, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Garcia, Herkes, Kaho'ohalahala and Rath.

SCRep. 581-00 Consumer Protection and Commerce on H.B. No. 2716

The purpose of this measure is to clarify that a board of directors of a condominium association that distributes proxies using association funds must comply with the thirty-day notice requirement and that a copy, facsimile telecommunication, or other reliable reproduction of a proxy may be used in lieu of the original.

Testimony in support of this measure, with proposed amendment, was submitted by the Real Estate Commission and Hawaii Independent Condominium & Cooperative Owners (HICCO). Testimony in opposition to this measure was submitted by the Hawaii Legislative Action Committee of the Community Associations Institute.

Your Committee finds that HICCO and the Real Estate Commission have agreed to several amendments to this measure for the purpose of clarity. Your Committee has incorporated these agreed-upon amendments that are identical to the amendments incorporated in the Senate companion and reflected in S.B. No. 2527, S.D. 1.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2716, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 582-00 Water and Land Use on H.B. No. 2152

The purpose of this bill is to clarify those areas that may be included as lands for designation by the board of land and natural resources as "public hunting area."

The Hawaii Hunting Advisory Council, Summit Hawaii Inc., the Hawaii Hunting Association, ILWU Local 142, the Pig Hunters Association of Oahu, the Big Island Bird Hunters Association, and one concerned citizen provided testimony in support of this bill.

The Department of Land and Natural Resources (DLNR) provided suggested amendments and testimony in support of this bill.

Your Committee finds that it is vital to support the public hunting program and the hunting community. Hunters play a crucial role in ensuring that populations of game mammals do not grow out of control and damage forested watersheds and native ecosystems.

Your Committee has amended this bill by:

- (1) Changing "Closed watersheds" to "Restricted watersheds"; and
- (2) Changing "Designed sanctuaries" to "Designated sanctuaries".

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

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2152, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 583-00 Higher Education on H.B. No. 2073

The purpose of this bill is to amend the composition of the Research Corporation of the University of Hawaii (RCUH) Board of Directors.

Changing the RCUH Board of Directors composition to include administrators and faculty actively engaged in preparing and implementing research grants, will provide essential knowledge to the decision making process of the RCUH Board.

The University of Hawaii, the Executive Director of RCUH and the University of Hawaii Professional Assembly testified in support of this bill.

Your Committee has amended this measure by correcting the quoted text of Hawaii Revised Statutes (HRS) section 307-2 to reflect the printed version of the HRS. Your Committee has also amended this measure by making technical, nonsubstantive amendments for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2073, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2073, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Okamura.

SCRep. 584-00 Finance on H.B. No. 1914

The purpose of this bill is to appropriate funds to develop a reading program at Highlands Intermediate School based on the design of America's Choice, a comprehensive school reform program, to strengthen reading abilities of students who are not reading at grade level.

The Department of Education supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive changes for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1914, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 585-00 Finance on H.B. No. 2451

The purpose of this bill is to finance future repairs and maintenance of state facilities by:

- (1) Creating a Repairs and Maintenance Special Fund (Special Fund); and
- (2) Depositing into the Special Fund one and one-half percent of all general obligation bond and state educational facilities improvement special fund appropriations for capital improvements designated for the construction cost element.

Testimony in support of this bill was submitted by the Department of Budget and Finance and the Department of Education. Comments were submitted by the Judiciary.

Your Committee finds that the Judiciary does not have the number and the volume of construction projects as other executive branch agencies. Therefore, even if the Judiciary received the full one and one-half percent allocation, the Judiciary would receive funds far less than needed for its repair and maintenance responsibilities under this Special Fund.

Your Committee has amended this bill by:

- (1) Clarifying that the Judiciary is excluded from this Special Fund; and
- (2) Making technical, nonsubstantive changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2451, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 586-00 Finance on H.B. No. 2597

The purpose of this bill is to assure continued state conformity with federal income tax law and to minimize taxpayers' confusion in complying with both state and federal income tax law by:

- (1) Conforming the state income tax law to the Internal Revenue Code (IRC), amended as of December 31, 1999, as it applies to the determination of gross income, adjusted gross income, ordinary income and loss, and taxable income;
- (2) Providing for confidentiality privileges relating to taxpayer communications; and
- (3) Ensuring that if Congress repeals or terminates the research tax credit in IRC section 41, state law will continue to allow the credit to be claimed for tax years beginning before January 1, 2006.

The Department of Taxation submitted testimony in support of this bill. Comments were submitted by the Tax Foundation of Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2597, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2597, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 587-00 Finance on H.B. No. 2598

The purpose of this bill is to ensure that the Department of Taxation (DOTAX) can meet the obligations of the Integrated Tax Information Management Systems performance-based contract by extending for a year the authorization to expend funds previously authorized.

Testimony in support of this bill was submitted by DOTAX. Comments were received by the Tax Foundation of Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2598, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2598, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 588-00 Finance on H.B. No. 2605

The purpose of this bill is to ease the financial burden of a taxpayer who feels aggrieved by an assessment of tax by eliminating the requirement to pay an assessed tax prior to appealing the assessment to a District Board of Review.

The Department of Taxation and the Hawaii Society of Certified Public Accountants testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2605, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2605, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Luke, Marumoto and Moses.

SCRep. 589-00 Finance on H.B. No. 2624

The purpose of this bill is to recodify the statutory authorization for the Seed Distribution Program Revolving Fund (Fund) of the University of Hawaii (UH) by:

- (1) Adding a new section to chapter 304, Hawaii Revised Statutes (HRS), relating to UH; and
- (2) Repealing the Fund from chapter 150, HRS, relating to the Hawaii Seed Law.

UH testified in support of this measure.

Your Committee has amended this bill by:

- (1) Stipulating that any moneys in excess of \$70,000 from the Fund shall be remitted to the general fund at the end of each fiscal year; and
- (2) Making technical, nonsubstantive amendments to conform with drafting style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2624, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2624, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 590-00 Judiciary and Hawaiian Affairs on H.B. No. 2946

The purpose of this bill is to:

- (1) Exempt law enforcement officers and their suppliers from the ban on electric guns; and
- (2) Redefine "electric guns" to include electric livestock prods and exclude defibrillators.

Testimony in support of this bill was received from the City and County of Honolulu Police Department. Testimony in opposition to this bill was received from a concerned individual.

Your Committee finds that the use of electric guns in law enforcement may be beneficial to the community in the future.

Your Committee has amended this measure by:

- (1) Adding a provision for three electric guns per county to be allowed into the State for purposes of studying their utility in law enforcement; and
- (2) Deleting the purpose clause; and
- (3) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2946, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2946, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 591-00 Finance on H.B. No. 2542

The purpose of this bill is to appropriate and authorize additional funds for the state's Medicaid Home and Community Based Care Services for the Developmentally Disabled or Mentally Retarded program (Title XIX waiver program) which is jointly financed by the state and federal government. The additional funding will allow:

- (1) Continued service to existing and additional clients in the Title XIX waiver program;
- (2) Admission of additional people to the Title XIX waiver program to address the issues raised in Makin v. State of Hawaii, Civil No. 98-00997 DAE.

Your Committee received a letter from the Governor dated February 3, 2000:

- (1) Requesting an emergency appropriation for \$367,268 to accommodate up to 1,089 clients in the Title XIX waiver program for fiscal year 2000;
- (2) Stating that the total amount of clients was approved by the Federal Health Care Financing Administration, which is the federal funding agency; and
- (3) Requesting immediate passage of this measure.

Testimony in support of this measure was submitted by the Department of Health, the State Planning Council On Developmental Disabilities, and the Arc in Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2542, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2542, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Suzuki.

SCRep. 592-00 Water and Land Use on H.B. No. 2185

The purpose of this bill is to provide an alternative for transportation for West Maui when Honoapiilani Highway is impassable by authorizing the development of a heliport on the Olowalu sanitary landfill site to service the West Maui area.

Maui Mayor James Apana, Council Chair Patrick S. Kawano, Landtec, Inc., and Maui Hotel Association testified in support of this bill. The Department of Land and Natural Resources has no objections to this bill. Maui Councilmember Wayne K. Nishiki and a law firm testified in opposition to this bill.

Your Committee finds that helicopter operations are not permitted at the Kapalua airport because of zoning restrictions imposed when the airport was developed, and the private West Maui heliport no longer exists. Your Committee also finds that the language stating that the lease is subject to the Hawaiian Homes Commission Act of 1920, as amended, and section 5(f) of the Admission Act of 1959, does not have to be included since the provisions of those Acts will always apply.

Your Committee revised this bill by:

- (1) Adding the provision that the lease be subject to disapproval by the county council;
- (2) Deleting the phrase "and without recourse to public auction," on page 3, line 1;
- (3) Amending Section 2 to limit the area used for the heliport to "not more than fifteen acres"; and
- (4) Deleting language which reads, "Subject to the Hawaiian Homes Commission Act of 1920, as amended, and section 5(f) of the Admission Act of 1959" on page 3, line 25 to page 4 line 1.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2185, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2185, H.D. 2.

Signed by all members of the Committee except Representative Garcia.

SCRep. 593-00 Consumer Protection and Commerce on H.B. No. 2581

The purpose of this measure is to reduce the burden of government regulation and minimize its negative effects on Hawaii's residents, businesses, economy, and government operations. This measure provides that in order to expedite the streamlining of state government and increase government efficiency, agencies whose rules have been deemed "unnecessary" by this measure need not comply with the requirements for the repeal of rules under the Hawaii Administrative Procedures Act with respect to these "unnecessary" rules.

Testimony in support of this measure was submitted by the Office of the Lieutenant Governor, Department of Commerce and Consumer Affairs, Department of Budget and Finance, Department of Accounting and General Services, Department of Business, Economic Development & Tourism, Department of Land and Natural Resources, Estate of James Campbell, Small-Business Economic Revival Force, Small Business Regulatory Review Board, Land Use Research Foundation of Hawaii, and the Building Industry Association of Hawaii.

Testimony in opposition to this measure was submitted by the Hawaii Insurers Council.

Your Committee has amended section two of this measure by including the language "having been found to be unnecessary" to remove any confusion as to who makes the determination of which administrative rules are deemed "unnecessary." Other technical, nonsubstantive amendments were also made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2581, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2581, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 594-00 Consumer Protection and Commerce on H.B. No. 2587

The purpose of this measure is to reduce the burden of government regulation and minimize its negative effects on Hawaii's residents, businesses, economy, and government operations. This measure provides that in order to expedite the streamlining of

state government and increasing government efficiency, agencies whose rules have been deemed "null and void" by this measure need not comply with the requirements for the repeal of rules under the Hawaii Administrative Procedure Act with respect to these "null and void" rules.

Testimony in support of this measure was submitted by the Office of the Lieutenant Governor, Department of Commerce and Consumer Affairs, Department of Budget and Finance, Department of Accounting and General Services, Department of Business Economic Development & Tourism, Department of Land and Natural Resources, Estate of James Campbell, Small-Business Economic Revival Force, Small Business Regulatory Review Board, Land Use Research Foundation of Hawaii, and the Building Industry Association of Hawaii.

Your Committee has amended section two of this measure by including the language "by virtue of the fact that they are already null and void" to remove any confusion as to who makes the determination of which administrative rules are deemed "null and void."

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2587, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2587, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 595-00 Consumer Protection and Commerce on H.B. No. 2464

The purpose of this measure is to clarify and to make consistent the current language relating to the duties of the Hawaii Board of Nursing (Board), by enabling the Board to:

1. Consult and confer with experts on various issues;
2. Communicate with national organizations to promote consumer safety and welfare;
3. Administer the nursing exams;
4. Contract with a professional test vendor; and
5. Develop rules relating to telehealth, as necessary.

Testimony was received in support of this measure from the Board, Hawaii Nurses' Association, and Hawaii Government Employees Association.

Your Committee has amended this measure for clarity and consistency by:

1. Defining "telehealth"; and
2. Replacing references to "accreditation" of nursing educational programs by the Board in HRS, section 457-11, with the term "approval".

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2464, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2464, H.D. 1.

Signed by all members of the Committee except Representatives Herkes, Hiraki, Kaho'ohalahala, Morita, Yoshinaga, Halford and Thielen.

SCRep. 596-00 Consumer Protection and Commerce on H.B. No. 2798

The purpose of this measure is to provide a number of factors that the Director of the Department of Labor and Industrial Relations (DLIR) may consider in approving attorneys' fees.

Testimony was received in support of this measure from the Workers' Compensation Section of the Consumer Lawyers of Hawaii. Testimony in opposition was received from the DLIR and Building Industry Association of Hawaii.

Your Committee finds that the intent of this measure is to provide the Director of the DLIR, Labor and Industrial Relations Appeal Board, and any court deciding a workers' compensation case, with the discretion to consider additional factors in determining or approving reasonable attorneys' fees, including comparable civil litigation attorneys' fees.

Your Committee has amended this measure to incorporate technical, nonsubstantive amendments made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2798, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2798, H.D. 2.

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

SCRep. 597-00 Finance on H.B. No. 303

The purpose of this bill is to deter use of false identification documents by making it a felony to sell or manufacture deceptive identification.

The Legislative Information Services of Hawaii, Hawaii League of Savings Institutions, Hawaii Restaurant Association, Honolulu Police Department, and Hawaii League of Savings Institutions supported this bill. The American Cancer Society supported this bill with suggested amendments. The Attorney General and the Department of the Prosecuting Attorney supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Inserting a savings clause; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 303, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 303, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.
(Representative Schatz voted no).

SCRep. 598-00 Finance on H.B. No. 1940

The purpose of this bill is to provide an increase in the allowable fees for court appointed attorneys for indigent criminal defendants.

The Judiciary supports the intent of this bill. The Department of Budget and Finance submitted comments on the bill.

Your Committee has amended this bill by:

- (1) Leaving the hourly rate blank for in-court and out-of-court work in section one; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1940, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1940, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 599-00 Finance on H.B. No. 2060

The purpose of this bill is to provide the University of Hawaii (UH) Community Colleges with the flexibility necessary to manage resources and operations effectively and efficiently by authorizing the UH Community Colleges to deposit, disburse, and account for tuition, fees, and charges related to programs under various special and revolving funds, comprehensively under the Community Colleges Special Fund.

The UH Community Colleges testified in support of this measure.

Your Committee has amended this bill by making a technical, nonsubstantive amendment to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2060, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2060, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Fox.

SCRep. 600-00 Finance on H.B. No. 2570

The purpose of this bill is to clarify that the five percent assessment from the Boating Special Fund deposited to the general fund for central services expenses shall be limited to five percent of the net revenues, calculated as the gross revenues minus the debt service amount.

The Board of Land and Natural Resources, Hawaii Government Employees Association, and one individual supported the bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2570, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2570, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 601-00 Finance on H.B. No. 2573

The purpose of this bill is to generate general funds savings by:

- (1) Requiring that moneys collected from lessees of public lands within industrial parks to be deposited into the Special Land and Development Fund (SLDF);
- (2) Authorizing the transfers of fees and fines pursuant to chapter 183C, Hawaii Revised Statutes, be deposited into the SLDF; and
- (2) Abolishing the Industrial Park Special Fund and transferring all of its assets and liabilities to the SLDF.

The Department of Land and Natural Resources supported this bill. The Office of Hawaiian Affairs opposed this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2573, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2573, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 602-00 Finance 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.

The Judiciary testified in support of this measure.

Your Committee has amended this bill by making a technical, nonsubstantive amendment to correct a formatting error.

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

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 603-00 Finance on H.B. No. 2876

The purpose of this bill is to provide tax relief for the construction industry by allowing contractor-taxpayers to pay the general excise tax (GET) on a cash basis, provided that the contractor-taxpayer notifies the Department of Taxation (DOTAX) of the basis upon which the GET is to be reported.

Hidano Construction, the Construction Industry Legislative Organization, the Plumbing and Mechanical Contractors Association of Hawaii, the Building Industry Association of Hawaii, the General Contractors Association of Hawaii, the Hawaii Surety Association, and an individual testified in support of this measure. The Tax Foundation of Hawaii submitted comments. DOTAX submitted comments, testifying that it is not opposed to this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2876, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2876, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 604-00 Finance on H.B. No. 101

The purpose of this bill is to allow a retired state employee who was on temporary loan to the civilian defense agency in 1942 for fingerprint classification, to buy back membership service credit at the rate of compensation before retirement and application on December 31, 1997.

One concerned individual testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 101, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 605-00 Finance on H.B. No. 536

The purpose of this bill is to enhance and develop early childhood education and care services by:

- (1) Extending the life of the Good Beginnings Alliance (GBA) to 2010;
- (2) Expanding the representation of the Interdepartmental Council (Council), which assists GBA in implementing its duties as delineated in the GBA Master Plan, by adding representatives from the business and philanthropic communities; and
- (3) Expanding the membership of the GBA Board of Directors by adding members from the University of Hawaii, the American Academy of Pediatrics, the early intervention community, an early childhood resource and referral agency, and Head Start.

GBA, the Department of Health, the Hawaii Chapter of the American Academy of Pediatrics, Good Beginnings of Maui County, and several individuals testified in support of this measure. The Governor's Office testified in support of the additional representatives to the Council. The Department of Human Services testified in support of the intent of this measure. The Hawaii Association for the Education of Young Children and the Center for Disability Studies submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 536, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Catalani.

SCRep. 606-00 Finance on H.B. No. 1882

The purpose of this bill is to require the Legislative Auditor to conduct a management audit of the Public Utilities Commission (PUC) and to report back to the Legislature and Governor before the convening of the Regular Session of 2001.

A member of the Maui County Council and Na Leo Pohai testified in support of this measure. The Department of Commerce and Consumer Affairs and the PUC testified in support of the intent of the measure. The Hawaii Renewable Energy Alliance submitted comments on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1882, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 607-00 Finance on H.B. No. 1909

The purpose of this bill is to stimulate tourism in East Hawaii by creating incentives for reinvestment in the resort and other infrastructure of the Banyan Drive resort area in Hilo, Hawaii.

Specifically, this bill authorizes the Department of Land and Natural Resources to issue new leases to existing lessees of the Banyan Drive resort area, subject to certain conditions.

The Department of Land and Natural Resources, the ILWU Local 142, the Hawaii Association of Realtors, the Hawaii Naniloa Hotel, and an individual testified in support of this measure. The Office of Hawaiian Affairs testified in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1909, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Luke.

SCRep. 608-00 Finance on H.B. No. 2289

The purpose of this bill is to allow services performed by physical therapist assistants to be covered by workers' compensation, by including physical therapist assistants, as authorized under section 461J-3(e), Hawaii Revised Statutes, under the definition of "medical care", "medical services", or "medical supplies".

The Department of Commerce and Consumer Affairs, the Rehabilitation Hospital of the Pacific, the Hawaii State Chiropractic Association, and the Healthcare Association of Hawaii testified in support of this measure. The Hawaii Employers' Mutual Insurance Company, Inc. and the Hawaii Insurers Council testified in opposition to this measure. Comments were submitted by ILWU Local 142 and the Hawaii Chapter of the American Physical Therapy Association.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2289 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 609-00 Finance on H.B. No. 2356

The purpose of this bill is to consolidate the state's technology activities under the governor's special advisor for technology development in order to provide a more focused effort in recruiting, retaining, and expanding technology industries in Hawaii.

The Governor's Special Advisor on Technology Development, the Department of Business, Economic Development, and Tourism, and the HTDC testified in support of the intent of the bill. The Hawaii Strategic Development Corporation commented on the measure. An individual testified in opposition to the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2356, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 610-00 Finance on H.B. No. 2368

The purpose of this bill is to address the housing needs of public housing residents when their units are demolished, disposed of, or renovated.

This bill authorizes the Executive Director of the Housing and Community Development Corporation of Hawaii (HCDCH) to:

- (1) Provide for a one-for-one replacement of public housing units that are demolished, disposed of, or renovated;
- (2) Adjust the operating subsidies that HCDCH receives, except the Director must provide assistance for any replacement housing that becomes available within an unspecified number of years of the demolition, disposition, or renovation; and
- (3) Adjust the amount that HCDCH receives to modernize, improve, or rehabilitate property, except the Director shall not make adjustments within an unspecified number of years after demolition, disposition, or renovation.

Two individuals testified in support of this bill. In opposing certain provisions of this measure, the HCDCH testified that funding constraints prohibit it from providing replacement housing on a one-for-one basis. HCDCH's relocation plan ensures that all public housing residents occupying a project scheduled for renovation or demolition are accommodated with alternative housing assistance. According to HCDCH, such a policy need not be placed in the statutes.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2368, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 611-00 Finance on H.B. No. 2403

The purpose of this bill is to terminate the Hawaii Aquaculture Advisory Council by repealing Chapter 148D, Hawaii Revised Statutes.

The Board of Agriculture and the Hawaii Aquaculture Association supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2403 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 612-00 Finance on H.B. No. 2434

The purpose of this bill is to maintain the financial solvency of the State by returning \$1 from the Hawaii Strategic Development Corporation to the general fund.

The Department of Business, Economic Development, and Tourism commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2434, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 613-00 Finance on H.B. No. 2504

The purpose of this bill is to authorize the chair of the Hawaiian Homes Commission to extend the employment contracts of individual employees beyond the six-year limitation imposed by the Hawaiian Homes Commission Act.

The Hawaiian Homes Commission testified in favor of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2504 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 614-00 Finance on H.B. No. 2506

The purpose of this bill is to ensure the safety of children eligible for adoption by:

- (1) Allowing the Department of Human Services (DHS) to obtain national and local criminal history record information on prospective adoptive parents; and
- (2) Authorizing DHS to contract for home studies of prospective adoptive parents.

DHS and the Department of the Attorney General testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2506, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Catalani.

SCRep. 615-00 Finance on H.B. No. 2510

The purpose of this bill is to allow the Department of Human Services to pay for foster board allowances for higher educational expenses directly to accredited institutions of higher learning.

The Department of Human Services supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2510 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Catalani.

SCRep. 616-00 Finance on H.B. No. 2512

The purpose of this bill is to encourage and support employment for public assistance recipients by enabling the Department of Human Services (DHS) to adjust financial assistance benefit payments.

Specifically, this bill allows DHS to increase the assistance allowance for non-exempt households to provide work incentives or services under part XI of chapter 346, Hawaii Revised Statutes, the Dependent Adult Protective Services Law.

DHS testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2512 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 617-00 Finance on H.B. No. 2514

The purpose of this bill is to facilitate the recovery of public funds the Department of Human Services (DHS) expends on deceased recipients by:

- (1) Clarifying DHS's interests in the estate of deceased recipients; and
- (2) Clarifying the procedure for asserting a DHS claim.

DHS testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2514 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 618-00 Finance on H.B. No. 2521

The purpose of this bill is to enable the Department of Health (DOH) to enforce school health requirements more uniformly and efficiently by replacing statutory requirements for documentation of immunizations, physicals, and tuberculosis examinations with administrative rules.

DOH and the Hawaii Nurses' Association testified in support of this measure. The Department of Education testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2521 and recommends that it pass Third Reading.

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

SCRep. 619-00 Finance on H.B. No. 2524

The purpose of this bill is to eliminate unnecessary permits that businesses are required to obtain by removing requirements that the Department of Health (DOH):

- (1) Issue permits for prophylactic vending machines; and
- (2) Adopt rules for the sale of prophylactics through vending machines.

DOH testified in support of this measure.

Your Committee notes that section 321-115, Hawaii Revised Statutes, is unnecessary because federal law already addresses the regulation of prophylactic vending machines.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2524 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Catalani.

SCRep. 620-00 Finance on H.B. No. 2530

The purpose of this bill is to clarify that the Department of Health need only publish once, notification for public participation in air pollution control matters in the county affected.

The Department of Health supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2530, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani and Marumoto.

SCRep. 621-00 Finance on H.B. No. 2575

The purpose of this bill is to authorize:

- (1) The disposition of water rights by direct negotiation, in addition to public auction; and
- (2) The Board of Land and Natural Resources to extend month-to-month water permits for additional one-year periods.

The Department of Land and Natural Resources testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2575 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Luke.

SCRep. 622-00 Finance on H.B. No. 2782

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to:

- (1) Execute a mitigation plan for a landowner, permittee, or developer, upon his or her request, for the inadvertent discovery of burial sites; and
- (2) Charge a fee for execution of the mitigation plan.

DLNR testified in support of the measure. The Office of Hawaiian Affairs testified in support of the intent of the measure. The Environmental Center of the University of Hawaii at Manoa submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2782 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Luke.

SCRep. 623-00 Finance 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 in planning and building a multi-function food processing facility on Oahu.

The Office of Hawaiian Affairs, INC Industry Network Corporation, and an individual testified in support of this bill. The Department of Agriculture supports the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2802 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 624-00 Finance on H.B. No. 2834

The purpose of this bill is to appropriate funds to purchase hardware and software to upgrade the legislative internal computer network.

The Chief Clerk of the House of Representatives commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2834 and recommends that it pass Third Reading.

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

SCRep. 625-00 Finance on H.B. No. 2997

The purpose of this bill is to:

- (1) Increase the maximum amount of class "A" aquaculture farm ownership and improvement loans to \$400,000;
- (2) Increase the maximum amount of class "B" aquaculture operating loans to \$400,000;
- (3) Increase the maximum amount of class "C" aquaculture cooperative and corporation loans to:
 - (A) \$500,000 for facility loans; and
 - (B) \$300,000 for operating loans;

and

- (4) Increase the maximum term of class "C" aquaculture cooperative and corporation operating loans from three to seven years.

The Department of Agriculture and the Hawaii Aquaculture Association testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2997 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 626-00 Finance on H.B. No. 3022

The purpose of this bill is to appropriate funds to provide income qualified mothers the opportunity to become trained child care providers in family-care settings by enrolling in a program to receive a child development associate credential.

The Hawaii Chapter of the American Academy of Pediatrics and the Honolulu Community Action Program, Inc., supported this bill. The Good Beginning Alliance supported the intent of this bill. The Department of Human Services and the Office of Community Services commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3022, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Catalani.

SCRep. 627-00 Judiciary and Hawaiian Affairs on H.B. No. 1876

The purpose of this bill is to amend the State Constitution to add a nonvoting member to the State Board of Education who will represent the military.

Testimony in support of this measure was received from the United States Pacific Command, Hawaii Business Roundtable, and the Chamber of Commerce of Hawaii. Testimony in opposition to this measure was received from the State Board of Education.

Your Committee finds that children of military families comprise a sizable portion of all public school attendees in the State. It further finds that military representation on the Board of Education is an effective and appropriate vehicle for the military community to voice their concerns and vision regarding education.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1876 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 628-00 Judiciary and Hawaiian Affairs on H.B. No. 2762

The purpose of this bill is to explicitly state that Department of Land and Natural Resources records relating to the location and description of historic sites and burials are to be kept confidential if deemed sensitive by a burial council or Hawaii historic places review board.

Testimony in support of this bill was provided by the Board of Land and Natural Resources and the Office of Hawaiian Affairs. The University of Hawaii Environmental Center testified in support of the intent of this bill.

Your Committee finds that protection of historic sites from desecration provides a legitimate basis to prohibit public disclosure of specific locations and descriptions of burial sites.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2762 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 629-00 Judiciary and Hawaiian Affairs on H.B. No. 2774

The purpose of this bill is to recognize and support mothers' rights to breastfeed children in places of public accommodation.

Testimony in support of this measure was received from the Department of Health, Commission on the Status of Women, Hawaii Civil Rights Commission, Kapiolani Medical Center for Women & Children, American Academy of Pediatrics, Hawaii Chapter, American Civil Liberties Union of Hawaii, Kauai Medical Clinic, Kokua Kalihi Valley, Kaiser Permanente Hawaii, Hawaii Women Lawyers, Healthy Mothers, Healthy Babies Coalition of Hawaii, Hawaii Mother's Milk, Inc., and many concerned individuals.

Your Committee finds that breastfeeding is a natural and beneficial experience for mothers and their infants, which should be allowed in places of public accommodation.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2774 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 630-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1762

The purpose of this bill is to clarify the scope of entities subject to civil penalties for failing to comply with the provisions of the Motor Carrier Law. This bill proposes to amend Hawaii Revised Statutes (HRS), Section 271-27(h), by deleting the phrase "shipper or consignee" and adding the word "person."

Your Committees find that this amendment will clarify and ensure that any and all persons who engage the services of motor carriers of property or passengers are also subject to civil penalties for failing to comply with the motor carrier laws set forth in Chapter 271, HRS.

Testimony was received in support of this measure from the Public Utilities Commission and Hawaii Transportation Association.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1762 and recommend that it pass Third Reading.

Signed by all members of the Committees except Representatives Chang, Garcia, Hamakawa, Herkes, Kaho'ohalahala, Halford, Rath and Pendleton.

SCRep. 631-00 Consumer Protection and Commerce on H.B. No. 1906

The purpose of this measure is to provide an expedited process for licensure of psychologists. This measure amends the requirements for psychologist licensure by accepting doctoral degrees from American Psychological Association (APA) approved programs in clinical psychology as satisfying the educational requirements, and by accepting APA approved internships as satisfying the internship experience requirement.

Testimony in support of this measure was submitted by the Board of Psychology of the Department of Commerce and Consumer Affairs, Hawaii Psychological Association, and several psychologists.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1906, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 632-00 Judiciary and Hawaiian Affairs on H.B. No. 2423

The purpose of this bill is to establish a reporting mechanism to assist the Attorney General in enforcing tobacco product manufacturers' obligations under Act 188, Session Laws of Hawaii 1999, codified as Chapter 675, Hawaii Revised Statutes.

Testimony in support of this measure was received from the Department of the Attorney General.

Your Committee finds that the provisions of this measure ensure that the State will suffer no reduction in its share of the Tobacco Settlement Funds.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2423 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 633-00 Judiciary and Hawaiian Affairs on H.B. No. 2615

The purpose of this bill is to amend the definition of hazardous materials, and to clarify reporting requirements for hazardous material incidents during transportation.

Testimony in support of this measure was received from the State Department of Transportation.

Your Committee finds that the provisions of this measure will conform the definition of hazardous materials to that found in the federal Hazardous Materials Transportation Act.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2615 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 634-00 Judiciary and Hawaiian Affairs on H.B. No. 1925

The purpose of this bill is to increase from one hundred twenty days to one hundred fifty days the time within which a new election must be held if an election is invalidated by the court.

The State Office of Elections, the Elections Office of the City Clerk of the City and County of Honolulu, Common Cause Hawaii, and the League of Women Voters of Hawaii testified in support of the measure.

Your Committee finds that it is difficult for the agencies involved to conduct a new election in the time allotted under existing law. This measure would allow sufficient time for the State and counties to conduct new elections.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1925 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 635-00 Judiciary and Hawaiian Affairs on H.B. No. 2633

The purpose of this bill is to conform Hawaii's voter list maintenance provisions with federal law by referring to the National Voter Registration Act of 1993 (NVRA) and other applicable federal laws.

The Office of Elections testified in support of the measure. The Elections Office of the City and County of Honolulu commented on the measure.

Your Committee finds that with respect to procedures for the maintenance of voter lists, current Hawaii law does not comply with the NVRA. Under the NVRA, election officials must mail a notification card to registrants. If the United State Postal Service returns the card as undeliverable, the voter is mailed a confirmation letter. If the person does not respond and does not vote in two consecutive general elections, the person may be removed from the voter list.

Your Committee further finds that this measure will conform the law to federal mandates.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style and clarity, and to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2633, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2633, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 636-00 Consumer Protection and Commerce on H.B. No. 2314

The purpose of this measure is to make it an unfair or deceptive act or practice to withhold past or future coverage or limit a claim because an individual may have a third-party claim for damages. This measure exempts reimbursement of past benefits where:

- (1) Damages are recovered;
- (2) There is reimbursement or subrogation otherwise provided by the law.

Testimony was received from the Consumer Lawyers of Hawaii in support of this measure with suggestions for clarification. Your Committee received testimony from the Department of Commerce and Consumer Affairs (DCCA) in opposition to this measure as originally drafted. The DCCA testified that the measure would be supported if amended to clarify that future renewal was not mandated. The Hawaii Medical Service Association and State Farm also opposed this measure.

Your Committee finds that many types of insurance, such as workers' compensation and automobile insurance, have statutory subrogation or reimbursement rights where there is third-party liability. This measure will bring uniformity to those insurance coverages that do not have explicit third-party reimbursement rights.

HMSA raised a concern that this measure may impact its operation. HMSA suggested language exempting health benefit providers from this amendment to article 13 and placing the same requirements in Section 663-10, Hawaii Revised Statutes, which covers health benefits. Section 663-10 has been amended to extend health benefit providers' third-party liability rights to settlements, as well as lawsuits. This amendment places all of the rights and obligations of health benefit providers and consumers in section 663-10 for third-party liability situations.

Your Committee also finds that this measure is intended to prohibit provisions which purport to provide no coverage or limit coverage before or after settlement or judgment, while providing reimbursement rights pursuant to section 663-10 to avoid a duplicate windfall recovery to the claimant.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2314, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 637-00 Consumer Protection and Commerce on H.B. No. 2316

The purpose of this measure is to:

- (1) Allow for insurers to require personal injury protection (PIP) claimants to submit to an independent medical examination (IME) when reasonably necessary; and
- (2) Allow disputes regarding IMEs to be submitted to arbitration.

Testimony in support of this measure, with proposed amendments, was submitted by Consumer Lawyers of Hawaii.

Testimony in opposition to this measure was submitted by the Hawaii Insurers Council and State Farm Insurance Companies.

This measure was originally drafted such that any IME dispute was to be submitted to arbitration. However, the Hawaii Insurers' Council testified that disputes in the PIP arena are submitted to the commissioner for administrative hearing or a court for determination, as well as arbitration.

Accordingly, your Committee has amended this measure to include provisions for resolution of an IME dispute by the commissioner, arbitration, or the court.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2316, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2316, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 638-00 Consumer Protection and Commerce on H.B. No. 2473

The purpose of this measure is to place certain provisions adopted as Hawaii Administrative Rules regarding insurance into the Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs.

Testimony in support of this measure, with proposed amendments, was submitted by State Farm Insurance Companies.

Testimony commenting on this measure was submitted by the Consumer Lawyers of Hawaii.

Your Committee has made the following amendments to this measure:

- (1) Page 18, line 5 to page 19, line 2, removed due to the fact that these provisions are inconsistent with current sections of the Hawaii Revised Statutes (HRS);
- (2) Page 24, line 20 to page 25, line 16, removed because these definitions are inconsistent with current provisions of the HRS; and
- (3) Technical nonsubstantive amendments for proposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2473, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2473, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 639-00 Consumer Protection and Commerce on H.B. No. 2476

The purpose of this measure is to:

- (1) Clarify that disputes between provider and insurer over the correct fee or procedure code are governed by section 431:10C-308.5, Hawaii Revised Statutes (HRS), rather than 431:10C-304, HRS;
- (2) Create a uniform reference to the "workers' compensation supplemental medical fee schedule"; and
- (3) Establish a limitation on the cost for an independent medical examination (IME).

Testimony in support of this measure, with proposed amendments, was submitted by the Department of Commerce and Consumer Affairs, Hawaii Insurers Council, State Farm Insurance Companies, and the Consumer Lawyers of Hawaii.

Testimony in opposition to this measure was submitted by the Hawaii Medical Association, Hawaii Psychiatric Medical Association, Hawaii Federation of Physicians and Dentists, Argonaut Insurance Company, and a physician.

Your Committee finds that the intent of this measure is to promote judicial economy, conserve administrative resources, and streamline the resolution of disputes.

Your Committee has made the following amendments to this measure at:

- (1) Page 4, line 16 to page 6, line 18, changed due to the fact that this measure, as originally drafted, replaced the existing statutory provisions of section 10C-304, HRS, with a nonsubstantive re-write of this section for stylistic purposes. Since the proposed language is nonsubstantive, retention of the original language is preferable since there is an existing body of case law construing the existing language;
- (2) Page 6, line 23 to page 7, line 14, deleted due to fact that it is duplicative of provisions already in the existing statute;
- (3) Page 8, lines 18-24, left blank in provision of the bill that pertains to a limitation of charges for an independent medical examination to one hour and thirty minutes pending receipt of further information from the insurance division regarding appropriate IME charges;
- (4) Page 9, line 1, included "charges" between the words "records" and "relating" to provide for disclosure of IME charges upon request to help monitor compliance with this provision; and
- (5) Page 10, lines 10-14, modified the procedure for resolving disputes over billing amounts or codes to allow submission to the insurance commissioner, arbitration, or court.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2476, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2476, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 640-00 Consumer Protection and Commerce on H.B. No. 2484

The purpose of this measure is to update Chapter 415, Hawaii Revised Statutes, by adopting the 1984 amendments made to the Model Business Corporation Act (Model Act). This would reflect modern business practices, making it more desirable for existing Hawaii corporations to remain in the State and for new businesses to incorporate in the State.

Testimony was received in support of this measure from the Department of Commerce and Consumer Affairs and four private attorneys.

Your Committee finds that this measure will bring Hawaii's corporation law into greater uniformity with the most recent version of the Model Act and with a growing number of other state corporation laws thereby improving Hawaii's business climate.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2484 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Herkes, Kaho'ohalahala, Yoshinaga, Halford and Rath.

SCRep. 641-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 2349

The purpose of this bill is to clarify that reckless drivers who:

- (1) Engage in particularly egregious conduct, such as driving under the influence of alcohol or drugs, causing injury while engaged in criminal conduct; or
- (2) Drive in a manner warranting the imposition of punitive damages,

shall be responsible for the payment of the covered loss deductible in section 431:10C-301.5, Hawaii Revised Statutes (HRS).

This measure also codifies Hawaii Administrative Rule 16-23-10.2.

Section 431:10C-306(e), HRS, provides that the civil liability of reckless drivers who engage in extreme conduct shall not be exonerated or limited, rendering threshold and covered loss deductible provisions inapplicable in those situations. Your Committees find that the reckless driver should be held responsible for payment of the covered loss deductible in those situations.

Your Committees received testimony in support of this bill from the Insurance Division of the Department of Commerce and Consumer Affairs (Insurance Division), which is already enforcing a similar measure by rule. The Insurance Division recommends that the liability of these drivers be mandatory, rather than permissive. The bill has been amended accordingly.

Testimony regarding this measure was also received from State Farm Insurance Companies and the Consumer Lawyers of Hawaii.

Technical, nonsubstantive amendments were made for purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2349, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2349, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Garcia, Herkes, Kaho'ohalahala, Halford and Rath.

SCRep. 642-00 Education on H.B. No. 2095

The purpose of this bill is to change the term "vocational" to the phrase "career and technical" in Chapter 305A, Hawaii Revised Statutes, and related references.

The State Board for Vocational Education supported this bill. The Department of Education supported the intent of this bill.

Your Committee finds that replacing the term "vocational" with "career and technical" would be a positive change. There is a growing national movement to change the term "vocational education" to a term that more accurately reflects the knowledge and skill that students must attain to be productive members of today's workforce. Your Committee finds that "career and technical" better describes the combination of academic knowledge and traditional hands-on vocational skills that are necessary for today's students, and therefore, supports this bill as written.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2095 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 643-00 Education on H.B. No. 2490

The purpose of this bill is to allow the Hawaii Teacher Standards Board (HTSB) to extend credentials on a case-by-case basis for up to two years.

Several individuals supported this bill. The HTSB supported this bill with amendments. The Department of Education supported the intent of this bill. The Hawaii State Teacher's Association opposed this bill.

Your Committee finds that this bill will provide credential extensions to teachers who, through no fault of their own, have been unable to complete licensing requirements within the given three-year time limit. This bill will ensure that the Department of Education will not lose excellent new teachers simply because they were unable to complete licensing requirements due to scheduling conflicts, geographical isolation, or other unavoidable problems.

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

- (1) Delineating the requirements for submitting credential extension requests including:
 - (A) Documentation of extenuating circumstances;
 - (B) Narrative evaluation from school principal; and
 - (C) Proposed action plan;
- (2) Delineating the criteria for granting credential extension requests including:
 - (A) The extent to which the individual was deterred from meeting licensing requirements by circumstances beyond the individual's control;
 - (B) The diligence with which the individual pursued licensing;
 - (C) Strong teaching performance; and
 - (D) Feasibility of the individual's action plan;
- (3) Changing the effective date to take effect upon approval with a sunset provision repealing the Act on June 30, 2002; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2490, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 644-00 Education on H.B. No. 2495

The purpose of this bill is to allow the Board of Education (Board) to set policies for progressive competencies in computer technology and a language other than English without regard to Chapter 91, Hawaii Revised Statutes.

The Department of Education supported this bill.

Your Committee finds that this bill affords the Board the freedom to set competency requirements in computer technology and foreign languages without being encumbered by Chapter 91 procedures. Public testimony will still be accepted at Board meetings, so the public will not be shut out of the policymaking process. This measure is also consistent with Administrative Directive No. 99-01 that calls for all departments to reduce the number of administrative rules when feasible.

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

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2495, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2495, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 645-00 Finance on H.B. No. 1788

The purpose of this bill is to encourage the construction and renovation of buildings or improvements located or that will be located:

- (1) On property designated primarily for resort or hotel use by the applicable county zoning ordinance or plan; or
- (2) On property not so designated, but the primary purpose of which is commercial or recreational use that supports or services a hotel or resort use (qualified resort facility).

Specifically, this bill exempts from the general excise tax, amounts received by a taxpayer as a portion of the gross proceeds arising from any capitalized cost for construction and equipment of a permanent nature related to a qualified resort facility, including infrastructure costs.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1788 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 646-00 Finance on H.B. No. 2024

The purpose of this bill is to appropriate funds to legislative agencies to fund retroactive salary increases and other cost adjustments in the Legislature for fiscal year 1998-1999.

The Office of the Auditor, Hawaii State Ethics Commission, the Legislative Reference Bureau, and the Office of the Ombudsman testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2024, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 647-00 Finance on H.B. No. 2537

The purpose of this bill is to authorize an emergency appropriation to Hawaii State Hospital to:

- (1) Continue to provide services for patients of the Hawaii State Hospital; and
- (2) Develop and provide necessary community-based services for discharged patients of the Hawaii State Hospital.

Your Committee has received a message from the Governor, dated February 2, 2000:

- (1) Stating that additional funding of \$14,039,984 is needed for the Department of Health, Adult Mental Health Division, to continue services to patients at the Hawaii State Hospital and to develop and provide necessary community-based services for discharged patients of the Hawaii State Hospital as required by the U.S. Department of Justice Settlement Agreement; and
- (2) Requesting immediate passage of the bill to accommodate this funding requirement by March 1, 2000.

The Department of Health, the Department of the Attorney General, Nami Oahu, and an individual testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2537 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 648-00 Judiciary and Hawaiian Affairs on H.B. No. 1843

The purpose of this bill is to:

- (1) Extend the time in which a person may be ordered to leave the premises of a domestic violence incident from 24 to 48 hours; and
- (2) Allow for a person arrested for domestic violence to be held in custody for up to 48 hours after posting bail.

Testimony in support of this measure was received from the County of Maui Prosecuting Attorney, Hawaii State Coalition Against Domestic Violence, Child and Family Service, Women Helping Women, Domestic Violence Clearinghouse, Hawaii

Catholic Conference, and concerned individuals. Testimony in opposition to this measure was received from the Office of the Public Defender. Testimony was also received from the City and County of Honolulu Department of the Prosecuting Attorney, and the Honolulu Police Department.

Your Committee finds that creating longer periods of separation immediately after domestic violence incidents will allow victims needed time to collect themselves and seek assistance.

Your Committee has amended this bill by deleting the provisions regarding custody or imprisonment after posting of bail.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1843, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 649-00 Finance on H.B. No. 2151

The purpose of this bill is to:

- (1) Authorize the issuance of general obligation bonds; and
- (2) Declare that the total amount of principal and interest estimated and calculated for all bonds issued and outstanding will not cause the State's debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirements of article VII, section 13, of the Constitution of the State of Hawaii, which specifies that the Legislature must include a declaration of findings that the debt limit will not be exceeded by legislatively authorized general obligation issuances.

The Department of Budget and Finance submitted comments.

Your Committee has amended this measure by:

- (1) Adding a new part to chapter 39, Hawaii Revised Statutes, State Bonds, exempting state bonds from the requirement of perfecting security interests in government collateral; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2151, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 650-00 Labor and Public Employment and Finance on H.B. No. 2261

The purpose of this bill is to establish the State Volunteer Services Office (Office) within the Office of the Governor.

In addition, this bill establishes:

- (1) The Board of the State Volunteer Services Office (Board) to be responsible for the general administration and proper operation of the Office; and
- (2) The State Volunteer Services Trust Fund (Trust Fund) to carry out the purposes of the Office.

The State Volunteer Services, Communities in Schools-Hi Project of the YMCA, and several individuals testified in support of this bill. An individual testified in support of the intent of this bill.

Your Committees have amended the bill by:

- (1) Deleting the establishment of the Board and the Trust Fund;
- (2) Making the Office responsible for establishing a comprehensive program on volunteerism and submitting a progress report to the Legislature;
- (3) Expanding the scope of duties of the Office;

- (4) Specifying that the Office of the Governor is to provide the Office with a director and funding support to carry out its services; and
- (5) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2261, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2261, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Okamura and Rath.

SCRep. 651-00 Finance on H.B. No. 2407

The purpose of this bill is to facilitate the redevelopment of the Kakaako Waterfront Park area by appropriating moneys:

- (1) For the plans, design, construction, and equipment of a new building for the Department of Agriculture's (DOA) Measurement Standards and Commodities Programs; and
- (2) To temporarily relocate the Measurement Standards Program.

Your Committee received a message from the Governor dated January 31, 2000:

- (1) Requesting authorization to issue \$3,800,000 in general obligation bonds to finance the planning, design, construction, and equipping of the new building; and
- (2) Requesting timely passage of this measure.

The DOA and the Hawaii Community Development Authority supported this bill.

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

- (1) Specifying that the lapsing date of June 30, 2002, applies only to the construction project; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2407, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 652-00 Judiciary and Hawaiian Affairs on H.B. No. 1807

The purpose of this bill is to ensure that traffic infractions are adjudicated in a uniform manner by amending various statutory provisions dealing with airports, parks, and harbors to correspond with the Adjudication of Traffic Infractions Law under Chapter 291D, Hawaii Revised Statutes (HRS), as it relates to traffic offenses.

The Judiciary and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of the bill. The Department of Transportation and the Department of Land and Natural Resources testified in support of the intent of the measure. The Office of the Public Defender commented on the bill.

Your Committee finds that currently, traffic offenses committed in public parks, airport facilities, and harbors are handled through the criminal process, unlike the decriminalized process established for all other traffic infractions in the State. This measure provides for the decriminalization of all traffic offenses as provided in Chapter 291D, HRS regardless of the venue in which the offense occurred. Your Committee finds that this measure will reduce the need for time-consuming court appearances by the public and will ease the caseloads of the State's district courts.

Your Committee further finds that there are no county airports or harbors in the State and has amended this bill accordingly by deleting all references to county airports and harbors. Technical, nonsubstantive amendments were also made to conform to correct drafting style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1807, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1807, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Chang, Garcia, Hiraki, Yoshinaga, Pendleton and Whalen.

SCRep. 653-00 Judiciary and Hawaiian Affairs on H.B. No. 1838

The purpose of this bill as received is to:

- (1) Amend the definition of "family or household member" to include persons in dating relationships;
- (2) Add the definition of "dating relationship";
- (3) Extend the effective time of temporary restraining orders from 90 to 180 days;
- (4) Allow the courts to issue protective orders for periods of unlimited duration;
- (5) Authorize minimum five year extension periods for protective orders; and
- (6) Amend the sentencing scheme for persons convicted of violating protective orders.

Testimony in support of this measure was received from the State Commission on the Status of Women, University of Hawai'i at Manoa, Domestic Violence Clearinghouse, Hawaii Catholic Conference, Women Helping Women, Hawaii State Coalition Against Domestic Violence, Hawaii Family Forum, YWCA of Kauai, and several concerned individuals. Testimony in opposition to this measure was received from the State Office of the Public Defender. Testimony was also received from the Judiciary, City and County of Honolulu Police Department, and City and County of Honolulu Department of the Prosecuting Attorney.

Your Committee finds that persons in dating relationships often may need the same protection as would family and household members where the relationships become abusive.

Your Committee has amended this bill by:

- (1) Deleting a portion of the findings in Section 1 of the bill;
- (2) Amending the definition of "dating relationship";
- (3) Leaving intact the requirement that a petition for a temporary restraining order be accompanied by an affidavit attesting to specific facts and circumstances from which relief is sought;
- (4) Clarifying the conduct which may be enjoined by a temporary restraining order;
- (5) Leaving intact the ability for courts to grant mutual restraining orders simultaneously;
- (6) Deleting the proposal to increase the duration of temporary restraining orders from 90 to 180 days;
- (7) Deleting the proposal to increase the extensions of protective orders from three to five years;
- (8) Deleting the proposal mandating uniform forms;
- (9) Deleting the proposal regarding refusal to accept service of an order;
- (10) Leaving intact the provision that the clerk of the court shall be the person responsible for transmission of orders of protection to the appropriate county police; and
- (11) Deleting the proposal to alter the sentencing scheme of Section 586-11, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1838, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 654-00 Judiciary and Hawaiian Affairs on H.B. No. 1845

The purpose of this bill is create a misdemeanor offense for interference with the reporting of an emergency or crime.

The Commission on the Status of Women, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Department of the Prosecuting Attorney for the County of Maui, Child and Family Service, Domestic Violence Clearinghouse, Hawaii State Coalition Against Domestic Violence, Women Helping Women, and concerned individuals testified in support of the measure.

The Office of the Public Defender testified in opposition to the measure.

Your Committee finds that this measure will address the common problem of interference with reporting of domestic violence.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1845, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 655-00 Judiciary and Hawaiian Affairs on H.B. No. 2625

The purpose of this bill is to allow for the expungement of arrest records of minors in cases in which:

- (1) The minor was arrested pursuant to:
 - (A) Section 571-11(1), Hawaii Revised Statutes (HRS), as it pertains to acts committed prior to achieving eighteen years of age and that constitute a violation of any federal, state, local law, or municipal ordinance, or;
 - (B) Section 571-11(2), HRS, concerning a minor found within the circuit who is either:
 - (i) Beyond the control of the minor's parent or custodian or whose behavior is injurious to the minor's own or to others' welfare;
 - (ii) Is not attending school or receiving educational services through the minor's own misbehavior or nonattendance, or;
 - (iii) In violation of curfew;
- (2) The minor was not counseled and was released by the police; and
- (3) The matter was not referred to the prosecuting attorney or the Family Court.

The Honolulu Police Department testified in support of the bill. The Judiciary, the Department of the Attorney General, and the Juvenile Justice Information Committee testified in support of the bill but with proposed amendments. The Office of Youth Services supported the intent of the measure. The Office of the Public Defender commented on the bill.

Your Committee finds that this bill will protect the rights of unadjudicated minors by allowing the minor, or the minor's parent or guardian, to request an expungement of the minor's arrest record under the circumstances stated above.

Your Committee has amended this bill by:

- (1) Clarifying the definition of "expunge" as referring exclusively to the destruction of an item in accordance with agency policy; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity, and to conform to current statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2625, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Garcia, Morita, YOSHINAGA, Pendleton and Whalen.

SCRep. 656-00 Judiciary and Hawaiian Affairs on H.B. No. 2634

The purpose of this bill is to allow for candidate filing deadlines to be extended if no candidates have filed for an elected office by the close of the candidate filing period.

The Office of Elections testified in support of the bill.

Your Committee finds that current law does not address the situation where no candidates have filed for an elective office by the filing deadline. This measure would allow the Chief Election Officer or the county clerk, in the case of a county election, to accept nomination papers for that office until 4:30 p.m. on the fiftieth day prior to the primary or special election. Your Committee believes that this measure will assist in ensuring that every electoral district is adequately represented.

Your Committee has amended this bill to clarify that nomination papers can be accepted no later than 4:30 p.m. on the fiftieth day prior to the primary or special election.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2634, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2634, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 657-00 Judiciary and Hawaiian Affairs on H.B. No. 2649

The purpose of this bill is to discourage the filing of frivolous claims of lien directed against government officials or employees.

Testimony in support of this bill was provided by the State of Hawaii Judiciary. The Department of Land and Natural Resources testified in support of the intent of this bill.

Your Committee finds that a problem exists for public officials and employees whose personal real property may be encumbered by the filing of claims of lien without basis in law or fact. This measure discourages the filing of frivolous claims of lien in such cases, by allowing the bureau of conveyances to reject such a claim of lien presented for filing unless it is accompanied by a certified copy of a state or federal court order authorizing the filing of the lien. To alert clerks in the bureau of conveyances to check for the order, this bill requires the lien claimant to designate in the caption that the lien claim is directed against a public official. Penalties imposed for submission of an invalid court order in support of such a claim of lien serve to further discourage the filing of frivolous claims.

Your Committee has amended this bill by:

- (1) Changing the state of mind requirement for criminal penalties under proposed section 507D-7(c), HRS, from "knowingly and intentionally" to "knowingly" for consistency with section 710-1017, HRS, tampering with a government record; and
- (2) Making a technical, nonsubstantive change for clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2649, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2649, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 658-00 Judiciary and Hawaiian Affairs on H.B. No. 2732

The purpose of this bill is to prohibit certain conduct by court reporters.

Testimony in support of this measure was received from the National Court Reporters Association, Hawaii Court Reporters Association, and several concerned individuals. Testimony was also received from the Lawrence Appraisal Group Hawaii, Inc., and Hilo Reporters.

Your Committee finds that gift giving by court reporters is an issue of concern to the citizens of the State.

Your Committee has amended this bill by deleting the proposed language and inserting provisions prohibiting private court reporters from engaging in conduct likely to undermine impartiality, that is improper, or gives the appearance of impropriety, and regarding gift giving by private court reporters. Your Committee has further amended this bill by leaving the effective date blank.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2732, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 659-00 Ocean Recreation and Marine Resources 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 clarifies certain aspects of the management of Kaneohe Bay by:

- (1) Deleting provisions that authorize the Council to amend the Plan. Since DLNR is required to implement the recommendations in the Plan, some believe these provisions give the Council rule-making authority;
- (2) Deleting provisions that require DLNR to adopt rules drafted in consultation with the Council that must be in accordance with the Plan as the Plan may be amended by the Council;
- (3) Deleting from the permits for the commercial operation of ocean use activities in Kaneohe Bay the limitations of location and type of vessel that are provided in the Plan until DLNR adopts applicable rules; and
- (4) Repealing the Council following the adoption of rules relating to ocean use activities in Kaneohe Bay.

Kaneohe Bay Ocean Sports, Kaneohe Bay Association of Mariners, Boats Hawaii, Kaneohe Bay Cruises, Inc., Hawaiian Island Jet Sport Association, Windward Watersports Center, and several concerned individuals testified in support of this bill. The University of Hawaii at Manoa Environmental Center, Earthjustice Legal Defense Fund, the Office of Hawaiian Affairs, the Kaneohe Neighborhood Board, and several concerned individuals testified in opposition to this bill. DLNR strongly supports this bill.

Your Committee believes that the Council provides a useful function in the management of Kaneohe Bay. Accordingly, your Committee has amended this bill by:

- (1) Deleting provisions that would have repealed Chapter 200D, HRS, which created the Council;
- (2) Reducing the Council's authority by eliminating its power to amend the Plan, and in its place, giving the Council power to recommend changes subject to DLNR approval; and
- (3) Authorizing the Council to include recommended changes to the Plan in its semi-annual reports.

Your Committee has also clarified the rule-making provisions of the bill by:

- (1) Restoring provisions that require all rules adopted by DLNR to be drafted in consultation with the Council and in accordance with the Plan;
- (2) Allowing DLNR to adopt rules inconsistent with the Plan only if the rule is required to protect public health or safety or to ensure resource preservation or protection;
- (3) Requiring that all rules adopted by DLNR:
 - (a) Be in accordance with Chapter 91 of the HRS (Administrative Procedure Act), thereby ensuring public input; and
 - (b) Follow the criteria and general management concepts set forth in sections 4.9 and 4.10 of the Plan; and
- (4) Resolving any conflict in the adoption of rules between the Chapter 91 procedures and the procedures set forth in this bill in favor of Chapter 91.

Technical, nonsubstantive amendments to the bill have also been made for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2572, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 660-00 Consumer Protection and Commerce on H.B. No. 1912

The purpose of this measure is to clarify what can be recovered in case of damage to a rental vehicle by amending section 437D-3, Hawaii Revised Statutes, to include a new definition of "damage to rental motor vehicle" or "damage to vehicle".

Testimony in support of this measure, with suggested amendments, was submitted by Catrala-Hawaii.

Testimony in opposition to this bill was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that currently, rental car companies bear much of the costs associated with damage to their vehicles by renters. The intent of this measure is to have the "responsible party" pay for these damages and not have the burden placed on the rental car companies who will have to pass on the cost to other renters who did not damage the subject vehicle.

It is your Committee's understanding that Hawaii's automobile policies will pay for the damages outlined in this bill if a Hawaii insured damages a rental vehicle.

Your Committee has made the following amendments:

- (1) Page 1, line 8, changed "book value" to "actual cash value";
- (2) Page 1, line 12, included qualifying language that "eighty per cent of" the loss of use of a vehicle until it is repaired or replaced means "damage to rental motor vehicle" or "damage to vehicle";
- (3) Page 1, line 14, included the requirement that administrative fees be "reasonable"; and
- (4) Technical nonsubstantive changes made for purposes of clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1912, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1912, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 661-00 Consumer Protection and Commerce on H.B. No. 2396

The purpose of this measure is to amend section 446E-1, Hawaii Revised Statutes, by defining "promotional materials" in the degree-granting institution laws.

Testimony was received in support of this measure from a private attorney. Testimony in opposition was received from the Department of Commerce and Consumer Affairs and the University of Hawaii.

Your Committee has amended this measure by leaving the effective date blank to ensure further discussions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2396, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2396, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 662-00 Consumer Protection and Commerce on H.B. No. 2425

The purpose of this measure is to amend Chapter 514A, Hawaii Revised Statutes, by:

- (1) Clarifying that projects created as condominium property regimes (CPRs) are subject to county zoning and development ordinances and rules;
- (2) Clarifying county authority to adopt supplemental rules to ensure conformance of CPRs with county ordinances; and
- (3) Assuring that a declaration asserting conformance of CPR projects with county ordinances is filed either at recordation or with a final report.

Testimony in support of this measure was submitted by the Department of Business Economic Development & Tourism, the Planning Department of the County of Hawaii, Hawaii's Thousand Friends, and two concerned citizens. Testimony in support of this measure, with proposed amendments, was submitted by the Real Estate Commission.

Your Committee has made the following amendments to this measure:

- (1) Removed the word "intent" throughout the bill and replaced with "purposes" to clarify that the purposes of this bill correspond to the purpose statement of the applicable county ordinance;
- (2) Changed reference of declaration "under penalty of law" to declaration "subject to the penalties set forth in section 514A-49(b)";
- (3) Modified the enactment provision so that this measure has prospective effect and operation only; and
- (4) Made technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2425, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2425, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 663-00 Consumer Protection and Commerce 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.

Testimony in support of this measure was submitted by the Lieutenant Governor, Department of Commerce and Consumer Affairs, Department of Accounting and General Services, Insurance Division of the Department of Commerce and Consumer Affairs, the American Council of Life Insurers, and the Hawaii Uniform Law Commissioners.

Testimony in support of this measure, with proposed amendments, was submitted by State Farm Insurance Companies.

Your Committee finds that this measure is an administration bill flagged as a SWAT (Slice Waste and Tape) measure whose underlying purpose is to reduce the regulatory burden of rules and minimize their negative effect on residences, businesses, the economy, and government operations.

UETA provides a clear framework for covered transactions, and also avoids unwarranted surprises for unsophisticated parties dealing in this relatively new media, including exemptions for certain statutory sections dealing primarily with notices and disclosures to consumers in a variety of contexts. This balance has been accomplished while still providing a solid legal framework to allow for the continued development of innovative technology to facilitate electronic transactions.

Your Committee finds that Hawaii Revised Statutes provisions that have been exempted from this measure have been determined by a collaboration of the Department of Commerce and Consumer Affairs (DCCA), Insurance Division of the DCCA, and Office of Consumer Protection.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2585, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2585, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 664-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 2951

The purpose of this measure is to allow police officers to inspect unregistered motor vehicle repair dealers for the purpose of establishing a rightful title or registration of vehicles or identifiable vehicle components, in order to determine rightful ownership or possession.

Testimony in support of this measure was submitted by the Honolulu Police Department. Testimony in opposition to this measure, with suggested amendments, was submitted by the Hawaii Automotive Repair & Gasoline Dealers Association.

Your Committees have amended this measure by amending page 1, line 15, replacing "licensed" with "registered" motor vehicle repair dealer to conform with Chapter 437B, Hawaii Revised Statutes.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2951, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2951, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Cachola, Takumi, Yoshinaga, Pendleton and Whalen.

SCRep. 665-00 Judiciary and Hawaiian Affairs on H.B. No. 2362

The purpose of this bill is to authorize the courts to order service of complaints for annulment, divorce, or separation by registered or certified mail where plaintiffs have attested to impoverishment.

Testimony in support of this measure was received from the State Commission on the Status of Women, Hawai'i Women Lawyers, Volunteer Legal Services Hawai'i, and many concerned individuals. Testimony was also received from the Judiciary.

Your Committee finds that the provisions of this bill will assist those with low incomes to change marital status.

Your Committee has amended this bill to clarify that the courts are mandated to order that service be made by mail where plaintiffs have attested to impoverishment.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2362, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2362, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 666-00 Judiciary and Hawaiian Affairs on H.B. No. 2891

The purpose of this bill is to prohibit persons from holding, promoting, advancing, profiting from, or participating in a combative sport.

The Department of Commerce and Consumer Affairs, the Commission on the Status of Women, and the Hawaii Catholic Conference testified in support of the measure.

Your Committee finds that this measure will help control the proliferation of extreme or combative sports.

Your Committee has amended this bill by:

1. Defining boxing as a contest under the jurisdiction of the boxing commission;
2. Defining kickboxing as an activity promoted as kickboxing and that does not involve holds, locks, chokes, and striking after an opponent has fallen;
3. Defining wrestling as to include Greco-Roman style wrestling as well as what is commonly known as professional wrestling;
4. Defining combative sports in a manner that excludes boxing, kickboxing, wrestling, and martial arts.
5. Prohibiting contracting, or agreeing to engage in combative sports.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2891, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2891, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 667-00 Judiciary and Hawaiian Affairs on H.B. No. 1880

The purpose of this bill as received is to provide for the continuing obligation on the part of firearm owners to meet registration requirements.

Testimony in support of this measure was received from the Department of Health, Commission on the Status of Women, City and County of Honolulu Department of the Prosecuting Attorney, City and County of Honolulu Police Department, Keiki Injury Prevention Coalition, The Bell Campaign, Hawaii Firearms Control Coalition, and several concerned individuals. Testimony in opposition to this measure was received from Hawaii Citizens' Rights Pac, Doctors for Responsible Gun Ownership, and several concerned individuals. Testimony was also received from the Hawaii Hunting Association.

Your Committee finds that the community goal of creating a safe environment for all citizens of the State will be furthered by the following:

- 1) Periodic inquiry into mental health histories and criminal records of registered gun owners; and
- 2) periodic updates of the State firearm registry via registrant affidavits.

Your Committee has amended this bill as follows:

- (1) Deleting the re-registration provisions;
- (2) Adding provisions requiring county police departments to perform inquiries into mental health histories and criminal records of owners of registered firearms every five years;
- (3) Mandating county police departments to require firearm owners to account for all firearms in their ownership or possession once every five years;
- (4) Requiring all persons prohibited from owning or possessing firearms to dispose of their firearms, with failure to do so resulting in the confiscation and destruction of the firearms;

- (5) Requiring county police departments to adopt procedures to effect the provisions of this section by December 31, 2000;
- (6) Making it a petty misdemeanor for refusing or failing to cooperate with county police departments in the implementation of the aforementioned provisions; and
- (7) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1880, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1880, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala, Morita and Yoshinaga.

SCRep. 668-00 Consumer Protection and Commerce on H.B. No. 2158

The purpose of this measure is to amend section 431:10C-103.6, Hawaii Revised Statutes (HRS), by:

- (1) Mandating that treatment by durable medical equipment be limited to no more than \$50 per accident; and
- (2) Define "durable medical equipment."

Testimony in support of this measure was provided by the Hawaii State Chiropractic Association. The Consumer Lawyers of Hawaii testified in support of this measure with proposed amendments. Testimony commenting on this measure was submitted by the Department of Commerce and Consumer Affairs.

Your Committee finds that medical equipment and supplies should be covered by personal injury protection benefits under section 431:10C-103.5, HRS, as they are medical "products." Your Committee received testimony that most insurance companies currently cover medical equipment and supplies, however, one or two do not comply with the law.

Your Committee has therefore amended this measure to clarify that medical equipment and supplies are covered under current law by amending section 431:10C-103.5, HRS, to expressly provide coverage for "medical equipment and supplies" when prescribed or provided by any health care provider recognized in section 431:10C-103.5(a), HRS.

Although many durable medical equipment and supplies, such as braces, cervical collars, and splints cost less than \$50, many others such as wheelchairs or transcutaneous electrical nerve stimulation (TENS) units cost more. Your Committee has therefore deleted the proposed \$50 limit. This is consistent with the reimbursement practices of most insurance companies. The definition of durable medical equipment has also been deleted in light of the amendments discussed above.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2158 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2158, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 669-00 Consumer Protection and Commerce and Judiciary and Hawaiian Affairs on H.B. No. 1933

The purpose of this bill is to strengthen the contractor licensing law and thereby provide the public with:

- (1) Assurance, under licensure, of a contractor's competency, honesty, and possession of liability insurance; and
- (2) The protection afforded by a fully funded Contractor's Recovery Fund.

This bill enhances the ability of the Regulated Industries Complaints Office of the Department of Commerce and Consumer Affairs (DCCA) to enforce the contractor licensing law, and establishes a significant deterrent to unlicensed contracting by providing that all tools, implements, documents, and other property owned or used in unlicensed contracting activity are subject to forfeiture.

Your Committees received testimony in support of this measure from DCCA, Consumer Lawyers of Hawaii (CLH), Hidano Construction, Building Industry Association of Hawaii, CO-HA Builders, Inc., Subcontractors Association of Hawaii, and General Contractors Association of Hawaii. DCCA and CLH suggested amendments.

Your Committees have adopted the amendments developed by DCCA in cooperation with the Department of the Attorney General. As amended this bill:

- (1) Better defines the administrative procedures and judicial review applicable in a forfeiture case;
- (2) Specifies the authorized disposition of property forfeited to the State;

- (3) Requires that moneys or other consideration received by an unlicensed contractor be returned to the consumer who paid the money or provided the consideration; and
- (4) Clarifies that unlicensed contracting is an unfair and deceptive act or practice under chapter 480, Hawaii Revised Statutes.

Technical, nonsubstantive amendments have also been made for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1933, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1933, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Chang, Garcia, Hamakawa, Herkes, Kaho'ohalahala, Halford, Pendleton and Rath.

SCRep. 670-00 Judiciary and Hawaiian Affairs on H.B. No. 2413

The purpose of this bill is to:

- (1) Create offenses of computer fraud, computer damage, unauthorized computer access, and use of computer to commit a separate crime;
- (2) Allow for forfeiture of property used in the commission of computer crimes;
- (3) Extend the jurisdiction over defendants committing computer crimes to beyond Hawaii;
- (4) Extend the statute of limitations for computer crimes to five years;
- (5) Amend the definition of extortion to include threats of damaging someone's computer; and
- (6) Repeal the present computer fraud statute and the present entry without disruption statute.

The Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, and the Honolulu Police Department testified in support of the measure. The Office of the Public Defender provided comments on the measure.

Your Committee finds that computer related crimes are not adequately addressed by the present statutory scheme and that this measure can address the problems of fraud and other crimes encountered by a computer dependant public.

Your Committee amended the bill by deleting provisions referring to the use of a computer in the commission of a separate crime.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2413, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2413, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 671-00 Labor and Public Employment and Finance on H.B. No. 1871

The purpose of this bill is to require the Board of the Hawaii Public Employees Health Fund to annually audit of all health benefits plans offered by employee organizations.

The Department of Labor and Public Employment supported the intent of this bill. The Hawaii Public Employees Public Trust Fund took no position on this bill. The Hawaii State Teachers Association, Hawaii Government Employees Association, and United Public Workers opposed this bill.

Your Committee finds that annual audits of employee organizations' health plans would ensure the cost-effectiveness and financial integrity of such plans.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1871 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 672-00 Labor and Public Employment and Finance on H.B. No. 2445

The purpose of this bill is to permit the health fund to return the employees' share of insurance carrier refunds to beneficiaries based on their years of benefit plan participation.

The Hawaii Public Employees Health Fund, the United Public Workers, and the Hawaii Government Employees Association, testified in support of this bill. The Hawaii State Teachers Association testified in opposition to this bill.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2445 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 673-00 Labor and Public Employment and Finance on H.B. No. 2446

The purpose of this bill is to simplify and facilitate the administration and processing of pension benefits.

Specifically, this measure:

- (1) Establishes a two-year time limit for claimants to file for service-connected accidental death benefits; and
- (2) Allows the Employees' Retirement System (System) to exclude interest on deficiency payments made by contributory plan members.

Comments were submitted by the System.

Your Committees find that requiring claims for service-connected accidental death benefits to be filed within two years of receipt of written notice from the System will be consistent with a current provision that requires members to file for service-connected disability retirement within two years of their accident, or two years from the date their workers' compensation benefits cease.

Your Committees also find that a deficiency occurs when an employee's retirement contribution fails to equal the full amount required by law. Usually the deficiency is not the fault of the employee and the charging of interest thereon is unfair.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2446 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Luke, Schatz, Okamura and Rath.

SCRep. 674-00 Labor and Public Employment and Finance on H.B. No. 2518

The purpose of this bill, as received by your Committees, is to implement two constitutional mandates that:

- (1) There be a civil service based on merit; and
- (2) Public employees have the right to bargain collectively.

The bill, as received, repealed 11 chapters of title 7 of the Hawaii Revised Statutes (HRS), entitled "Public Officers and Employees," and eight statutes. At the hearing, no fewer than 49 individuals and organizations submitted testimony in support and opposition. Your Committees recognize the complex nature of this bill, as submitted, and the potential impact it would have on more than 52,000 government employees.

Upon careful consideration, your Committees have amended this bill by replacing its entire contents. As amended, this bill addresses the following areas of concern.

1. PURPOSE

The purpose of this bill, as reflected in section 1, is to reform public employment laws to improve the efficiency and effectiveness of government consistent with the merit principles under article XVI, section 1, and the right of public employees to organize for the purpose of collective bargaining under article XIII, section 2, of the Hawaii State Constitution.

2. PERFORMANCE

Your Committees recognize that under section 76-1, HRS, the retention of "unnecessary and inefficient employees" in public employment is inimical to the merit principles. While section 76-41, HRS, provides for the annual review and rating of employee performance, no meaningful consequence (except a denial of step increment) has been known to attach to a substandard performance rating or to the continued substandard performance by certain civil servants. Those who are charged with conducting the performance evaluations are not held accountable for the lack of true and accurate appraisals, and the right of an employee to challenge an adverse personnel action is inadequately defined.

Accordingly, your Committees amended section 76-41, HRS, in section 8 of this bill to authorize the suspension, demotion, transfer, or removal of employees who continue to receive substandard rating evaluations after they have been given adequate forewarning and retraining. Employees shall retain their right to challenge adverse actions under grievance procedures pursuant to law (See sections 76-42, 89-10(a), 89-11(a), HRS). Section 8 of this bill also requires public officers and employees who are excluded from collective bargaining to certify all performance ratings of subordinate personnel to ensure compliance with section 76-1, HRS.

To have a meaningful performance-based system in the public sector, top level administrators and managers must be held responsible for certifying that performance ratings of their subordinates are true and accurate. To ensure accountability, section 6 of the bill authorizes the suspension, demotion, transfer, or removal of a public officer or employee excluded from collective bargaining who falsely certifies that a subordinate employee is "necessary and efficient," when that is clearly not the case. Specifically, excluded personnel shall be duty bound to certify that they have taken all reasonable measures to eliminate subordinates who are "unnecessary and inefficient employees."

Further, section 21 of this bill makes an appropriation for the development of inservice training programs to improve the quality of service provided by public employees.

3. AUTONOMY

As the Hawaii Supreme Court held in *Hawaii Government Employees' Association v. County of Maui*, 59 Haw. 65, 87 (1978) the policies underlying the civil service and compensation laws are statewide in application and "uniformity in the administration of the law is essential to its success." As important as home rule may appear for the counties, there are equally important public policy considerations that favor the retention of a statewide merit system. Thus, for those who continue to face discrimination on the basis of gender, the principle of equal pay for equal work remains as relevant and vital today as it was half a century ago.

However, recent developments suggest that the priorities of certain counties may not have been properly considered or addressed under the existing structure of multi-employer bargaining under chapter 89, HRS. The voting process under section 89-6(b), HRS, appears unduly weighted in favor of the State even where it employs none or a few bargaining unit employees. The Superintendent of Education, the President of the University of Hawaii, Chief Justice, and Chief Executive Officer of the Hawaii Health Systems Corporation are not included in the collective bargaining process.

To afford all public employers an appropriate role in the bargaining process, your Committees, in sections 12 and 13 of the bill have redefined "employer" or "public employer" to include all chief executives of relevant employer jurisdictions and adjusted the votes fairly within the relevant bargaining units. In bargaining units 11 (firefighters) and 12 (police), where the State employs fewer firefighters and no police officers, the relative votes of the State and the counties have been modified to give the counties a collective majority.

Section 14 of the bill amends section 89-10, HRS, to authorize separate employer jurisdictions greater flexibility in negotiating memoranda of agreement with exclusive representatives of public employees to improve the efficiency and effectiveness of their respective operations. No consent or approval of other public employers is required. The duration of all memoranda of agreement shall run concurrently with applicable multi-employer collective bargaining agreements whose expiration dates are set by statute unless extended by mutual consent in writing when the pertinent multi-employer agreement is either extended or a new one is negotiated.

In sections 3 and 7 of the bill, greater autonomy is afforded to all jurisdictions to establish new classification and recruitment procedures for themselves, with the express condition that the principle of equal pay for equal work on a statewide basis is assured. In section 7 of the bill, each jurisdiction is allowed to bypass rulemaking requirements relating to classification and recruitment.

4. ARBITRATION

Recently, state and county representatives have raised concerns relating to the cost implications of mandatory arbitration in bargaining units 2, 3, 4, 6, 8, 9, 10, and 13. Invariably, arbitrators from outside Hawaii play a critical role in arbitrating disputes over cost items, and arbitration awards are final and binding under section 89-11, HRS. Although the criteria set forth in that section require consideration of such factors as "financial ability of the employer to meet these costs" or the "present and future general economic conditions of the counties and the State," the perception exists that arbitrators are not sensitive enough to the employer's inability to pay.

At the same time, public employers recognize that without mandatory arbitration, public employees should be afforded a meaningful right to strike. That right is seriously curtailed at present because "essential employees" and "essential positions" as

defined in section 89-2, HRS, have been broadly interpreted under the proscriptions of section 89-12(c), HRS. On balance, public employers favor prohibiting mandatory arbitration in units 2, 3, 4, 8, 9, 10, and 13, and restoring a meaningful right to strike to bargaining unit employees. Of course, the change should not affect bargaining unit 11 (firefighters) and unit 12 (police), where serious public safety and health considerations outweigh the disadvantages or concerns regarding arbitration under present circumstances.

Section 15 of the bill amends section 89-11(d), HRS, to exclude mandatory arbitration for bargaining units 2, 3, 4, 6, 8, 9, 10, and 13. In consideration of this revision, section 16 of the bill restores a meaningful right to strike under section 89-12, HRS. References to "essential employee" and "essential position" have been deleted from section 89-2, HRS, in section 12 of the bill to conform with these changes. These amendments are consistent with the need to re-establish a proper balance in the relationship between public employers and public employees, which is fundamental to collective bargaining in the public sector.

5. MANAGEMENT

Some chief executives maintain that they should be authorized to hire and fire all top level managers and administrators in government to carry out the mandate of the people who elected them to office. New employees who are responsive to change should be brought aboard notwithstanding chapters 76 and 77, HRS. As meritorious as that position may be, your Committees have long recognized that a system based on political patronage is contrary to positive principles of public administration established in article XVI, section 1 of our Constitution. Exempting public managers and administrators from civil service coverage erodes the openness, merit, and independence that remain at the heart of modern government.

However, your Committees recognize that top level managers and administrators have a special responsibility to ensure that government is made more efficient and effective. Accountability for performance by these excluded personnel is critical to our overall goals. Accordingly, section 17 of this bill amends section 89C-2, HRS, to require compliance with performance-based standards as a condition for receipt of wage adjustments. In addition, section 6 of the bill requires excluded officers and employees to certify performance appraisals of those subordinates and authorizes remedial actions when they falsely certify that a subordinate employee is necessary and efficient.

6. OVERTIME

Currently, overtime pay is included in the calculation of "average final compensation" as defined in section 88-21, HRS. The responsibility to assign overtime is delegated to top level managers and administrators, who are required to maintain or expand essential services with fewer employees. The situation has given rise to concern that certain employees in anticipation of retirement deliberately assign to themselves or others excessive overtime solely to boost retirement benefits. Obviously, such a practice by employees is improper and should be prohibited.

Section 5 of this bill prohibits the excessive assignment of overtime for the sole purpose of increasing any employee's average final compensation under section 88-21, HRS. Overtime compensation improperly received must be deducted from the calculation of retirement benefits by the employees' retirement system. While more drastic proposals have been offered on this matter, your Committees recognize there are constitutional limits prohibiting the impairment or diminution of "accrued benefits" in article XVI, section 2 of the State Constitution. Moreover, it would be arbitrary and capricious to punish all beneficiaries for the misdeeds of only certain individuals.

7. REPAYMENTS

In the administration of chapter 79, HRS, certain departments of the State continue to experience difficulty in the calculation of sick leave, vacation, worker's compensation, and other paid leaves. Mistakes of fact and of law result in the inadvertent overpayment of employees. The repayment procedures are cumbersome and costly. Under existing laws, the exhaustion of chapter 91, HRS, procedures is a necessary precondition for collecting an indebtedness to government.

To streamline the process, section 11 of the bill amends section 78-12(e), HRS, to permit the employer to immediately deduct alleged overpayments that have occurred within one year. The employee is afforded the right to file a grievance under applicable procedures and receive remedies if the deduction was improper. Moreover, it is the intent of your Committees that the burden of proof in this process be placed on the employee to show that there was no overpayment. The availability of meaningful remedies comports with the requirements of due process and fairness. At the same time, it affords government the right to obtain repayment of salary payments immediately.

8. DRUG TESTING

The constitutional right of privacy continues to limit the scope of drug testing of job applicants for public employment and public officers and employees. See *Chandler v. Miller*, 520 U.S. 305, 137 L.Ed. 2d 513 (1997) (candidates for state office could not be required to take a drug test).

Government is allowed to conduct drug tests without individualized suspicion when there is a "special need" outweighing the individual's privacy interest. See *Skinner v. Railway Labor Executives' Association*, 489 U.S. 602 (1989) and *National Treasury Employees v. Von Raab*, 489 U.S. 656 (1989).

Public safety is a recognized "special need." See *International Brotherhood of Teamsters v. Department of Transportation*, 932 F.2d 1292 (9th Cir. 1991).

Your Committees recognize that there is a problem with drugs and drug testing, and your Committees intend to incorporate the "two strikes and out" policy for those who fail drug testing.

In addition, although drug testing may be allowed in certain instances, the procedures and sanctions for a positive drug test are mandatory subjects of collective bargaining. See *United Public Workers, AFSCME, Local 646, AFL-CIO v. Stephen Yamashiro et al.*, Case No. CE-01-260; Order No. 1277 (1/12/96) (requiring bargaining over DOT drug and alcohol testing for safety sensitive positions). The law in the private sector is the same on this issue. See *Johnson-Bateman Co.*, 295 NLRB No. 26.

However, your Committees believe that drug testing of applicants for government employment in safety sensitive positions should be permitted because of the "special need" outweighing concerns for individual privacy. In the private sector bargaining, drug testing for job applicants is not a mandatory subject of collective bargaining. See *Star Tribune Division*, 295 NLRB No. 53 (1989). Section 4 of this bill provides the necessary authorization for drug testing for persons considered for safety sensitive positions and the rejection of job applicants who test positive for drugs.

Safety sensitive positions include:

- (1) Those positions requiring the ability carry to firearms;
- (2) Positions located in an adult correctional facility or youth correction facility;
- (3) Positions authorized to administer controlled substances;
- (4) Positions requiring a commercial driver's license;
- (5) Positions requiring unimpaired performance to avoid risk to the health and safety of the public;
- (6) Positions involved in lifesaving activities, responding to emergencies, or rescue operations;
- (7) Positions with responsibility for the security of government buildings;
- (8) Positions requiring unimpeachable integrity and judgment; and
- (9) Positions involving the custody and maintenance of truly sensitive information.

9. SEPARATIONS

Both employers and employee representatives agree that existing layoff and bumping procedures tailored to civil service rules are ineffective, counter-productive, and costly. Operational requirements of management are often not given priority, and the legitimate expectations of affected employees are sometimes ignored. Advance planning and greater flexibility to restructure government and to address employee interests are essential to avoid these pitfalls.

Section 2 of the bill establishes a new part in chapter 78, HRS, entitled, "Voluntary Separation," to authorize an integrated program for workforce reduction and restructuring, voluntary severance benefits, and early retirement incentives. The process contemplates the earliest identification of affected jobs and employees, and the presentation of meaningful options to eligible employees with reasonable conditions. The adverse impact normally associated with a layoff is minimized, and it is believed that a well implemented program will be less costly to taxpayers in the long run.

Section 19 of this bill appropriates \$1 from the Pension Accumulation Fund for the Employees' Retirement System to process early retirement incentives. Section 20 of this bill appropriates \$1 for affected departments to process the voluntary severance benefits.

10. HEALTH FUND

As indicated in a recent report by the Legislative Auditor, major changes are needed in coverage, administration, and funding to chapter 87, HRS, to ensure the continued viability of the Public Employees Health Fund (Health Fund). Although the amount of Health Fund contributions by public employees and public employers are negotiable under section 89-9(a), HRS, Health Fund benefits are excluded from bargaining requirements under section 89-9(d), HRS.

Your Committees find that Health Fund issues are inter-related with those included in this bill, and an appropriate resolution of cost containment issues requires an integrated plan of action. To this end, your Committees have addressed this issue in another bill, H.B. No. 1869, H.D. 1, which establishes the Hawaii Employer-Union Health Benefits Trust Fund.

11. CONFLICTING REMEDIES

Disputes over wages, hours, and working conditions for employees and positions covered by chapter 89, HRS, are resolved before Hawaii Labor Relations Board under section 89-5, HRS, or through contractual grievance-arbitration procedures negotiated pursuant to sections 89-10(a) and 89-11(a), HRS. It was not the intent of the Legislature to afford public employees duplicate and potentially conflicting remedies under chapters 76 and 89, HRS. See section 89-19, HRS.

Accordingly, section 9 of this bill amends section 76-48, HRS, to clarify that the Civil Service Commission shall not have jurisdiction over disputes involving wages, hours, and working conditions of persons and positions covered by chapter 89, HRS. Under this provision, all disputes over promotions to bargaining unit positions identified in section 89-6, HRS, for example, are beyond the subject matter jurisdiction of the Civil Service Commission. Employees adversely affected shall be limited to procedures and remedies made available to employers and employees under sections 89-10(a), 89-11(a), and 89-14, HRS.

12. MANAGED COMPETITION

Under Act 230, Session Laws of Hawaii (SLH) 1998, a Committee on Public-Private Competition for Governmental Services was established to determine the feasibility of a managed competition process to improve the efficiency and effectiveness of governmental services through private-public competition. In its report, the committee found such a program to be feasible, but recommended that the process be flexible and adjusted to the needs and requirements of each jurisdiction.

Interest has also been expressed over an Employee Stock Ownership Plan (ESOP), particularly for employees of the Hawaii Health System Corporation.

Sections 4 and 18 of this bill authorize the implementation of a feasibility study by the Board of Directors of the Hawaii Health System Corporation on an ESOP, and provide enabling legislation to the State and Counties to establish programs for managed competition. Consistent with the purpose of Act 230, SLH 1998, your Committees require compliance with the civil service laws, merit principles, and collective bargaining laws. Flexibility is afforded to each governmental jurisdiction to determine how best to implement the managed process of private-public competition, as recommended by the Committee on Public-Private Competition for Government Services.

13. NEW CLASSIFICATION SYSTEMS

Employer and employee representatives agree that greater flexibility should be granted to the directors of each county to establish new classification systems within their respective jurisdictions. Your Committees agree, provided that the principle of equal pay for equal work on a statewide basis is maintained. Section 3 of the bill creates a new section in chapter 77, HRS, to afford the flexibility requested with the understanding that the merit principles are maintained on a uniform statewide basis.

14. RECRUITMENT

Public employer and employee representatives further agree that the State, counties, the judiciary, and the Hawaii Health System Corporation should be afforded additional latitude to facilitate the process of recruitment under chapter 76, HRS. Each jurisdiction should have the right to bypass bureaucratic checkpoints serving no meaningful purpose. However, flexibility may not compromise the principle of equal pay for equal work that must be maintained on a statewide basis. Section 7 of the bill amends section 76-5.5 accordingly.

15. APPEALS

Your Committees have reviewed and examined the authority and jurisdictions of the Hawaii Labor Relations Board, state and county civil service commissions, the Public Employees Compensation Appeals Board, and the role of grievance-arbitration procedures established pursuant to sections 89-10(a) and 89-11(a), HRS, to determine whether consolidation is needed. Your Committees believe the appeal procedures continue to serve distinct and necessary functions and that consolidation would not be in the public interest. However, section 9 amends section 76-48, HRS, to resolve an area of conflict in subject matter jurisdiction disputes relating to wages, hours, and conditions of work of bargaining unit employees and positions under chapter 89, HRS.

16. SLICE WASTE AND TAPE (SWAT)

In conjunction with the Lieutenant Governor's program to "Slice Waste and Tape" (SWAT) in government, your Committees have reviewed the rulemaking procedures under chapter 91, HRS, relating to recruitment and classification of civil service

employees. Your Committees believe the procedures are in some ways cumbersome and unnecessary. Accordingly, section 10 of the bill amends section 76-79, HRS, to authorize the Civil Service Commission and the director to bypass rulemaking procedures currently in effect for recruitment and classification purposes. Your Committees believe the amendment complies with the view that personnel rules in these areas should be part of the internal management exception to rulemaking under chapter 91, HRS.

17. BARGAINING DEADLINES

Employer and employee representatives agree that bargaining deadlines should be established to coordinate the timetable for negotiations and impasse procedures so that cost items that are subject to appropriations by the Legislature are available soon after the legislative session commences. Accordingly, section 14 of the bill amends section 89-10(c), HRS, to establish key deadlines in the process. The deadlines shall not be applicable, however, where a strike is called or where it is impossible to meet the deadline due to circumstances beyond the control of the parties. This bill also disallows retroactive payment for any cost items submitted after the deadlines.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2518, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2518, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Okamura.

SCRep. 675-00 Labor and Public Employment and Finance on H.B. No. 1869

The purpose of this bill is to:

- (1) Repeal the Hawaii Public Employees Health Fund (Health Fund) law;
- (2) Mandate a dual fiduciary role for the new public employees health benefit board to enable it to achieve cost efficiencies for both public employers and public employees by granting the board flexible powers to terminate certain coverages under a benefit plan or plans; or
- (3) Limit the contributions of the State and the counties, as public employees, for both active employees and retired employees, based on the amount of legislative appropriations made for the purpose of funding these contributions for benefit plan coverage.

The Department of Budget and Finance and the Department of Human Resources Development supported the intent of this bill.

The Board of Trustees of the Health Fund, the Office of Information Practices, and the Office of Collective Bargaining commented on this bill.

The Hawaii Government Employees Association, the University of Hawaii Professional Assembly, the United Public Workers, the Hawaii State Teachers Association, the Hawaii Stated Teachers Association-Retired, Oahu Retired Teachers Association, and several individuals opposed this bill.

Your Committees also considered H.B. No. 2461, which is the State administration's proposal to create an employer-union trust fund as a single public employees health benefit delivery system to be administered by a board of trustees and held outside the state treasury.

Upon further consideration, your Committees have amended this bill by deleting its entirety and inserting a modified version of H.B. No. 2461. As amended, this bill:

- (1) Establishes the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) to be placed under the Department of Budget and Finance for administrative purposes to provide public employees and their dependents with a health benefits plan, long-term care benefits plan, and group life insurance benefits;
- (2) Establishes a Board of Trustees of the Trust Fund (Board of Trustees) composed of ten trustees to serve in an advisory capacity to the Trust Fund;
- (3) Establishes a Board of Directors of the Trust Fund to be composed of three directors appointed by the Board of Trustees to administer and carry out the purposes of the Trust Fund;
- (4) Compensates the Board of Directors of the Trust Fund (Board of Directors) with an annual base rate and provides for a bonus, depending upon the performance of the Trust Fund;
- (5) Designates the Attorney General as the legal adviser to the Board of Trustees and Board of Directors;
- (6) Repeals the Health Fund, chapter 87, Hawaii Revised Statutes;

- (7) Provides for the transfer of Health Fund staff, appropriations, and other assets to the Trust Fund;
- (8) Requires the Governor to appoint all members of the Board of Trustees by December 29, 2000, who would then be required to appoint the three members of the Board of Directors by July 1, 2001;
- (9) Requires the Board of Directors to develop and issue rules, policies, and procedures, and contract for health benefits plans and group life insurance plans that will become effective on July 1, 2002;
- (10) Authorizes the Health Fund to extend current health benefit and life insurance plan contracts through June 30, 2002; and
- (11) Appropriates an unspecified amount to hire necessary staff.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1869, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1869, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 676-00 Labor and Public Employment and Finance on H.B. No. 2449

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

- (1) Implement the following plans for the benefit plan year beginning July 1, 2001:
 - (A) Preferred Provider Organization Plans (PPO);
 - (B) Medicare+Choice Plans; and
 - (C) Drug benefit plans;
 and
- (2) Revise the methodology for computing out-of-pocket expenses to ensure comparability for all employee beneficiaries.

The Department of Budget and Finance and the Department of Human Resources Development testified in support of this measure. The Board testified that it takes no position on this bill. The United Public Workers, the Hawaii Government Employees Association, the Hawaii State Teachers Association - Retired, the Oahu Retired Teachers Association, the Hawaii State Teachers Association, and the University of Hawaii Professional Assembly testified in opposition to this bill.

Your Committees have amended this bill by:

- (1) Changing the effective date to July 1, 2005; and
- (2) Making technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2449, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2449, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 677-00 Labor and Public Employment and Finance on H.B. No. 2447

The purpose of this bill is to clarify the calculation of excess investment earnings under Act 100, Session Laws of Hawaii 1999.

The City and County of Honolulu testified in opposition to this bill.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2447 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Luke, Okamura, Schatz and Rath.

(Representative Fox voted no).

SCRep. 678-00 Labor and Public Employment and Finance on H.B. No. 2448

The purpose of this bill is to clarify the collection of delinquent pension contributions from the counties by:

- (1) Specifying the amount and when each county's share of the Employees' Retirement System (ERS) is due;
- (2) Allowing the State to withhold certain funds if the required amounts are not paid by the prescribed dates; and
- (3) Enabling ERS to charge interest on delinquent rates.

The ERS submitted comments on this bill. The City and County of Honolulu testified in opposition to this bill.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2448 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Hiraki, Luke, Schatz, Okamura and Rath.

SCRep. 679-00 Labor and Public Employment and Finance on H.B. No. 2458

The purpose of this bill is to reduce state and county contributions to the Employees' Retirement System (ERS) thereby enabling the State to redirect its limited resources by extending the payment schedule for the actuarial present value cost of the early retirement incentive bonus from five years to nineteen years beginning July 1, 1997.

The Department of Budget and Finance and ERS testified in support of this measure. The City and County of Honolulu, the Hawaii State Teachers Association - Retired, and the County of Kauai opposed this measure.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2458 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Hiraki, Luke, Schatz, Okamura and Rath.

SCRep. 680-00 Finance on H.B. No. 1830

The purpose of this bill is to establish a refundable earned income tax credit.

The National Federation of Independent Business, the Hawaii Area Program of the American Friends Service Committee, the Hawaii State Commission on the Status of Women, and an individual testified in support of this bill. The Department of Taxation supported the intent of this bill but advised the Committee of the administrative and compliance burdens associated with this credit. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Deleting section 1 which kept in force the federal statute covering the earned income credit;
- (2) Specifying that the credit amount is calculated as a percentage of the federal earned income credit;
- (3) Establishing rules for calculating the credit for part-year residents;
- (4) Requiring that taxpayers claiming the credit use the same filing status as on their federal return; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1830, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1830, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 681-00 Finance on H.B. No. 2088

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

- (1) Require that when contracts are awarded in high capitalization industries and other industries where contract awards have a substantial effect on competition in the marketplace, the evaluation of bids must include consideration of the effect on cost, availability, and quality, of the goods and services provided under the contract; and
- (2) Allow a contract to be awarded to an offeror other than the lowest bidder.

The Hawaii School Bus Association testified in support of this bill. The Department of Accounting and General Services supported the intent of this bill and suggested amendments. The Hawaii Chapter of Associated Builders and Contractors, Inc., submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Requiring that each purchasing agency compare all relevant factors, in addition to price, so that the contract with the best overall benefit to the State is selected;
- (2) Requiring that in instances where a contract is awarded to avoid a monopoly or promote competition pursuant to section 103D-301(1), Hawaii Revised Statutes (HRS), the Attorney General shall evaluate the proposal using the guidelines established in section 103D-301(1), HRS; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2088, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Suzuki.

SCRep. 682-00 Finance on H.B. No. 3014

The purpose of this bill is to promote energy conservation by encouraging the development of local district cooling facilities to make chilled water available to connected buildings for use in the provision of air conditioning to those buildings.

Specifically, this bill authorizes the issuance of special purpose revenue bonds, up to \$19,000,000, for use in:

- (1) Establishing a distribution system through which chilled water produced at a cooling facility can be transported to buildings using this cooling system; and
- (2) Financing the planning, design, and construction of other related aspects of a cold water cooling system.

Rickmar Properties testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3014, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 683-00 Water and Land Use and Judiciary and Hawaiian Affairs on H.B. No. 2976

The purpose of this bill is to clarify the type of actions that require the preparation of environmental assessments.

This bill amends chapter 343, Hawaii Revised Statutes, relating to environmental impact statements (EIS), by:

- (1) Amending the definition of "action" by deleting references to "program", thereby limiting an action to "a project to be initiated by any agency or applicant"; and
- (2) Inserting a new definition for "project" to mean a particular endeavor involving the development or use of land or water, including the construction, improvement, alteration, and repair of improvements or structures.

This bill will clarify whether non-structural activities routinely conducted by various state agencies would require an environmental assessment.

The Department of Business, Economic Development, and Tourism, the Hawaii Tourism Authority (HTA), the Waikiki Improvement Association, the Hawaii Hotel Association, and the Land Use Research Foundation of Hawaii testified in support of this bill. The Department of Land and Natural Resources supported the intent of this measure. Testimony in opposition was submitted by the Sierra Club, Hawaii Chapter, the Earthjustice Legal Defense Fund, the Hawaii Audubon Society, the Oahu Group of the Sierra Club, Hawaii Chapter, Kohanaiki Ohana, the Hawaiian Environmental Coalition, the Ilioulaokalani Coalition, and several individuals. The University of Hawaii's Environmental Center offered comments.

Some testified that this measure will protect the HTA. The Sierra Club has filed a lawsuit challenging that HTA must first seek an environmental assessment before expending any government funds. Others testified that the definition of "project" is too broadly worded and could exempt potentially disastrous actions from the EIS process, including the introduction of alien plants and animals, aerial spraying of pesticides, and actions resulting in increased noise, air, or water pollution.

Your Committee finds that the need to address this matter extends beyond the HTA. It also affects any other agency at the state or county level with a marketing or promotional program.

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

- (1) Clarifying that an "action" includes any program or project except for any marketing and promotional program that does not require a discretionary permit;
- (2) Deleting the definition of "project";
- (3) Deleting the effective date and retrospective provisions of this bill; and
- (4) Inserting a purpose clause that, among other things, states that this bill, although narrowly drawn, is intended to resolve only those claims that could be raised with respect to any branch or level of government.

Finally, your Committee notes that there is another bill that only exempts the HTA and no other agency from the need to prepare environmental assessments for its marketing and promotional programs. This bill, therefore, complements that measure by exempting all agencies from this same requirement.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2976, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2976, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Representatives Morita and Pendleton.
(Representatives Kaho'ohalahala, Lee, Schatz, Takumi and Thielen voted no).

SCRep. 684-00 Judiciary and Hawaiian Affairs on H.B. No. 1760

The purpose of this bill is to increase the safety of passengers riding in motor vehicles.

Testimony in support of this measure was received from the Department of Transportation, Department of Health, City and County of Honolulu Police Department, Keiki Injury Prevention Coalition, State Farm Mutual Automobile Insurance Company, and a concerned individual.

Your Committee finds that the provisions of this bill will help decrease the incidence of automobile accident-related injuries in the State.

Your Committee has amended this bill by requiring seat belt use for back seat passengers who are between the ages of four and seventeen.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1760, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1760, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 685-00 Judiciary and Hawaiian Affairs on H.B. No. 1899

The purpose of this bill, as received, is to require greater safety for pedestrians while they are crossing roadways.

Testimony in support of this measure was received from the State Department of Transportation, and City and County of Honolulu Department of Transportation Services.

Your Committee finds that the provisions of this bill as amended will provide pedestrian safety while adequately allowing for continuous flow of traffic.

Your Committee has amended this measure by clarifying that the mandate that drivers slow and stop when a pedestrian is within a crosswalk applies only to two-lane roadways while still retaining the pedestrian's right of way within a crosswalk on all roadways.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1899, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1899, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 686-00 Judiciary and Hawaiian Affairs on H.B. No. 2513

The purpose of this bill is to allow the Med-QUEST Division to dispose of unclaimed corpses in a timely manner.

Testimony in support of this measure was received from the State Department of Human Services and Department of Defense.

Your Committee finds that the provisions of this bill will allow for expedient and dignified disposition of unclaimed corpses.

Your Committee has amended this bill by amending Sections 841-10 and 327-31, Hawaii Revised Statutes (HRS), to reconcile any discrepancy with proposed Section 346-15(f), HRS.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2513, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2513, H.D. 1.

Signed by all members of the Committee except Representatives Cachola, Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 687-00 Judiciary and Hawaiian Affairs on H.B. No. 2557

The purpose of this bill is to clarify the law pertaining to disclosure of records relating to the administration and enforcement of the occupational safety and health law.

The Department of Labor and Industrial Relations testified in support of this bill.

Your Committee finds that it is in the best interest of the public to reduce ambiguity as to inspection and investigative records that may be disclosed to the public after a case has been closed, and to free state personnel from being compelled to testify in civil proceedings in which the State has no interest.

Your Committee has amended this bill by:

- (1) Replacing the term "compliance officer" with "any employee of the department acting within the scope of the employee's office, employment, or authority under this chapter" to encompass various position descriptions; and
- (2) Clarifying that the prohibition against providing testimony applies only to the employee's duties under this chapter.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2557, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2557, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 688-00 Judiciary and Hawaiian Affairs on H.B. No. 2691

The purpose of this bill is to conform the penalties for driving under the influence of drugs with those for driving under the influence of intoxicating liquor.

The Department of Transportation, the Department of the Prosecuting Attorney for the the City and County of Honolulu, and Mothers Against Drunk Driving testified in favor of the measure.

Your Committee finds that this measure will eliminate the inconsistent penalties between driving under the influence of drugs and driving under the influence of intoxicating liquor.

Your Committee has amended the bill by making the legislation apply retroactively to all pending cases for driving under the influence of drugs.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2691, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2691, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 689-00 Judiciary and Hawaiian Affairs on H.B. No. 2895

The purpose of this bill is to require that environmental assessments and environmental impact statements include the disclosure of the effects of proposed action on the cultural practices of the community and State.

Testimony in support of this measure was received from the Office of Hawaiian Affairs, Office of Environmental Quality Control, University of Hawai'i at Manoa Environmental Center, Sierra Club Hawai'i Chapter and Kaua'i Group of the Hawaii Chapter, American Friends Service Committee, Annette's Adventures, Life of the Land, Ho'okipa Network, Hawaiian Environmental Coalition, 'Ilio'ulaokalani Coalition, Kohanaiki 'Ohana, Hawaii's Thousand Friends, Earthjustice Legal Defense Fund, and a concerned individual.

Your Committee finds that the provisions of this measure will help clarify the requirement that adverse effects on cultural practices must be assessed in the environmental review process.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2895, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2895, H.D. 1.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Thielen.

SCRep. 690-00 Finance on H.B. No. 1844

The purpose of this bill is to train emergency services personnel to recognize domestic violence injuries by appropriating funds for the statewide development of protocols and special training of paramedics in the treatment of domestic violence patients.

The Department of Health, the Hawaii State Commission on the Status of Women, and the Hawaii Catholic Conference testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the amount of the appropriation to \$1 to facilitate continued discussion; and
- (2) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1844, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1844, H.D. 2.

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

SCRep. 691-00 Finance on H.B. No. 1846

The purpose of this bill is to maintain the role of the Good Beginnings Alliance (GBA) as the critical link for early childhood systems development by appropriating \$150,000 to GBA to continue coordination and implementation of its initiatives.

GBA, the Hawaii State Commission on the Status of Women, the Hawaii Chapter of the American Academy of Pediatrics, the Healthy Mothers Healthy Babies Coalition of Hawaii, Good Beginnings of Maui County, and Kauai Independent Daycare Services testified in support of this measure. The Departments of Human Services and Education testified in support of the intent of this measure.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1846, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1846, H.D. 1.

Signed by all members of the Committee except Representative Catalani.

SCRep. 692-00 Finance 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).

HARC, the University of Hawaii at Manoa College of Tropical Agriculture and Human Resources, the Hawaii Farm Bureau Federation, the Pineapple Growers Association of Hawaii, the Hawai'i Forest Industry Association, the Waialua Farmers Cooperative, Gay & Robinson, Inc., Aloha Farms, Inc., Oils of Aloha, the Industry Network Corporation, the Hawaiian Commercial and Sugar Company, and an individual testified in support of this measure. The Department of Agriculture supports this measure, provided that its passage does not replace or adversely impact priorities as indicated by the Executive Biennium Budget.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1994, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1994, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 693-00 Finance on H.B. No. 1955

The purpose of this bill is to expand the membership of the Corrections Population Management Commission by one member for a total of ten members.

Government Efficiency Teams, Inc., testified in support of this bill. The Department of Public Safety supported the intent of this bill.

Your Committee has amended this bill by making technical, nonsubstantive changes for clarity, consistency, and style.

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

Signed by all members of the Committee except Representative Luke.

SCRep. 694-00 Finance on H.B. No. 1969

The purpose of this bill is to appropriate funds to match federal funds for the establishment of manufacturing extension programs.

The Office of Economic Development of the County of Kauai, Hawaii Technology Trade Association, Industry Network Corporation, Child and Family Service, Hawaii Food Manufacturers Association, Leighton Lam Designs, Inc., West Kauai Community Development Corporation, and the Maui Economic Development Board, Inc. testified in support of this measure. The Department of Business, Economic Development, and Tourism supported the bill provided that it does not replace current priorities in the Supplemental Budget.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1969, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1969, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 695-00 Finance on H.B. No. 2066

The purpose of this bill is to enable the University of Hawaii (UH) to expand and strengthen its revenue base by:

- (1) Broadening the scope of the UH Facilities Use Revolving Fund (Revolving Fund) to include revenues collected from the sale or lease of UH real property; and
- (2) Authorizing the transfer of any unexpended revenues from the Revolving Fund to other UH funds to be invested or expended for the general benefit of the University.

The UH testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2066, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2066, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Fox.

SCRep. 696-00 Finance on H.B. No. 2243

The purpose of this bill is to appropriate funds for the maintenance of veterans cemeteries in the counties of Hawaii, Kauai, and Maui.

The Department of Parks and Recreation of the County of Hawaii, a member of the Hawaii County Council, Hawaii Island Veterans Memorial Inc., and numerous individuals testified in support of this bill. The Office of Veterans Services (OVS) testified that it supports the bill if it does not adversely affect priorities indicated in the Executive Supplementary Budget. OVS suggested changes to the bill.

Your Committee has amended this bill by:

- (1) Reducing the dollar amount of each appropriation to \$1; and
- (2) Making technical, nonsubstantive changes for purposes of consistency and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2243, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2243, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 697-00 Finance on H.B. No. 2252

The purpose of this bill is to exempt from the conveyance tax:

- (1) Transfers merely changing the form of ownership of real property without changing the beneficial ownership or interest; and
- (2) Transfers of real property to a corporation or partnership wholly owned by the transferor, transferor's spouse, or transferor's children.

The Department of Taxation and the Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Clarifying those transfers that will be exempt from the conveyance tax as follows:
 - (A) Real property transfers from a parent corporation to a wholly-owned subsidiary of that corporation or from a wholly-owned subsidiary to its parent corporation;
 - (B) Real property transfers pursuant to a conversion of a general partnership or limited partnership to a limited liability corporation, or vice versa;
 - (C) Real property transfer to a corporation or limited liability corporation wholly owned by the: individual transferor; transferor's spouse; individual transferor and transferor's children; and individual transferor, transferor's spouse, and transferor's children; and
 - (D) Real property transfer to a partnership or limited liability partnership composed of the transferor's spouse or children;

and

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2252, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2252, H.D. 1.

Signed by all members of the Committee except Representatives Luke, Marumoto and Moses.

SCRep. 698-00 Finance on H.B. No. 2309

The purpose of this bill is to provide legislative approval for a land exchange transaction between the State and Earl E. Bakken involving land in North Kona.

The Hawaii Leeward Planning Conference and two individuals supported this bill. The Department of Land and Natural Resources took no position on this bill. The Office of Hawaiian Affairs opposed this bill.

Upon further consideration, your Committee has amended this bill by making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2309, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2309, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 699-00 Finance on H.B. No. 2354

The purpose of this bill is to appropriate funds for the 50th Anniversary Commemoration of the Korean War Commission to support activities planned for that event.

The Military Affairs Council of the Chamber of Commerce of Hawaii, Office of Veterans Services, and numerous individuals testified in support of this measure. The State Department of Defense supported the bill provided that it does not reduce departmental appropriations identified in the Governor's supplemental budget.

Your Committee has amended this bill by:

- (1) Reducing the dollar amount of the appropriation to \$1; and
- (2) Making a technical, nonsubstantive change for the purposes of consistency and style.

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

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 700-00 Finance on H.B. No. 2374

The purpose of this bill is to appropriate funds for the University of Hawaii community colleges system for advanced technology and aerospace training.

The University of Hawaii testified in support of this bill.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2374, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2374, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Fox.

SCRep. 701-00 Finance on H.B. No. 2375

The purpose of this bill is to appropriate funds for the School of Ocean and Earth Science and Technology at the University of Hawaii (UH) at Manoa.

UH testified in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation amounts to \$1; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2375, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2375, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 702-00 Finance on H.B. No. 2405

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

- (1) Making state law more consistent with federal law;
- (2) Allowing moneys from the pesticide use revolving fund to be used for personnel; and
- (3) Clarifying the penalty and penalty collection procedures.

The Hawaii Farm Bureau Federation testified in support of the measure. The Department of Agriculture (DOA) and RESCUE Hawaii also testified in support of this measure but with suggested amendments. The Hawaii Agriculture Research Center testified in support of the intent of the measure.

Your Committee has amended this bill by:

- (1) Changing 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) Clarifying the provision regarding pesticides exempted by the EPA Administrator, to specify that any pesticide exempted by the EPA Administrator pursuant to title 7, United States Code, section 136w(b), shall be exempt from the provisions of the Hawaii Pesticides Law, if the pesticide product meets the terms and conditions of the EPA's exemption, except for pesticides that DOA has determined by rule may cause unreasonable adverse effects on the environment; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 703-00 Finance on H.B. No. 2406

The purpose of this bill is to:

- (1) Allow authorized federal agencies 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 the State or within the State; and
- (2) Makes housekeeping amendments to include the Plant and Non-Domestic Animal Quarantine Law under Chapter 150A, Hawaii Revised Statutes (HRS), among the Chapters to which the DOA's various duties in Section 141-1, HRS, are directed.

DOA testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments to conform with current statutes and for clarity and style.

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

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 704-00 Finance on H.B. No. 2410

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

The State Attorney General supported this bill, but recommended amending the bill to reflect new claims and to make other corrections.

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

- (1) Adding new claims which have been finalized since the bill was originally drafted; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

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

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 705-00 Finance on H.B. No. 2427

The purpose of this bill is to enable the Office of Planning (OP) to assist more agencies that require spatial analysis services relating to the statewide planning and geographic information system by:

- (1) Authorizing OP to charge fees for statewide geographic information system services;
- (2) Establishing the Statewide Planning and Geographic Information System Special Fund. Moneys would be used to defray operating costs; and
- (3) Appropriating \$1 from Special Fund.

The Department of Agriculture and OP testified in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive revisions for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2427, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2427, H.D. 2.

Signed by all members of the Committee except Representative Luke.

SCRep. 706-00 Finance on H.B. No. 2432

The purpose of this bill is to:

- (1) Allow partnership, limited liability company, and S corporation investors to claim the state low-income housing tax credit whether or not they claim the federal low-income tax credit; and
- (2) Allow entities taxed as partnerships to allocate the state low-income tax credit among its partners and members.

The Department of Taxation and the Housing and Community Development Corporation of Hawaii supported this bill. The Tax Foundation of Hawaii commented on this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2432, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2432, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 707-00 Finance on H.B. No. 2444

The purpose of this bill is to expedite the return of unclaimed abandoned property to claimants by establishing the Unclaimed Property Trust Fund into which the Director of Finance (Director) may pay claims for the return of abandoned property to their owners and to unclaimed property programs in other states.

The Department of Budget and Finance testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the trust fund to a special fund, and making corresponding reference changes from "trust fund" to "special fund";
- (2) Changing the effective date to July 1, 2000; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2444, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2444, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 708-00 Finance on H.B. No. 2497

The purpose of this bill is to increase electronic access and commerce among Hawaii's residents, businesses, and government entities. This bill establishes the Access Hawaii Committee to provide oversight of the portal manager who will be responsible for managing and operating the Internet portal on behalf of the State. The Internet portal will allow Hawaii government agencies to offer their services to citizens and businesses on the web at no cost to the State.

The Governor's Special Advisor on Technology Development, the Department of Commerce and Consumer Affairs, and the Department of Accounting and General Services testified in support of this bill. The Hawaii State Public Library System supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Repealing the provisions of this bill on June 30, 2003; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2497, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2497, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 709-00 Finance on H.B. No. 2553

The purpose of this bill is to conform state statutes to the provisions of the federal Balanced Budget Act of 1997 (BBA).

The BBA amended certain provisions of section 903 of the Social Security Act to provide a special distribution of Reed Act funds for fiscal years ending in 2000, 2001, and 2002 and to require that these funds be expended exclusively for unemployment insurance administrative expenses. State statutes must conform to these amendments in order to expend the special distribution of Reed Act funds for the federal fiscal years 1999, 2000, and 2001.

The Department of Labor and Industrial Relations testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2553, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2553, H.D. 1.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 710-00 Finance on H.B. No. 2555

The purpose of this bill is to:

- (1) Clarify that administrative expenses for the protection and preservation of the Workers' Compensation Special Compensation Fund (Fund) are to be paid from the Fund; and
- (2) Appropriate moneys to the Fund.

The Department of Labor and Industrial Relations and Hawaii Employers' Mutual Insurance Company, Inc., supported this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2555, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2555, H.D. 1.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 711-00 Finance on H.B. No. 2568

The purpose of this bill is to give the Department of Land and Natural Resources (DLNR) greater flexibility to allocate revenues generated by the State Parks System to benefit all state parks programs by replacing the 'Aina Ho'omalua Special Fund with the newly-created State Parks Special Fund.

DLNR testified in support of this measure. The Office of Hawaiian Affairs testified in opposition to this measure. Comments were submitted by an individual.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2568, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2568, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 712-00 Finance on H.B. No. 2569

The purpose of this bill is to establish a permanent Commercial Fisheries Special Fund in the treasury of the State which will replace the temporary fund which will sunset on June 30, 2001.

The Department of Land and Natural Resources and a concerned individual testified in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2569, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2569, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 713-00 Finance 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 activities undertaken by the Commission on Water Resource Management.

The Department of Land and Natural Resources and Board of Water Supply of the City and County of Honolulu supported this bill. The Office of Hawaiian Affairs opposed this bill.

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

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

Signed by all members of the Committee except Representative Luke.

SCRep. 714-00 Finance on H.B. No. 2594

The purpose of this bill is to counter increased property and violent crimes associated with the use of methamphetamine by providing the courts with sentencing alternatives.

This bill:

- (1) Repeals mandatory terms of imprisonment for:
 - (A) Promotion of dangerous drugs in the second degree, for persons convicted of possession of specified amounts or distribution of any amount of methamphetamine; and
 - (B) Promotion of a dangerous drug in the third degree, for possession of any amount of methamphetamine;and
- (2) Requires persons convicted of second or third degree promotion of a dangerous drug who are sentenced to probation to pay for and participate in an appropriate drug treatment or education program.

The Department of Public Safety and ACLU of Hawaii testified in support of this measure. The Department of the Prosecuting Attorney of the City and County of Honolulu and the Honolulu Police Department testified in opposition to this measure. The Judiciary submitted comments on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2594, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2594, H.D. 1.

Signed by all members of the Committee except Representative Luke.
(Representatives Espero, Fox and Moses voted no).

SCRep. 715-00 Judiciary and Hawaiian Affairs on H.B. No. 1758

The purpose of this bill is to give the Department of Transportation an additional year to effectuate Act 175, Session Laws of Hawaii 1999, which provides for a statewide driver education program and behind-the-wheel driver training program.

The Department of Transportation (DOT) testified in support of the measure.

Your Committee finds that providing an additional year to the DOT to implement Act 175, Session Laws of Hawaii 1999, will help effectuate the Act.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1758, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1758, H.D. 2.

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

SCRep. 716-00 Judiciary and Hawaiian Affairs on H.B. No. 1947

The purpose of this bill is to limit the possession, purchase, sale, or trade of shark fins.

The Department of Land and Natural Resources, the Office of Hawaiian Affairs, Kahoolawe Island Reserve Commission, the Hawaiian Humane Society, the Earthjustice Legal Defense Fund, the Environmental Defense, the Hawaiian Environmental Coalition, the National Audubon Society's Living Oceans Program, and concerned individuals testified in support of the measure.

The Western Pacific Regional Fishery Management Council, Hawaii Boaters Political Action Association, Honolulu Ship supply Company, Insurance Agents Group, Inc., Five Services, Inc., Shimaya Shoten, Ltd. Dae Han Shipping Agency Inc., Waldron Steamship Company, Ltd., Aala Catering, EFC of Hawaii, Inc., Honolulu Shipyard, Inc., Inchcape Shipping Services, Pan Tours Hawaii, Inc., Dance America USA, HSI Electric, Inc., Ocean Global Trading, American Customs Brokerage Company, Inc., EVA Hawaii Air & Travel, Inc., Palama Meat Company, Inc., Everm Securities Inc., Japan Airlines, Armstrong Produce, Ltd., Naka's Travel Service, Inc., Compensation Consultants, Inc., DCL, Inc., Dennis T. Fujimoto, CPA, Inc., Laura A. Suzuki, DDS, Carla C. Fukumoto, DDS, and concerned individuals testified in opposition to the measure.

Your Committee finds that shark finning is a wasteful, inhumane practice detrimental to the public interest, health, and safety and is a threat to the conservation of exhaustible natural resources. Your Committee further finds that this measure addresses the wrongful resource practices of harvesting sharks only for their fins.

Your Committee has amended this bill by inserting a provision that exempts vessels that do not off load cargo in the State of Hawaii.

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

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 717-00 Judiciary and Hawaiian Affairs on H.B. No. 2388

The purpose of this bill as received is to:

- (1) Extend the Department of Education's (DOE) zero tolerance policy to include Department supervised activities on or off school property;
- (2) Prohibit the possession, sale, or use of various dangerous items; and
- (3) Prohibit the possession, sale, consumption, or use of intoxicating liquor or illicit drugs.

Testimony in support of this measure was received from the Department of the Attorney General, the DOE, and the Hawaii State Teachers Association.

Your Committee finds that the possession, sale, or use of dangerous items, and the possession, sale, consumption, or use of intoxicating liquor or illicit drugs by students while attending school, create unsafe atmospheres for students and teachers at Hawaii's public schools.

Your Committee has amended this bill by:

- (1) Deleting the proposed language extending the prohibitions of section 302A-1134.5, Hawaii Revised Statutes, to periods during DOE supervised activities on or off school property; and
- (2) Deleting the broad language extending the same prohibitions to activities during school hours or on school premises.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2388, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2388, H.D. 2.

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

SCRep. 718-00 Judiciary and Hawaiian Affairs on H.B. No. 2745

The purpose of this bill is to exempt service animals from quarantine requirements under specific conditions.

Testimony in support of this measure was received from the State Disability and Communication Access Board, Hawaii Center for Independent Living, and a concerned individual. Testimony in opposition to this measure was received from the State Board of Agriculture.

Your Committee finds that the provisions of this bill will adequately accommodate service animals and their owners, and assist with the elimination of barriers to travel.

Your Committee has amended this bill by leaving the effective date blank.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2745, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2745, H.D. 1.

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

SCRep. 719-00 Finance on H.B. No. 2443

The purpose of this bill is to encourage greater high technology development ventures in the State by allowing the High Technology Development Corporation (HTDC) to issue special purpose revenue bonds and special facility revenue bonds to develop high technology projects.

The Hawaii Technology Trade Association and the Department of Budget and Finance testified in support of this measure. HTDC supported the intent of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2443, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2443, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 720-00 Finance on H.B. No. 2500

The purpose of this bill, as received by your Committee is to require the Special Advisor of High Technology Development to:

- (1) Develop a plan to organize Department of Business, Economic Development, and Tourism (DBEDT) Energy, Resources, and Technology Division into the newly-established High Technology Development Corporation (HTDC); and
- (2) Submit the plan, recommendations, and report of the actions taken pursuant to this bill to the Legislature prior to the convening of the Regular Session of 2001.

The Special Advisor for Technology Development supported this measure. The HTDC and the DBEDT supported the intent of this bill. An individual opposed this bill.

Upon further consideration, your Committee has amended this bill by changing the "Special Advisor of High Technology Development" to "Special Advisor for Technology Development" to correctly reflect the title as it was established in section 27-41, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2500, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 721-00 Finance on H.B. No. 2607

The purpose of this bill is to strengthen high technology business incentives provided in Act 178, Session Laws of Hawaii 1999, for high technology businesses.

Specifically, this bill:

- (1) Designates certain performing arts products such as music CDs, videos, and computer animation as qualified research, thereby allowing high technology businesses to qualify for:
 - (A) The income tax exclusion for income from stock options; and
 - (B) The high technology investment tax credit;
- (2) Expands the exclusion from income of royalty and other income derived from patents and copyrights, to include income derived from trade secrets;
- (3) Allows partnership investors the flexibility of allocating the high technology business investment tax credit among partners, without regard to federal income tax rules; and
- (4) Increases the state research development tax credit rate to match the federal tax credit.

The Department of Taxation and Hawaii Technology Trade Association supported this bill. The High Technology Development Corporation supported the intent of this bill. The Tax Foundation of Hawaii commented on this bill.

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

- (1) Changing the effective date to apply to the taxable years beginning after December 31, 2010; and

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2607, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2607, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 722-00 Finance 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 in Hawaii by implementing various strategies relating to consolidation planning, tax credits, venture capital, educational programs, work force development, university research and training, and marketing and electronics commerce.

The Department of Labor and Industrial Relations and the Hawaii Technology Trade Association testified in support of this bill. The Department of Business, Economic Development, and Tourism and the High Technology Development Corporation supported the intent of this measure. The Department of Taxation, the Tax Foundation of Hawaii, and the Board of Trustees of the Employees' Retirement System commented on the bill.

Your Committee has amended this bill by:

- (1) Deleting the appropriation amounts for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2901, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2901, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 723-00 Finance on H.B. No. 1834

The purpose of this bill is to:

- (1) Extend the life of the Joint Legislative Committee on Long-term Care Financing (Joint Legislative Committee) to June 30, 2002;
- (2) Clarify and expand the requirements of the actuarial study to be conducted by the Joint Legislative Committee;
- (3) Extend the completion date of the actuarial study to November 15, 2001;
- (4) Make additional appropriations to fund the actuarial study and the Joint Legislative Committee expenses; and
- (5) Designate the Legislature as the expending agency for the actuarial study instead of the Joint Legislative Committee.

The Hawaii State Commission on the Status of Women, Policy Advisory Board for Elder Affairs, Kokua Council, Coalition for Affordable Long Term Care, and Faith Action for Community Equity supported this bill. The Department of Commerce and Consumer Affairs and one individual commented on this bill.

Your Committee is mindful of the urgent need to find a solution to this problem as soon as possible. To continue discussion on this issue, your Committee has amended this bill by:

- (1) Requiring all state agencies to cooperate with the contractor conducting the actuarial study;
- (2) Changing the appropriation for the actuarial study to \$1 and leaving the fiscal year open for the purpose of continued discussion;
- (3) Leaving open the deadline that the actuarial report and the joint legislative committee on long-term care must draft legislation for the purpose of continued discussion;
- (4) Leaving open the fiscal year for the appropriation of expenses of the Joint Legislative Committee for the purpose of continued discussion; and
- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1834, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1834, H.D. 2.

Signed by all members of the Committee except Representative Catalani.

SCRep. 724-00 Finance on H.B. No. 1847

The purpose of this bill is to improve the services and programs made available to female offenders by providing for parity in the same range and quality of programming offered to adult and juvenile female offenders as is offered to male offenders.

This bill:

- (1) Requires the Director of Public Safety:
 - (a) Within the limits of available funding, to provide model programs for female offenders that respond to statewide needs and geographical areas; and
 - (b) To work with others in developing a comprehensive continuum of care to address the gender-specific needs of female offenders;

and
- (2) Establishes an Advisory Council on the Adult and Juvenile Female Offender in Corrections to, among other things, develop a plan to increase interagency cooperation to address the unique needs of female offenders.

The Sex Abuse Treatment Center (Kapiolani Medical Center for Women and Children) and several individuals testified in support of this bill. The Department of Public Safety, the Office of Youth Services, and the Hawaii State Commission on the Status of Women supported the intent of this measure. An individual offered comments.

Your Committee has amended this bill by:

- (1) Inserting a \$1 appropriation to carry out the program; and
- (2) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1847, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1847, H.D. 2.

Signed by all members of the Committee except Representative Luke.

SCRep. 725-00 Finance on H.B. No. 1879

The purpose of this bill is to establish a pilot program for the City and County of Honolulu council elections of 2002 providing for matching public finding for candidates who voluntarily abide by specified contribution and expenditure limits.

The League of Women Voters of Hawaii, League of Women Voters of Honolulu, Hawaii Clean Coalition, Hawaii Chapter of the Sierra Club, Kauai Group of the Hawaii Chapter of the Sierra Club, Common Cause Hawaii, Advocates for Consumer Rights, Hawaii Green Party, Kokua Council, Kohanaiki 'Ohana, and several individuals supported this bill. The State Campaign Spending Commission (Commission) opposed this bill.

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

- (1) Changing the amount of funds the Commission is allowed to expend to \$; and
- (2) Changing the effective date to July 1, 2005.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1879, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1879, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 726-00 Finance on H.B. No. 1905

The purpose of this bill is to determine whether additional revenues may be available to public schools through increased rental fees of its facilities. This bill establishes a two-year pilot project at Thomas Jefferson Elementary School on Oahu. Eighty percent

of all moneys collected from rental fees derived from the usage of the school's facilities by private organizations or individuals would be deposited with the school for its own use.

Thomas Jefferson Elementary School testified in support of this bill. The DOE supported this measure with some concerns, and an individual offered comments.

Your Committee has expanded the scope of this bill by authorizing any public school to participate in this pilot project.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1905, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1905, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 727-00 Finance on H.B. No. 2160

The purpose of this bill is to fund services for traumatic brain injury victims by:

- (1) Establishing a dedicated trust fund, the Traumatic Brain Injury Trust Fund (Fund), to provide services and programs relating to traumatic brain injuries; and
- (2) Imposing a \$5 surcharge for speeding violations and for driving under the influence (DUI) of intoxicating liquor or alcohol convictions to be deposited into the Fund.

The Brain Injury Association of Hawaii and two individuals testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the \$5 surcharges to blank amounts; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

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

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 728-00 Finance on H.B. No. 2262

The purpose of this bill is to support the celebration of the centennial anniversary of the arrival of the Korean people to Hawaii by establishing a temporary commission to arrange and promote related activities.

The State Foundation on Culture and the Arts, the 2003 Centennial Committee of Korean Immigration to the United States of America, and an individual testified in support of this measure. The Korean American Coalition, Hawaii Chapter, supported the intent of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2262, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2262, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 729-00 Finance on H.B. No. 2285

The purpose of this bill is to appropriate funds for resource teacher positions and a supervisor to lead and coordinate activities of the resource teachers in the Hawaiian Studies Program.

The Office of Hawaiian Affairs and a concerned citizen testified in support of this bill. The Department of Education supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; and

- (2) Making technical, nonsubstantive changes for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2285, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2285, H.D. 1.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 730-00 Finance on H.B. No. 2404

The purpose of this bill is to support the aquaculture industry by:

- (1) Authorizing the Department of Agriculture (DOA) to:
 - (A) Establish and assess fees for aquatic animal and plant health diagnostic services; and
 - (B) Purchase items or services relating to aquaculture planning, disease management, and the marketing of seafood products;and
- (2) Establishing the Aquaculture Development Special Fund to:
 - (A) Implement aquatic disease management programs and activities; and
 - (B) Support research and development programs and activities relating to the expansion of the State's aquaculture industry.

DOA and the Hawaii Aquaculture Association testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2404, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2404, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 731-00 Finance on H.B. No. 2417

The purpose of this bill is to bring Hawaii state statutes into compliance with Title IV-D of the Social Security Act so the State may continue to receive funding for the Child Support Enforcement Agency.

The Attorney General testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2417, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2417, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 732-00 Finance on H.B. No. 2438

The purpose of this bill is to enhance the effectiveness of, clarify the administration of, and expand the State Enterprise Zones Law (Law), by allowing the following businesses to qualify for enterprise zone (EZ) benefits:

- (1) Businesses engaged in research, development, sale, or production for all types of genetically-engineered medical, agricultural, or maritime biotechnology products;
- (2) Call centers; and
- (3) Businesses that repair assisted technology equipment.

The Hawaii Agriculture Research Center and Hawaii Technology Trade Association testified in support of this measure. The Department of Business, Economic Development, and Tourism (DBEDT), Department of Taxation, and Tax Foundation of Hawaii submitted comments on the measure.

Your Committee has amended this bill by:

- (1) Clarifying that EZ businesses must submit an annual end-of-year report to DBEDT, rather than submit a new EZ application each year; and
- (2) Making technical, nonsubstantive amendments to conform to current statutes and for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2438, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2438, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 733-00 Finance on H.B. No. 2467

The purpose of this bill is to:

- (1) Enable the Division of Consumer Advocacy to employ or retain its own attorneys without regard to chapters 76 and 77, Hawaii Revised Statutes; and
- (2) Appropriate funds from the Public Utilities Commission Special Fund to hire two staff attorneys.

The Department of Commerce and Consumer Affairs, Public Utilities Commission, GTE, Kauai Electric, the Gas Company, Hawaiian Electric Company, Inc., and its subsidiaries, Hawaiian Electric Light Company and Maui Electric Company, Ltd., supported this bill.

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

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

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 734-00 Finance on H.B. No. 2534

The purpose of this bill is to increase funding for Hawaii's rural hospitals by reimbursing Critical Access Hospitals (CAH) on a cost basis under the Medicaid program using matching federal funds.

The Department of Health, the Department of Human Services, Hawaii Health Systems Corporations, the Healthcare Association of Hawaii, the Hawaii Long-Term Care Association, Kahuku Hospital, the State Executive Management Advisory Committee for the Public Health Facilities, and an individual testified in support of this bill. The Hawaii Governments Employees Association supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Clarifying that sections 346-1, 346-59, 346D-1, and 346D-1.5, Hawaii Revised Statutes, will be reenacted in the form in which they read on June 30, 2000; and
- (2) Making a technical, nonsubstantive changes for purposes of consistency and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2534, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2534, H.D. 2.

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

SCRep. 735-00 Finance on H.B. No. 2576

The purpose of this bill is to support water resource management programs and activities by establishing a Water Resource Management Fund within the Department of Land and Natural Resources (DLNR) under the jurisdiction of the Commission on Water Resource Management.

DLNR, the Board of Water Supply of the City and County of Honolulu, and the Nature Conservancy of Hawaii testified in support of this measure. The Environmental Center of the University of Hawaii at Manoa testified in support of the intent of the measure. The Office of Hawaiian Affairs submitted comments on the measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2576, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2576, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 736-00 Finance on H.B. No. 2620

The purpose of this bill is to appropriate funds for the payment of judgments against, and settlements entered into by, the University of Hawaii (UH) for the satisfaction of claims against UH, its officers, or employees.

Comments were submitted by UH.

Your Committee is concerned that the \$800,000 expenditure for waste minimization and pollution prevention benefits both UH and the Department of Health. Moreover, your Committee is troubled that this settlement in effect appropriates funding for repair, maintenance, and pollution prevention that would be within UH's operating budget. It is the intent of your Committee to hold further discussion on this issue to assure that this expenditure is not in effect circumventing the legislative process.

Your Committee has amended this bill by:

- (1) Specifying that general funds are to UOH 900, Systemwide Programs;
- (2) Changing the appropriation amount from \$1 to \$505,000 in the Matter of the UH at Manoa Docket No. 99-HW-EA-02; and
- (3) Making technical, nonsubstantive amendments to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2620, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2620, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 737-00 Finance on H.B. No. 2746

The purpose of this bill is to aid teens who are at-risk or in crisis. This bill appropriates funds to the Department of Health's (DOH) Peer Education Program (PEP). Funds would be used to maintain PEP at 26 schools and establish PEP in ten new schools.

The Hawaii State Commission on the Status of Women, the Hawaii State Teachers Association, Adult Friends for Youths, Healthy Mothers, Healthy Babies, the Keiki Injury Prevention Coalition, the Castle Wellness Center, and scores of teachers, principals, program coordinators, educators, and students testified in support of this bill. The DOH supported the intent of this measure, provided that its passage does not impact its priorities in the supplemental budget. The American Cancer Society offered comments.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2746, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2746, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 738-00 Finance on H.B. No. 2829

The purpose of this bill is to improve the elections operations by:

- (1) Appropriating an unspecified amount for the Elections Appointment and Review Panel (Panel) to carry out its responsibilities pursuant to section 11-2.7, Hawaii Revised Statutes; and

- (2) Specifying that the Panel may remove the Chief Election Officer for good cause.

The State Attorney General testified in support of this bill. The Panel offered comments.

Your Committee has amended this bill by:

- (1) Designating the Office of the Lieutenant Governor as the expending agency; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2829, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2829, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 739-00 Finance on H.B. No. 2877

The purpose of this bill is to address concerns regarding the practice of prime contractors to withhold a portion of the payment due to subcontractors while engaged in state projects. While this practice is intended to ensure that subcontractors complete their work, it also poses a cash-flow problem for subcontractors.

This bill requires that the retention rate imposed upon subcontractors be equal to the retention rate imposed upon their prime contractors by the State, provided that the subcontractor possesses a performance and payment bond or another type of bond acceptable to the prime contractor.

The Building Industry Association of Hawaii, the Subcontractors Association of Hawaii, the Hawaii Surety Association, the Plumbing and Mechanical Contractors Association of Hawaii, and Hidano Construction, Inc., testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2877, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2877, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 740-00 Finance on H.B. No. 2996

The purpose of this bill is to expand the Agricultural Loan Program (Program) by:

- (1) Reducing state residency requirements for permanent resident aliens seeking financing under the Program; and
- (2) Making loans available through the Program to qualified part-time farmers and food manufacturers located in the State who use Hawaii-grown agricultural products.

The Department of Agriculture testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2996, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2996, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 741-00 Finance on H.B. No. 3002

The purpose of this bill is to authorize the issuance of general obligation bonds and to appropriate funds for the renovation of playgrounds to ensure compliance with safety and accessibility guidelines established by:

- (1) The United States Consumer Product Safety Commission;
- (2) The American Society for Testing and Materials; and
- (3) The Americans with Disability Act.

The Department of Education, Disability and Communication Access Board, and Kapunahala, Hokolani, and Honoka'a Elementary Schools supported this bill. The Hawaii State Teachers Association supported the intent of this bill. The Department of Accounting and General Services commented on this bill.

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

- (1) Changing the appropriation amount to \$1; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3002, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3002, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 742-00 Consumer Protection and Commerce on H.B. No. 1863

The purpose of this measure is to require that state or county agencies adopting rules in response to federal provisions impose only the minimum regulatory requirements necessary for compliance, except that stricter requirements may be adopted if the proposing agency drafts a justification document for submittal to the governor or mayor and also submits the draft rules and supporting documentation to the next legislature.

Testimony in support of this measure was submitted by the Building Industry Association of Hawaii, Small-Business Economic Revival Force, Big Island Business Council, Kona-Kohala Chamber of Commerce, Land Use Research Foundation of Hawaii, General Contractors Association of Hawaii, Construction Industry Legislative Organization, and the Hawaii Association of Realtors.

Testimony in support of this measure, with proposed amendments, was submitted by the Attorney General.

Testimony in opposition to this measure, with respect to requiring administrative rules to meet only minimum federal regulatory requirements, was submitted by the Department of Health. The Sierra Club submitted testimony in opposition to this measure.

Your Committee has amended page 1, lines 15-18, of this measure to require state or county agencies adopting rules required by federal provisions to make the rules and written statement of justification available for review by the mayor of the county, legislature, or governor.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1863, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1863, H.D. 2.

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

SCRep. 743-00 Consumer Protection and Commerce on H.B. No. 2187

The purpose of this measure is to provide for the review of administrative agency rules by the joint legislative management committee. It also prohibits agencies from exceeding the scope of substantive statutory authority conferring the power to adopt rules.

Your Committee finds that this measure will help to streamline excessive rules and regulations and minimize the burden on businesses.

Testimony was received in support of this measure from the General Contractors Association of Hawaii, Building Industry Association, and Small-Business Economic Revival Force. Testimony was received in opposition from ILWU Local 142.

Technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2187, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2187, H.D. 2.

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

SCRep. 744-00 Consumer Protection and Commerce on H.B. No. 2188

The purpose of this bill is to enact a new process to allow administrative rules to:

- (1) Be approved immediately after an agency develop and use flexible approaches to meeting the needs of the agency and persons affected by the proposed rules; and
- (2) Allow a representative designated by the agency head to ensure that the rules were developed in concert with the spirit and intent of the law.

The bill also extends the repeal date of the Small Business Regulatory Flexibility Act from June 30, 2002, to June 30, 2006.

Testimony in support of this measure was submitted by the Kona-Kohala Chamber of Commerce, Big Island Business Council, General Contractors Association of Hawaii, Small-Business Economic Revival Force, Building Industry Association of Hawaii, Chamber of Commerce of Hawaii, Hawaii Nurses' Association, Hawaii Association for Realtors, and the Small Business Regulatory Review Board. Testimony commenting on this measure was submitted by the Department of Business, Economic Development, and Tourism and the Land Use Research Foundation of Hawaii. Testimony in opposition to this measure was submitted by the Attorney General and ILWU Local 142.

Your Committee has made the following amendments to this measure by:

- (1) Including a definition of "head of the agency" for clarity;
- (2) Deleting the agency compliance provision because it is cumulative;
- (3) Clarifying that the responsibility to ensure that the rules are developed in concert with the spirit and intent of the law lies with the head of the agency and not a designated representative; and
- (4) Deleting the amendment that removes the approval of the governor for the adoption, amendment, or repeal of any rule.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2188, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2188, H.D. 2.

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

SCRep. 745-00 Consumer Protection and Commerce on H.B. No. 2727

The purpose of this measure is to expedite the process of shipping vehicles interisland by repealing the requirement that registered owners of a vehicle, with an outstanding loan, cannot ship the vehicle between the islands unless they obtain a notarized statement from the creditor. This measure allows registered owners, who are not legal owners, to ship damaged or undamaged vehicles without the necessity of the legal owner's consent.

Testimony in support of this measure was submitted by Young Brothers, Ltd. and Hawaii Tractor, Ltd.

Testimony in opposition to this measure was submitted by the Hawaii Bankers Association.

Your Committee has amended this bill by:

- (1) Deleting the phrase "or a registered owner" with respect to damaged vehicles;
- (2) Modifying the last sentence in subsection (b) of section 286-271 of the Hawaii Revised Statutes to read "A registered owner of the vehicle who is not the legal owner of the vehicle must present a current certificate of registration";
- (3) Changing the effective date from "upon its approval" to a blank space; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2727, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2727, H.D. 1.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 746-00 Finance on H.B. No. 2193

The purpose of this bill is to appropriate funds to convert an existing part-time position to a full-time position for the Public Access Room.

The League of Women Voters of Hawaii, Common Cause Hawaii, the Hawaii State Chapter of the National Rainbow Coalition, Inc., the Affordable Housing and Homeless Alliance, Massage Therapists Association of Hawaii, Information Services,

Hawaii Coalition Against Legalized Gambling, Hawaii Clean Elections, the Legislative Reference Bureau, Hawaii Public Access Media, and individuals testified in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for consistency and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2193, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2193, H.D. 1.

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

SCRep. 747-00 Finance on H.B. No. 2277

The purpose of this bill is to invest in the health of the people of Hawaii by providing that State funding of existing tobacco prevention and control or health-related programs is not to be supplanted or diminished by moneys received from the Hawaii Tobacco Special Settlement Fund.

The Healthy Mothers Healthy Babies Coalition of Hawaii and the Hawaii Nurses' Association testified in support of this measure. The Coalition for a Tobacco Free Hawaii testified in support of the intent of this measure. The Department of Health supports this measure insofar as it does not compromise priorities as specified in the Executive Budget request. The Department of Budget and Finance opposed this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2001; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2277, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2277, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 748-00 Finance on H.B. No. 2422

The purpose of this bill is to ensure that legal and enforcement activities continue in the aftermath of the 1998 settlement with the major tobacco products manufacturers. This bill:

- (1) Creates the Tobacco Enforcement Special Fund (Fund) to enforce compliance with and enforcement of the Master Settlement Agreement, the provisions of the Tobacco Liability Act, and tobacco prevention programs;
- (2) Specifies that the first \$500,000 from all tobacco moneys received by the State each fiscal year shall be deposited into the Fund;
- (3) Exempts the Fund from central service expenses and special fund administrative expenses; and
- (4) Appropriates \$500,000 to carry out the purposes of the Fund.

The State Attorney General testified in support of this bill. The Coalition for a Tobacco Free Hawaii and the Hawaii Nurses' Association opposed passage of this measure.

Your Committee has amended this bill by:

- (1) Deleting the amount to be deposited into the Fund each fiscal year as well as the appropriation for fiscal year 2000-2001; and
- (2) Making technical, nonsubstantive amendments to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2422, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2422, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 749-00 Finance on H.B. No. 2431

The purpose of this bill is to give public housing residents input into housing policies and procedures that affect them by:

- (1) Establishing a Resident Advisory Board to advise the Housing and Community Development Corporation of Hawaii (Corporation) in matters relating to the planning and administration of housing programs; and
- (2) Allowing two public housing residents to serve on the Corporation Board of Directors (Board).

The Affordable Housing and Homeless Alliance testified in support of this measure. The Corporation and the Governor's Office testified in support of this measure with suggested amendments.

Your Committee has amended this measure by:

- (1) Deleting the requirement that the Board be composed of one public member who resides in state low-rent public housing; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2431, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2431, H.D. 2.

Signed by all members of the Committee.

SCRep. 750-00 Finance on H.B. No. 2529

The purpose of this bill is to establish separate certification requirements for distribution system operators and water treatment plant operators and thereby:

- (1) Fulfill congressional requirements; and
- (2) Ensure that the State avoid an annual restriction of \$1,400,000 of the Drinking Water State Revolving Fund which is available to the State through 2003.

The Department of Health testified in support of this bill and recommended amendments.

Your Committee has amended this bill by making technical, nonsubstantive revisions for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2529, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2529, H.D. 2.

Signed by all members of the Committee except Representatives Catalani and Marumoto.

SCRep. 751-00 Finance on H.B. No. 2566

The purpose of this bill is to clarify the structure of the Hawaii State Library System's literacy programs which have been subsumed into a central office of the Library Development Services.

The Hawaii State Library System supported this bill.

After further consideration, your Committee has amended this bill by making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2566, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2566, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 752-00 Finance on H.B. No. 2801

The purpose of this bill is to minimize the risk of disease transmission between swine herds by:

- (1) Requiring the Department of Agriculture (DOA) to conduct mandatory survey and sampling of Porcine Respiratory and Reproductive Syndrome in the swine industry; and

- (2) Appropriating funds to DOA to conduct this survey and sampling.

An individual testified in support of this measure. DOA testified in support of this measure, provided that its passage does not replace or adversely impact program priorities.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2801, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2801, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 753-00 Finance on H.B. No. 2836

The purpose of this bill is to enable that portion of the conveyance tax revenues that are deposited into the Natural Area Reserve Fund to fund watershed management projects.

The Department of Land and Natural Resources, the Land Use Research Foundation of Hawaii, the Board of Water Supply of the City & County of Honolulu, and the Nature Conservancy of Hawaii testified in support of this bill. The Hawaii Chapter of the Sierra Club supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the effective date of this bill to July 1, 2000; provided that the amendments made to section 247-7, Hawaii Revised Statutes, shall be retained when that section is replaced on July 1, 2001, pursuant to section 6 of Act 170, Session Laws of Hawaii 1998, as amended by section 2 of Act 133, Session Laws of Hawaii 1999; and
- (2) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2836, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2836, H.D. 1.

Signed by all members of the Committee except Representative Luke.

SCRep. 754-00 Finance on H.B. No. 2878

The purpose of this bill is to ensure prompt payment on state projects by contractors to subcontractors, by:

- (1) Specifying that subcontractors provide evidence to contractors of a current trust fund contribution bond, a performance and payment bond, any other bond, or another mutually agreeable form of collateral;
- (2) Imposing penalties on contractors for failing to properly pay amounts owed to subcontractors; and
- (3) Requiring the Procurement Policy Board to adopt rules on prompt payment and retainage.

The Construction Industry Legislative Organization, the Plumbing & Mechanical Contractors Association of Hawaii, the General Contractors Association of Hawaii, the Sheet Metal Contractors Association, the Hawaii Construction Industry Association, the Building Industry Association of Hawaii, Hidano Construction, and the Hawaii Surety Association testified in support of this measure. The Subcontractors Association of Hawaii also testified in support of this measure but with a suggested amendment. The Department of Accounting and General Services testified in support of the intent of the measure. Comments were submitted by the State Procurement Office.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2878, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2878, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 755-00 Finance on H.B. No. 2955

The purpose of this bill is to support the growth and development of technology in Hawaii by providing an income tax credit for the cost of training the taxpayer or the taxpayer's employees to upgrade their technology-related skills.

The High Technology Development Corporation and the Hawaii Technology Trade Association testified in support of the intent of this measure. The Department of Taxation also testified in support of the intent of this measure but had some concerns. Comments were submitted by the Tax Foundation of Hawaii.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2955, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2955, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 756-00 Finance on H.B. No. 2961

The purpose of this bill is to prohibit the sale and distribution of cigarettes designated for export and sale outside the United States and the altering of cigarette packages.

The Department of Health and the Legislative Information Services of Hawaii testified in support of this measure.

Your Committee has amended this bill by:

- (1) Deleting references to the cigarette tax stamp and licensing of cigarettes; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2961, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2961, H.D. 3.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 757-00 Finance on H.B. No. 2973

The purpose of this bill is to sustain Hawaii's valuable forest resources by appropriating funds for miconia eradication in the counties of Hawaii, Kalawao, Kauai, and Maui, and the City and County of Honolulu, provided that it is a cooperative effort between the Departments of Agriculture (DOA) and Land and Natural Resources (DLNR).

The Nature Conservancy of Hawaii, the Hawaii Society of American Foresters, the Maui Invasive Species Committee, the Hawaii Forest Industry Association, the Hawaii Chapter of the Sierra Club, Na Leo Pohai, three Maui County Councilmembers, and several individuals testified in support of this measure. DOA supports this measure provided its passage does not replace or adversely impact priorities indicated in the Executive Biennium Budget. DLNR supports the intent of this measure as long as it does not displace administrative budget priorities.

Your Committee has amended this measure by:

- (1) Reducing the appropriation to \$1 for purposes of further discussion;
- (2) Specifying DLNR, instead of DOA, as the expending agency; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2973, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2973, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 758-00 Finance on H.B. No. 2986

The purpose of this bill is to grant the Comptroller authority to establish a captive insurance company, which will be owned by the State, to insure the general liabilities of state agencies pursuant to chapter 41D, Hawaii Revised Statutes, the State Risk Management and Insurance Administration Law.

The Department of Accounting and General Services testified in support of the intent of this measure. The Department of Commerce and Consumer Affairs submitted comments on this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2986, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2986, H.D. 2.

Signed by all members of the Committee.

SCRep. 759-00 Finance on H.B. No. 3001

The purpose of this bill is to:

- (1) Allow the Board of Land and Natural Resources to lease, by direct negotiation and without recourse to public auction, state submerged lands or lands beneath tidal waters for private residential noncommercial piers;
- (2) Delete the requirement that leases for sunbathing and swimming piers on public lands be open to the public with signs indicating the public's right to use the pier; and
- (3) Delete the requirement that easements or leases for noncommercial piers be approved by the Governor and the Legislature.

The Department of Land and Natural Resources, Protect Our Shorelines Ohana, and several individuals testified in support of this measure. Comments were submitted by several individuals.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3001, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3001, H.D. 2.

Signed by all members of the Committee except Representative Luke.

SCRep. 760-00 Judiciary and Hawaiian Affairs on H.B. No. 2098

The purpose of this bill is to require private schools, cooperating with the Hawaii Criminal Justice Data Center (Data Center), to conduct criminal history verifications of applicants for employment that place them in positions in close proximity with children.

The Department of the Attorney General, the Hawaii Association of Independent Schools, the Seventh-Day Adventist Church's Integrated Ministry for Children and Youth, the Sex Abuse Treatment Center, and a concerned individual testified in support of the measure.

Your Committee finds that the public school sector of education has in place a criminal history checking system with the Data Center; however the private school sector is not required to participate. Your Committee finds that it is fair to require the private school sector to participate.

Your Committee has amended the bill by making technical and nonsubstantive changes for clarity and style.

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

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

SCRep. 761-00 Judiciary and Hawaiian Affairs on H.B. No. 2558

The purpose of this bill is to clarify the law pertaining to disclosure of records relating to the administration and enforcement of the boiler and elevator law.

The Department of Labor and Industrial Relations testified in support of this bill.

Your Committee finds it to be in the best interest of the public to reduce ambiguity as to inspection and investigative records that may be disclosed to the public after a case has been closed, and to free state personnel from being compelled to testify in civil proceedings in which the State has no interest.

Your Committee has amended this bill by replacing the term "compliance officer" with "any employee of the department acting within the scope of the employee's office, employment, or authority under this chapter" to encompass various position descriptions, and to clarify that the prohibition against providing testimony applies only to the employee's duties under this chapter.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2558, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2558, H.D. 1.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 762-00 Judiciary and Hawaiian Affairs on H.B. No. 2245

The purpose of this bill is to clarify that marketing and research activities of the Hawaii Tourism Authority (HTA) should not be subject to environmental review.

Testimony in support of this bill was submitted by the Department of Business, Economic Development, and Tourism, the HTA, the Hawaii Hotel Association, and the Land Use Research Foundation. The Chamber of Commerce of Hawaii and the Maui Economic Development Board testified in support of the intent of the bill.

Testimony in opposition to this bill was submitted by Hawaii's Thousand Friends, the Hawaiian Environmental Coalition, Na Leo Pohai, the Office of Hawaiian Affairs, the Sierra Club, Hawai'i Chapter, and the University of Hawai'i Environmental Center.

Your Committee finds that marketing and research activities of the HTA should not be subject to environmental review.

Your Committee has amended this bill by:

- (1) Deleting the phrase "to state the parameters of chapter 343" from the last sentence in the findings and purpose section of the bill; and
- (2) Adding a new section to address the partial exemption of the HTA from the environmental impact statement law.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2245, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2245, H.D. 2.

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

SCRep. 763-00 Finance on H.B. No. 1873

The purpose of this bill is to provide the Department of Education (DOE) with the authority and incentive to pursue additional resources to improve Hawaii's public schools by:

- (1) Exempting DOE's federal and trust funds from the requirements of the state budgetary allotment system; and
- (2) Prohibiting general fund offsets in the event that federal or trust fund receipts are greater than appropriations.

The Hawaii State Teachers Association, the Hawaii Business Roundtable, and the Hawaii Association of Realtors testified in support of this bill. The DOE and the Department of Budget and Finance supported the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1873, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1873, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 764-00 Finance on H.B. No. 1908

The purpose of this bill is to encourage low-income persons to save by establishing a tax credit of 50 per cent of the amount contributed to an Individual Development Account (IDA).

The Department of Taxation, Department of Human Services, Office of Hawaiian Affairs, Hawaii State Commission on the Status of Women, Bank of Hawaii, American Friends Service Committee, Mutual Housing Association of Hawaii, Inc., Hawaii

Alliance for Community-Based Economic Development, and an individual supported this bill. The Tax Foundation of Hawaii commented on this bill.

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

- (1) Providing that no tax credit shall be allowed for the portion of the contribution for which a charitable deduction was already taken;
- (2) Adding a proviso that section 3 shall take effect retroactive to June 28, 1999; and
- (3) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1908, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1908, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 765-00 Finance on H.B. No. 1939

The purpose of this bill is to ensure that the cleanup of Kahoolawe proceeds on schedule by enabling the Kahoolawe Island Reserve Commission (Commission) to hire specialized, highly technical, legal expertise beyond what the Attorney General's Office is expected to provide.

This bill exempts the Commission from the prohibition against the employment or retention of attorneys by any department other than the Attorney General.

The Commission testified in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1939, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1939, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 766-00 Finance on H.B. No. 2096

The purpose of this bill is to implement the recommendation of the Felix Management and Accountability Study, which changes the formula for allocating regular education teachers so that each special education student is counted as one whole regular education student, by appropriating funds for the establishment of 260 full-time equivalent permanent teacher positions in the Department of Education (DOE).

The DOE, the Hawaii State Teachers Association, and an individual testified in support of this measure.

Your Committee has amended this bill by changing the appropriation sum to \$1 to facilitate continued discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2096, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2096, H.D. 1.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 767-00 Finance on H.B. No. 2143

The purpose of this bill is to revise and update the Uniform Principal and Income Act by:

- (1) Establishing a new Uniform Principal and Income Act under a new chapter; and
- (2) Repealing the Revised Uniform Principal and Income Act under chapter 557, Hawaii Revised Statutes.

The Hawaii Society of Certified Public Accountants, Pacific Century Trust, a division of Bank of Hawaii and Central Pacific Bank, Hawaii's Commission to Promote Uniform Legislation, and the Hawaii Bankers Association testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2143, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2143, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 768-00 Finance on H.B. No. 2492

The purpose of this bill is to allow the Department of Education (DOE) to:

- (1) Retain and carryover up to five percent of appropriations for EDN 150, the Comprehensive School Support Services Program; and
- (2) Transfer funds from EDN 100, the School-Based Budgeting Program, to EDN 150.

This bill also requires DOE to submit a report regarding the carryover of funds to the Director of Finance (Director) ninety days after the close of each fiscal year.

The DOE and the Hawaii State Teachers Association testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive amendments to conform to statutory drafting requirements.

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

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 769-00 Finance on H.B. No. 2549

The purpose of this bill is to delegate the responsibility of regulating individual wastewater systems from the Department of Health (DOH) to the counties.

The DOH supported this bill.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2549, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2549, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 770-00 Finance on H.B. No. 2604

The purpose of this bill is to:

- (1) Impose the use tax on contracting imported for resale or use in Hawaii;
- (2) Provide pyramiding relief from the general excise tax for the sale of amusements;
- (3) Provide a lower public service company tax rate on telecommunications services and transportation services that are resold; and
- (4) Make technical amendments to statutory provisions enacted under Acts 70 and 71, Session Laws of Hawaii 1999.

The Department of Taxation, AT&T, and the Hawaii Bankers Association testified in support of this measure. The Hawaii Technology Trade Association testified in support of the intent of this measure. Comments were submitted by the Tax Foundation of Hawaii, the Tax Committee of the Hawaii Society of Certified Public Accountants, GTE Hawaiian Tel, Honolulu Freight Service, Emery Worldwide, and Con-Way Transportation Systems.

Your Committee has amended this bill by:

- (1) Deleting the percentage amounts for phased-in depyramiding of the public service company tax rates for:
 - (a) Public utilities that sell telecommunication services to persons who resell such products and services; and
 - (b) Motor carriers or contract carriers;
- (2) Amending the definition of "use" with regard to the use tax exclusion;
- (3) Specifying that for services provided by motor carriers or contract carriers to contractors, as defined in section 237-6, Hawaii Revised Statutes (HRS), the benefit of the service passes to the customer of the contractor as an identifiable element of the contracting or service provided by the contractor and does not constitute overhead as defined in section 237-1, HRS; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2604, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2604, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 771-00 Finance on H.B. No. 2619

The purpose of this bill is to complete state highway maintenance work in a timely manner, with less cost and traffic delay to the public, by authorizing construction and maintenance work on the freeway and freeway ramps between Nuuanu Avenue and Sixth Avenue on Oahu to exceed state noise standards for a temporary period of time during such work, without a variance from the Director of Health.

The Department of Transportation (DOT) testified in support of the measure. An individual testified in opposition to the measure.

Your Committee notes that although the Department of Health (DOH) will be affected by DOT's exemption from state noise standards during the construction and maintenance work period, DOH did not submit testimony on this bill.

Your Committee has amended this bill by:

- (1) Changing the reenactment date of the bill to provide that on July 1, 2003, section 342F-30, Hawaii Revised Statutes, shall be reenacted in the form in which it read on the day before the effective date of the bill; and
- (2) Making technical, nonsubstantive amendments for clarity and to conform to appropriate drafting standards.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2619, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2619, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 772-00 Finance on H.B. No. 2820

The purpose of this bill is to finance much-needed improvements to aging schools and universities by authorizing the issuance of special purpose revenue bonds to finance the construction and renovation of educational facilities at independent not-for-profit elementary schools, secondary schools, universities, and colleges.

Chaminade University of Honolulu testified in support of this measure. The Hawaii Association of Independent Schools testified in support of the intent of this measure. The Hawaii State Teachers Association opposed this measure. The Departments of Education, Budget and Finance, and the Attorney General submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2820, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2820, H.D. 1.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 773-00 Finance on H.B. No. 755

The purpose of this bill is to give more flexibility to homestead lessees by:

- (1) Allowing lenders to accept the leased property as security for loans by setting aside the succession provision of the lease for the duration of the loan; and
- (2) Making the leases more freely available to members of the lessee's family.

The Department of Land and Natural Resources and an individual testified in support of this measure. The Office of Hawaiian Affairs testified in support of the intent of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 755, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 755, H.D. 2.

Signed by all members of the Committee except Representative Moses.

SCRep. 774-00 Finance on H.B. No. 2194

The purpose of this bill is to further enhance public access to the Legislature by:

- (1) Appropriating funds for a Legislative Media Streaming Pilot Project to allow public access via the Internet;
- (2) Appropriating funds to establish a pilot program to provide childcare so that parents of young children can participate in the legislative process; and
- (3) Transferring the responsibility for statutory sale and distribution from the Lieutenant Governor to the Legislature.

The League of Women Voters of Hawaii, the Hawaii Chapter of the National Rainbow Coalition, Common Cause Hawaii, and Hawaii Clean Elections testified in support of this measure. The Hawaii State Commission on the Status of Women and the Office of the Lieutenant Governor testified in support of the intent of the bill. The Legislative Reference Bureau (LRB) submitted comments.

Your Committee has amended this measure by:

- (1) Reducing the appropriation for the Legislative Streaming Media Pilot Project to \$1 for purposes of further discussion;
- (2) Requiring LRB to perform the functions of, among other things, sale and distribution of all legislative publications, including but not limited to session laws, supplements, and replacement volumes, and the recordation of all legislative and gubernatorial acts;
- (3) Clarifying that the purpose of Part III is to transfer from the Lieutenant Governor to the Legislature the sale and distribution of all legislative publications
- (4) Appropriating an unspecified dollar amount to the Legislature to transfer the sale and distribution of all legislative publications from the Lieutenant Governor to the Legislature and changing the fiscal year to 2001-2002; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2194, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2194, H.D. 2.

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

SCRep. 775-00 Finance on H.B. No. 2204

The purpose of this bill is to stimulate private sector investment in Hawaii-based ethanol production facilities by establishing a non-refundable income tax credit for qualified producers of fuel-grade ethanol in Hawaii.

Testimony in support of the measure was received by the Hawaii Farm Bureau, E D & F Man Alcohol, Inc., the 'Aina Institute for Bioconversion Technology, the Hawaii Renewable Energy Alliance, the Hawaiian Commercial and Sugar Company, Gay & Robinson, Inc., ILWU Local 142, and Worldwide Energy Group, Inc. The Department of Business, Economic Development, and Tourism testified in support of the intent of this measure. The Department of Taxation, the Tax Foundation of Hawaii, the Western States Petroleum Association, and the Clean Fuels Development Coalition submitted comments.

Your Committee recognizes the need for mitigating some of the deleterious effects of fossil fuel combustion, as well as the need to attract private capital investment to the State. Both of these goals may be accomplished by providing tax credits to ethanol production facilities in Hawaii.

Your Committee, therefore, has amended this bill by:

- (1) Not specifying the amount of the tax credit to facilitate further discussion;
- (2) Changing the tax credit from a non-refundable credit to a refundable credit;
- (3) Adding the definition of "qualifying ethanol production facility" to mean a facility located in Hawaii that produces motor fuel grade ethanol meeting the minimum specifications by the American Society of Testing and Materials Standard D-4806;
- (4) Deleting the sunset date and replacing it with a provision stipulating that the credit shall apply to a qualified producer no longer than ten years from the first taxable year in which the credit is claimed; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

While acting favorably on this measure because of the significant economic and energy self-sufficiency benefits to the State, your Committee will most assuredly continue to address its concerns relative to:

- (1) The basis for a per-gallon tax credit;
- (2) The probable range of the credits to be allowed (revenue loss); and
- (3) Cash refund for credit in excess of net income liability.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2204, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2204, H.D. 2.

Signed by all members of the Committee.

SCRep. 776-00 Finance on H.B. No. 2273

The purpose of this bill is to prevent child abuse and neglect by appropriating \$500,000 to the Hawaii Children's Trust Fund from the Hawaii Tobacco Settlement Special Fund.

The Hawaii Chapter of the American Academy of Pediatrics, the Healthy Mothers Healthy Babies Coalition of Hawaii, the Hawaii Children's Trust Fund Advisory Board, the Center for Disability Studies, and the Good Beginnings Alliance testified in support of this measure. The Department of Health opposed this measure.

Your Committee has amended this measure by:

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

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

Signed by all members of the Committee.

SCRep. 777-00 Finance on H.B. No. 2280

The purpose of this bill is to continue the development of the School-to-Work system created pursuant to the School-to-Work Opportunities Act of 1994, P.L. 103-239.

The Hawaii Association of Realtors testified in support of the bill. The Chamber of Commerce of Hawaii supported the intent of the bill. The Department of Education (DOE) the University of Hawaii, Hawaii School-to-Work, and the Hawaii State Teachers Association testified in support of the bill but suggested that the program be kept within the DOE for administrative purposes.

Your Committee has amended this bill by:

- (1) Keeping the School-to-Work program in the DOE for administrative purposes; and

- (2) Changing the expending agency to the DOE for consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2280, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2280, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.
(Representative Fox voted no).

SCRep. 778-00 Finance on H.B. No. 2408

The purpose of this bill is to provide funding for performing arts by stipulating that up to \$300,000 a year under the Works of Art Special Fund (Fund) be used for performing arts, as approved by the State Foundation on Culture and the Arts (SFCA) Commissioner, provided that the recipients of these funds electronically capture their performance on videotape or by other similar means.

The Honolulu Symphony, the Department of Accounting and General Services, and the Korean American Women's Club of Hawaii testified in support of this measure. SFCA testified in support of the measure with reservations. The Hawaii Consortium for the Arts submitted comments on the measure. An individual testified in opposition to the measure.

Your Committee has amended this bill by:

- (1) Deleting the provision that moneys for performing arts under the Fund are contingent on recipients electronically capturing their performance on videotape or by other similar means; and
- (2) Making technical, nonsubstantive amendments for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2408, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2408, H.D. 2.

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

SCRep. 779-00 Finance on H.B. No. 2429

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

- (1) Conforms the definition of "qualified resident" in section 201G-128, Hawaii Revised Statutes (HRS), with section 201G-112, HRS, to include persons living with other household members, with whom they are not married but are cohabitating;
- (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) Removes provisions to the "maximum allowable income priorities" for participation in the Program.

The Housing and Community Development Corporation of Hawaii, the Governor's Office, and Hawaii Catholic Conference testified in support of this measure.

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

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

Signed by all members of the Committee.

SCRep. 780-00 Finance on H.B. No. 2501

The purpose of this bill is to allow the Department of Hawaiian Home Lands (DHHL) the flexibility to set the interest rate on loans from the Hawaiian Home Loan Fund and other loan sources by:

- (1) Authorizing DHHL to adjust interest rates by administrative rule; and
- (2) Lowering the minimum interest rate on such loans from two and one-half percent to zero percent.

DHHL testified in support of this measure.

Your Committee has amended this bill by adding a severability clause provision.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2501, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2501, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 781-00 Finance on H.B. No. 2528

The purpose of this bill is to protect Hawaii's drinking water by clarifying the penalties for violations. This bill makes the Hawaii drinking water penalty provisions as stringent as federal provisions by increasing the liability of public water systems that incur multiple violations.

The Department of Health testified in support of this measure.

Your Committee has amended this bill by:

- (1) Inserting a savings clause, specifying that passage of this measure does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date; and
- (2) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2528, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2528, H.D. 2.

Signed by all members of the Committee except Representatives Catalani and Marumoto.

SCRep. 782-00 Finance on H.B. No. 2789

The purpose of this bill is to appropriate funds to enable the Hawaii Organic Farmers Association to develop local and overseas markets for Hawaii-grown organic produce.

Maui Pineapple Company Ltd., the Hawaii Chapter of the Sierra Club, the Big Island Farm Bureau, the Hawaii Farm Bureau Federation, and the Hawaii Organic Farmers Association testified in support of this bill. The College of Tropical Agriculture and Human Resources and the Department of Agriculture supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2789, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2789, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 783-00 Consumer Protection and Commerce on H.B. No. 1777

The purpose of this measure is to clarify the responsibility of the Public Utilities Commission (PUC) in considering applications for certificates of public convenience for carriers and permits for contract carriers.

Your Committee finds that this bill ensures that the PUC cannot authorize more service than that requested by the passenger-carrying applicant, thereby making public notice effective to the Consumer Advocate and the public.

Testimony was received in support of this measure from a private attorney representing a motor carrier. The PUC opposed this measure.

Your Committee, upon further consideration, has amended this measure to address the concerns of the PUC by:

- (1) Deleting the word "vehicle types" and replacing it with "vehicles";
- (2) Narrowing the bill to apply only to applicants for authority to carry more than seven passengers to reduce the chances prose applicants will be affected by the bill; and
- (3) Deleting subsection (d) to Hawaii Revised Statutes, Section 271-13.

Technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1777, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1777, H.D. 2.

Signed by all members of the Committee except Representatives Morita and Yoshinaga.
(Representatives Herkes, Rath and Whalen voted no).

SCRep. 784-00 Consumer Protection and Commerce on H.B. No. 1884

The purpose of this measure is to establish a net metering study under the Public Utilities Commission (PUC). The PUC will conduct a two-year pilot project with the Department of Education that will serve to evaluate the net metering concept.

Your Committee finds that this study will help to answer many questions regarding the impact and form of a net metering program in Hawaii.

Testimony was received in support of this measure from an individual member of the Maui County Council, Life of the Land, Hawaii Renewable Energy Alliance, and Sierra Club, Hawaii Chapter. The Department of Business, Economic Development, and Tourism supports the intent of this bill.

Your Committee has amended this measure by leaving the effective date blank to ensure further discussions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1884, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1884, H.D. 2.

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

SCRep. 785-00 Consumer Protection and Commerce on H.B. No. 2906

The purpose of this measure is to require all tow vehicles to have identification on their doors indicating their company name and telephone number.

Testimony in support of this measure was submitted by the Hawaii State Towing Association, Island Wide Towing, A Tow in Paradise, and Affordable Towing & Recovery Service.

Testimony in support of this measure, with proposed amendments, was submitted by the Department of Commerce and Consumer Affairs.

Your Committee has amended this bill by:

- (1) Removing the signage requirement of chapter 290, Hawaii Revised Statutes (HRS) relating abandoned vehicles and placing it in chapter 291C HRS relating to the statewide traffic code;
- (2) Defining "commercial tow truck"; and
- (3) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2906, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2906, H.D. 1.

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

SCRep. 786-00 Labor and Public Employment and Finance on H.B. No. 1875

The purpose of this bill is to require the Department of Education to implement the educational accountability system for Hawaii's public schools that:

- (1) Focuses on student achievement of statewide standards;
- (2) Includes student accountability;
- (3) Includes school or collective professional responsibility;
- (4) Individual professional accountability;
- (5) Uses rewards, assistance, and sanctions.

This system will afford a public accounting to other significant partners in the educational process.

The Board of Education, the Department of Education, the Hawaii Business Roundtable, the Hawaii Chamber of Commerce of Hawaii, and the Hawaii Association of Realtors testified in support of this bill. The Hawaii State Teachers Association supported an accountability system and a standards based education but had concerns with the implementation of them in this bill. The Hawaii Government Employees Association supported educational accountability but expressed concerns about the bill.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1875, H.D. 1, and recommend that it pass Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 787-00 Labor and Public Employment and Finance on H.B. No. 2741

The purpose of this bill is to:

- (1) Allow the Governor to contract with the private sector to operate minimum security correctional facilities; and
- (2) Establish criteria for an acceptable contract for a privatized correctional operation.

The Hawaii Alliance for the Future, Government Efficiency Teams, Inc., and two individuals testified in support of this bill. The Department of Budget and Finance supports the intent of this bill but has concerns that portions of the bill may be in conflict with federal tax laws regulating tax-exempt bond financing. The Chamber of Commerce of Hawaii supported the intent of the bill. The Hawaii Government Employees Association testified in opposition to this bill. E Ho'opakele (Project Rescue) and an individual offered comments on the bill.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2741, H.D. 1, and recommend that it pass Third Reading.

Signed by all members of the Committees except Representative Okamura.

SCRep. 788-00 Labor and Public Employment and Finance on H.B. No. 2511

The purpose of this bill is to give the Department of Human Services (DHS) more flexibility in providing a continuum of services for eligible, disabled individuals by allowing DHS to employ civil service and non-civil service personnel to staff its Medicaid waiver programs.

The DHS and the Advisory Committee for the Adult and Community Care Services Branch of the DHS testified in support of this measure.

Your Committees have amended this bill by leaving the effective date blank to promote further discussion.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Finance that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2511, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2511, H.D. 1.

Signed by all members of the Committees except Representatives Hiraki, Okamura, Saiki and Rath.

SCRep. 789-00 Consumer Protection and Commerce on H.B. No. 1864

The purpose of this bill is to increase governmental efficiency by removing the requirement that full rulemaking procedures be followed to repeal rules adopted pursuant to a statute or ordinance that has been subsequently repealed. This bill provides that rules are automatically repealed along with their authorizing statute or ordinance.

Testimony in support of this measure was submitted by the Department of the Attorney General (AG), Small-Business Economic Revival Force, General Contractors Association of Hawaii, Land Use Research Foundation of Hawaii, and Building Industry Association. The Office of the Lieutenant Governor, Housing and Community Development Corporation of Hawaii (HCDCH), Department of Business, Economic Development, and Tourism (DBEDT), and Chamber of Commerce of Hawaii supported the intent of this bill. AG, HCDCH, and DBEDT suggested amendments.

Your Committee finds that the repeal of rules that have lost their authorizing statute or ordinance is a housekeeping activity that should not be accompanied by full rulemaking procedures and the resultant expenditure of limited governmental time and resources that these procedures require.

This measure has been amended to address concerns expressed by AG and HCDCH. Language that might have inadvertently caused chapter 91, Hawaii Revised Statutes, procedures other than notice procedures to apply to the "automatic" repeal of rules has been removed.

In addition, an exemption from automatic repeal has been provided at the request of HCDCH, an entity that was formed by consolidation of the Housing Finance and Development Corporation, Hawaii Housing Authority, and Rental Housing Trust Fund. The consolidation repealed existing agency statutes and transferred agency functions and rules to HCDCH. Under the exemption, rules of agencies or departments whose functions and rules have been transferred to another agency or department are not subject to automatic repeal.

Your Committee has made a technical, nonsubstantive amendment for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1864, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1864, H.D. 1.

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

SCRep. 790-00 Consumer Protection and Commerce on H.B. No. 1883

The purpose of this bill is to reduce State dependence on oil and increase development of renewable energy sources, to thereby strengthen the economy in the long term by increasing the stability of our energy costs, and returning moneys formerly paid to oil producers, back to the State in the form of renewable energy industry jobs. Specifically, this bill establishes market incentives for the generation of electricity from renewable energy sources, and a market-based renewable energy credit trading mechanism to minimize the cost of implementing renewable energy goals.

This measure applies to "qualified electric utility companies" (QEUCs), identified by the amount of kilowatt-hours of electricity sold per year, and who represent the largest electric utilities in the State. The measure creates a demand for renewable energy generation, broadly defined to include energy sources such as wind, solar, organic waste, and geothermal.

Demand is created by imposing the requirement that a specified percentage of energy sold by the QEUC must come from renewable energy sources. These requirements, or "renewable portfolio standards" (RP standards) are applicable as follows:

- (1) 7.5 percent as of January 1, 2002, to increase by 0.35 percentage points each succeeding year up to January 1, 2010;
- (2) 10 percent as of January 1, 2010; and
- (3) 20 percent as of January 1, 2020.

In addition, the following percentages of the gross utility peak power production of a QEUC must be derived from solar photovoltaic electric energy sources as follows:

- (1) One quarter of 1 percent January 1, 2010;
- (2) One half of 1 percent by January 1, 2015; and
- (3) 1 percent by January 1, 2020.

Progress toward these percentages may be counted toward the RP standard.

Under the bill, QEUC compliance is measured by "renewable energy credits," with one credit equal to one kilowatt-hour of electricity from a renewable energy source. Thus, to attain the RP standards above, a QEUC must obtain credits equal to the required percentage of the total kilowatt-hours of energy sold by the QEUC during the applicable time period.

QEUCs may either generate the credit themselves or purchase it from another company, allowing energy generated at the least cost to be demanded and purchased, and providing a market incentive for the development of efficiently produced renewable energy.

The bill includes the following incentives for QEUC compliance and the development of renewable energy sources:

- (1) Monitoring and enforcement, including the imposition of penalties, by the Public Utilities Commission;
- (2) Bonus credits for the development of certain levels of solar electric energy production, and for the construction of a photovoltaic assembly or production plant in the State.

Testimony in support of this measure was received from Maui County Council, Sierra Club, Hawai'i Chapter, Sierra Club Kauai Group of the Hawaii Chapter, Kauai Renewable Energy Hui, Renewable Energy Services, Inc., Union of Concerned Scientists, Pacific Region PowerLight Corporation, Life of the Land, Virtus Energy Research Associates, Inc., Duke Solar Energy, LLC, Puna Geothermal Venture Hawaii and several private individuals.

The Division of Consumer Advocacy, Department of Business, Economic Development, and Tourism, and Hawaii Renewable Energy Alliance supported the intent of this bill. Comments were submitted by an individual serving as Principal Policy Advisor at the National Renewable Energy Laboratory, and by Kauai Electric. Testimony in opposition was received from Hawaiian Electric Company, Inc, Maui Electric Company, and Hawaii Electric Company.

Your Committee agrees with objectives of this measure and finds that the market mechanism in the bill is an innovative and attractive one. However, your Committee has serious concerns regarding the short-term cost impact of this measure on consumers. Testimony indicates that renewables have higher initial capital equipment costs than traditional energy sources. In addition, the technology of renewable energy is still in its formative stages and in many cases cannot compete against traditional energy sources in terms of cost. Other testimony reveals that the renewable energy experience of other states may not be generalizable to this State, because of its unique circumstances. These include its isolation and inability to obtain energy from the power grids of neighboring states, the scarcity of available lands, and political constraints on development of existing renewable energy opportunities, such as geothermal.

In brief, your Committee believes that cost of implementing this measure in this state is difficult to determine and uncertain. Your Committee thus finds that the standards in this measure need scrutiny, and that thought must be given to developing standards that minimize the negative short-term impact of this bill on the consumers and economy of this State.

Additionally, your Committee believes that a critically important element of this measure is the delivery of "firm" power, power that can be constantly available at pre-designated levels and that is necessary to supplement less reliable flows of energy from renewable sources such as wind or photovoltaic. In the continuing discussion of this vital subject, the potential for using the solid waste stream, as is currently used by the City and County of Honolulu's H power plant, must not be ignored. Use of the State's solid waste stream as a source of firm power would solve a multiplicity of problems for this State, and your Committee requests that consideration be given to a more specific integration of this renewable source as a source of firm power in the bill.

Accordingly, your Committee has amended this bill by removing the RP and photovoltaic standard percentages, and replacing them with blanks, to ensure further discussion. For the same reason, your Committee has also replaced the effective date of this measure with a blank.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1883, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1883, H.D. 2.

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

SCRep. 791-00 Consumer Protection and Commerce on H.B. No. 1977

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

- (1) Reduce the time period for a manufacturer or jobber to operate a former dealer operation retail service station from twenty-four months to sixty days; and
- (2) Require manufacturers or jobbers to report all changes to the ownership or type of operation involving a branded service station to the Petroleum Advisory Council (PAC) within 14 days. These reports are required to be made available for public inspection.

Testimony in support of this bill with several proposed amendments, was submitted by several independent gasoline dealers. Testimony in strong opposition to H.B. No. 1977 HD1 was submitted by Aloha Petroleum Ltd., Tosco Corporation, Tesoro Hawaii, Rosehill & Associates, and several independent gasoline dealers. The Department of Commerce and Consumer Affairs (DCCA) commented on this measure by opposing a provision requiring the DCCA to update a 1991 impact study.

Your Committee finds that H.B. No. 1977, as originally drafted, would have amended the existing gasoline retail divorcement law and allow a manufacturer or jobber to operate a former dealer retail service station if the current or former dealer was in agreement and the dealer had a contractual interest in the operation. However, this bill does not provide for this exception and instead provides for additional restrictions and reporting requirements for manufacturers or jobbers that operate a former dealer retail service station.

Your Committee has incorporated the following amendments to this measure:

- (1) Amended the limitation on a manufacturer or jobber to operate a dealer operated retail service station for sixty days to _____ days to facilitate further discussion;
- (2) Reinstated the provision that permits a manufacturer or jobber to operate a retail service station provided that there be an effective agreement between the contract dealer and the manufacturer or jobber who owns, leases, or controls the retail service station;
- (3) Included an exception to the one-eighth and one-quarter mile proximity exclusions for contract dealers who operate a retail service station;
- (4) Defined "contract dealer" to include dealer operated retail service stations that:
 - (A) Surrender their unexpired franchise agreement in consideration for an agreement with the manufacturer or jobber to operate the service station; and
 - (B) Does not sell retail more than an average of 75,000 gallons of gasoline per month for six months;
- (5) Included a provision to require the manufacturer or jobber to report to the PAC every six months from the date of the agreement between the contract dealer and the manufacturer or jobber;
- (6) Included the requirement that every manufacturer or jobber report to the PAC for contract dealer gasoline sales by a manufacturer or jobber that operates a former dealer operated retail service station;
- (7) Deleted the requirement that the DCCA prepare a report on the impact of direct retailing of motor fuel by refiners and distributors in competition with franchised independent service stations; and
- (8) Amended the effective date by leaving it blank to ensure further discussion.

One of the issues raised by your Committee was penalties for non-compliance with the reporting requirements of the PAC.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1977, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1977, H.D. 2.

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

SCRep. 792-00 Consumer Protection and Commerce on H.B. No. 2279

The purpose of this measure is to establish a scope of practice investigative panel in the Department of Commerce and Consumer Affairs (DCCA) that analyzes, and presents findings and recommendations on legislation that proposes to expand the scope of practice of a health care professional.

Testimony in support of this measure was submitted by the Professional and Vocational Licensing Division of the DCCA, Hawaii Medical Service Association, and the Chamber of Commerce of Hawaii.

Testimony in support of this measure, with reservations, was submitted by the Hawaii Psychiatric Medical Association, Hawaii Psychological Association, Hawaii Nurses' Association, and the Academy Foot Center of Hawaii, Inc.

Testimony in opposition to this measure was submitted by the Hawaii Dental Hygienists' Association, American Massage Therapy Association, Hawaii Podiatric Medical Association, a naturopathic physician, and a dental hygienist.

Testimony commenting on this measure was submitted by the Hawaii Medical Association.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2279, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 793-00 Consumer Protection and Commerce on H.B. No. 2554

The purpose of this measure is to require the Worker's Compensation Special Compensation Fund to contribute payments to permanent partial disability cases when the thirty-two week threshold is met. This bill also extends application of section 386-33(a) and (b), Hawaii Revised Statutes, to all cases where injury occurs before May 15, 1982.

Your Committee finds that if not amended, the current language would increase litigation and create confusion in cases of permanent total disability and/or death if it occurs after permanent partial disability is awarded.

Testimony was received in support of this measure from the Department of Labor and Industrial Relations.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2554, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Yoshinaga.

SCRep. 794-00 Consumer Protection and Commerce on H.B. No. 2582

The purpose of this bill is to improve governmental efficiency and reduce costs of government by removing procedures required to repeal obsolete or unauthorized administrative rules.

This bill replaces the full rulemaking procedures that would be applicable to rules that are either obsolete or unauthorized with an expedited repeal process requiring that the public be given:

- (1) Thirty days' notice of the proposed repeal;
- (2) The ability to review the full text of the rules in person; and
- (3) The opportunity to review the rules on, and download rules from the internet.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism, Department of Accounting and General Services, Estate of James Campbell, Small Business Regulatory Review Board, Small-Business Economic Revival Force, Land Use Research Foundation of Hawaii, and the Building Industry Association of Hawaii. Comments were submitted by the Office of the Lieutenant Governor. The Hawaii Insurers Council testified in opposition.

Your Committee agrees that the full panoply of procedures applicable to rulemaking should not apply to the repeal of rules that have no basis in a valid statute or ordinance, or where the rule has become obsolete because of a change in the industry, entity, or other thing regulated. In these cases repeal should be essentially a housekeeping matter and require the use of the least amount of governmental resources as possible.

Your Committee has amended this measure by deleting references to the Lieutenant Governor in the findings and purpose section of this bill and has also made technical, nonsubstantive amendments for purposes of consistency and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2582, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2582, H.D. 1.

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

SCRep. 795-00 Judiciary and Hawaiian Affairs on H.B. No. 2583

The purpose of this bill is to eliminate the requirement that board and commissions promulgate procedural rules pertaining to meetings conducted by videoconference.

Testimony in support of the bill was provided by the Office of the Lieutenant Governor, the Office of Information Practices, the Office of Youth Services, the University of Hawaii, Common Cause Hawaii, and the League of Women Voters of Hawaii. The Office of the Attorney General testified in support of the intent of this bill.

Your Committee finds that by making it easier for agencies, boards, and commissions to conduct meetings by videoconference, this bill will enhance public access to meetings and reduce the cost of government operations.

Your Committee amended this bill by reinserting the provision repealing subsection (d) of section 92-3.5, Hawaii Revised Statutes, which was inadvertently omitted in HD1.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2583, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2583, H.D. 2.

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

SCRep. 796-00 Judiciary and Hawaiian Affairs on H.B. No. 2999

The purpose of this bill is to enhance the Hawaii Right to Farm Act.

Testimony in support of this bill was provided by the Big Island Farm Bureau, Garst Seed Company, the Hawaii Agriculture Research Center, the Hawaii Cattlemen's Council, Inc., the Hawaii Egg Producers Cooperative, the Hawaii Farm Bureau Federation, the Hawai'i Forest Industry Association, Hawaii's Thousand Friends, the Maui County Farm Bureau, the Pineapple Growers Association of Hawaii, the Waialua Farmers Cooperative, and an interested citizen. The Department of Agriculture testified in support of the intent of this bill, with reservations.

Your Committee finds that the farming community warrants protection from frivolous civil actions based on allegations that farming operations constitute a nuisance, especially in light of the encroachment of residential and commercial development into areas previously restricted to agricultural use.

Your Committee has amended HD1 of this bill as follows:

First, your Committee decided to retain the portion of existing section 165-4, HRS, which specifies conditions under which a farming operation may be declared a nuisance. One of two conditions required to shield a farming operation from being declared a nuisance under section 165-4(a)(1) is compliance with relevant statutes, ordinances, and regulations during the twelve month period preceding the filing of the nuisance complaint. It is the understanding of your Committee that relatively minor violations may exclude farmers from the benefits of this provision, despite good faith efforts overall. Thus, your Committee inserted "substantial" before the word "compliance."

Second, the provision charging the Board of Agriculture with responsibility for defining "generally accepted agricultural and management practices" was deleted at the urging of several entities who testified in favor of this bill. Accordingly, your Committee deleted the presumption that farming operations conducted in accordance with generally accepted practices are reasonable.

Third, your Committee deleted Section 3 of HD 1, which would modify section 165-5, HRS, frivolous lawsuits. It is the understanding of your Committee that section 607-14.5, HRS, to which section 165-5 refers, adequately addresses the court's ability to award a defendant reasonable attorney fees and costs, and adequately deters frivolous lawsuits.

Additionally, technical, nonsubstantive amendments were made to conform to drafting style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2999, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2999, H.D. 2.

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

SCRep. 797-00 Finance on H.B. No. 1804

The purpose of this bill is to enact a state counterpart to the Federal False Claims Act that:

- (1) Establishes a procedure allowing government entities to prosecute false claims submitted for government payment and to encourage private parties to report false claims to government;
- (2) Allows private litigants to prosecute false claims actions on behalf of government, if government declines to intervene in the case.

Consumer Lawyers of Hawaii supported this bill. The Attorney General supported this bill with reservations.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1804, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1804, H.D. 2.

Signed by all members of the Committee.

SCRep. 798-00 Finance on H.B. No. 1935

The purpose of this bill is to allow the Department of Commerce and Consumer Affairs (DCCA) to regulate the use of independent bill reviewer administrators by insurers for the evaluation of service providers' billing submissions.

DCCA, the Hawaii State Chiropractic Association, Consumer Lawyers of Hawaii, the Hawaii Medical Association, and the Hawaii Chapter of the American Physical Therapy Association testified in support of this measure. The Hawaii Insurers Council opposed this measure. State Farm Insurance Companies and ADP Integrated Medical Solutions submitted comments.

Your Committee has amended this measure by:

- (1) Clarifying that the funds will be appropriated out of the Insurance Regulation Fund rather than the Motor Vehicle Insurance Revolving Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1935, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1935, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.
(Representatives Marumoto, Meyer and Moses voted no).

SCRep. 799-00 Finance on H.B. No. 1956

The purpose of this Act is to assist small businesses in this State by:

- (1) Making the law enacting the Small Business Regulatory 4Flexibility Act and the Small Business Defender permanent;
- (2) Transferring the Small Business Regulatory Review Board and the Small Business Defender Position to the Department of Budget and Finance for administrative purposes; and
- (3) Appropriating funds to the small business defender.

The Hawaii Automotive Repair and Gas Dealers Association, the Big Island Business Council, the Small Business Regulatory Review Board, and the Chamber of Commerce of Hawaii testified in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of the bill. The Hawaii Business League supported the bill but expressed some concerns. The Department of Budget and Finance expressed concerns about the bill.

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Your Committee has amended this bill by:

- (1) Changing the expending agency from the Small Business Defender to the Department of Budget and Finance;
- (2) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1956, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1956, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 800-00 Finance on H.B. No. 1998

The purpose of this bill is to:

- (1) Allow a lessee, upon the expiration of an agricultural lease and subsequent public auction, a right of first refusal;
- (2) Credit the appraised value of all infrastructure directly related to the agricultural operation, excluding residences, toward the price the current lessee must match in exercising the right of first refusal;
- (3) Allow the Department of Land and Natural Resources (DLNR) to adopt rules relating to appraisals, lease terms and duration, cost recovery, and other issues; and
- (4) Require DLNR to notify all agricultural lessees of this Act within six months of its effective date.

The Hawaii Farm Bureau Federation, the Big Island Farm Bureau, Hawaii Agriculture Research Center, Garst Seed Company, Hawaii Egg Producers Cooperative, Hawaii Cattlemen's Council, Inc., Hawaiian Sunshine Nursery, Inc., Big Island Association of Nurserymen, and H. Eunice Nursery, Inc. testified in support of this measure. The Hawaii Aquaculture Association supported the intent of the measure. DLNR and an individual commented on the measure.

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

- (1) Adding a findings and purpose section;
- (2) Requiring that the lessee must exercise the right of first preference within 60 days immediately following the auction;
- (3) Specifying that the infrastructure credit be based on the fair market value of such improvements;
- (4) Authorizing DLNR to negotiate long-term leases with those farmers who are currently on month-to-month tenancies;
- (5) Replacing the term "right of first refusal" with "right of first preference"; and
- (6) Making technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1998, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1998, H.D. 2.

Signed by all members of the Committee except Representative Moses.

SCRep. 801-00 Finance on H.B. No. 2023

The purpose of this bill is to support new agricultural ventures by creating incentives for private investment to preserve existing infrastructure. This bill provides a tax credit of ten percent of the cost of improvements over \$20,000 made to agricultural infrastructure.

The Hawaii Farm Bureau Federation, the Hawaii Island Economic Development Board, the Pineapple Growers Association of Hawaii, and an individual testified in support of this measure. The Department of Taxation opposed passage of this bill, and the Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Specifying that the definition of "agricultural infrastructure improvement" applies only to irrigation systems and drainage systems;
- (2) Deleting the definition of "roads";
- (3) Specifying that in the definition of "drainage systems", a land area must be larger than twenty acres instead of two thousand acres;
- (4) Changing the percentage to an unspecified amount that the tax credit must be equal to, of the cost of improvements over \$20,000 made to agricultural infrastructure;
- (5) Repealing the provisions of this bill on January 1, 2005; and
- (6) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2023, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2023, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 802-00 Finance on H.B. No. 2532

The purpose of this bill is to ensure quality health care to Maui residents and its visitors by supporting the implementation of Maui Memorial Medical Center's master plan.

This bill:

- (1) Authorizes the Hawaii Health Systems Corporation (HHSC) to issue \$38,000,000 in revenue bonds for facility improvements and renovations at Maui Memorial Hospital;
- (2) Authorizes the Department of Budget and Finance (B & F) to guaranty payment of principal of and interest on bonds issued by HHSC not to exceed \$47,500,000; and
- (3) Prohibits the HHSC from disposing of all of its property.

The HHSC, the Maui Memorial Medical Center, B & F, the Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO, The Chamber of Commerce of Hawaii, and the Maui Region Public Health Facility Management Advisory Committee testified in support of this measure.

Your Committee has amended this bill by making technical, nonsubstantive revisions to correct technical drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2532, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2532, H.D. 1.

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

SCRep. 803-00 Finance on H.B. No. 2721

The purpose of this bill is to ensure that road and bridge designers consider aesthetic, historic, and scenic values, as well as safety and mobility, by directing the Director of Transportation to establish new design guidelines to govern construction, reconstruction, resurfacing, restoration, or rehabilitation of facilities.

Two Maui County Councilmembers, the Hanalei Roads Committee, the Hanalei Heritage River, the Historic Hawaii Foundation, Na Leo Pohai, and Hawaii's Thousand Friends testified in support of this measure. The Department of Transportation testified in support of the intent of this measure. The North Hilo Community Association, Pulama Ia Kona Heritage Preservation Council, and an individual submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2721, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2721, H.D. 2.

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

SCRep. 804-00 Finance on H.B. No. 2768

The purpose of this bill is to provide funds for the development of infrastructure at Kikala-Keokea where people displaced by volcanic activity are residing on homestead land.

The Housing and Community Development Corporation of Hawaii, Department of Land and Natural Resources (DLNR), Office of Hawaiian Affairs, Hawaii County Economic Opportunity Council, and concerned individuals testified in support of this bill.

Your Committee has amended this bill by:

- (1) Removing language from section 4 of the bill that all the moneys received or collected by DLNR shall be deposited into the Infrastructure Development Fund; and
- (2) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2768, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2768, H.D. 1.

Signed by all members of the Committee except Representatives Luke.

SCRep. 805-00 Finance on H.B. No. 2793

The purpose of this bill is to carry over to fiscal year 2000-2001, any unexpended 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.

Testimony in support of this measure was received from the Hawaii Farm Bureau Federation, the Hamakua Farm Bureau, and several individuals. ADC testified in support of this measure but with a proposed amendment.

Your Committee finds that the principal reasons for the establishment of ADC included assisting in the revitalization of agriculture in the State by:

- (1) Providing planning and financial assistance to agricultural operations; and
- (2) Facilitating the transition of agricultural infrastructure from plantation operations to other agricultural enterprises.

As part of Act 117, Session Laws of Hawaii (SLH) 1999, an appropriation of \$400,000 was made to ADC for fiscal year 1999-2000 for this purpose.

Your Committee also finds that the original intent of the appropriation in this bill included the provision of grant money for the planning, design, and construction of an agricultural subdivision in the Hamakua District on the island of Hawaii, as referenced in Conference Committee Report No. 147 for H.B. No. 1280, C.D. 1, which was enacted into law as Act 117, SLH 1999.

Recently, the ADC Board of Directors was approached by the Hamakua-North Hilo Agricultural Cooperative, a group composed of small farmers and former sugar workers who are seeking additional agricultural acreage for development. This bill enables ADC to create an agricultural subdivision as intended by the Legislature, and developed in a cost-effective and expeditious manner in accordance with County of Hawaii Ordinance 95-136, which could serve as a model for the establishment of other agricultural subdivisions throughout the State.

Furthermore, your Committee finds that the federally-funded Lower Hamakua Ditch Watershed Project, now near completion, will allow for the irrigation of many more acres than are currently being farmed. Therefore, the development of an agricultural subdivision is timely as the increased farming acreage would help maximize use of the available irrigation capacity. Additionally, by increasing the number of farmers, the cost of operating the Hamakua Ditch could be dispersed and individual user assessments lowered.

Accordingly, your Committee has amended this bill by:

- (1) Specifying that up to \$250,000 of the appropriation may be used for grants for the development of an agricultural subdivision in the Hamakua District on the island of Hawaii; and
- (2) Reinstating the provision specifying the Department of Agriculture as the expending agency of these funds.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2793, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2793, H.D. 1.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 806-00 Finance on H.B. No. 2959

The purpose of this bill is to assist Hawaii's television and film industry to promote Hawaii to the world by:

- (1) Establishing the Hawaii Television and Film Development Special Fund (Special Fund) to provide grants and loans to assist in:
 - (a) The production of Hawaii projects;
 - (b) Attracting non-Hawaii based production companies to develop Hawaii projects; and
 - (c) Funding Hawaii projects under agreements with state and county agencies or other public or private organizations;
- (2) Establishing the Hawaii Television and Film Development Loan Guarantee Indemnity Program (Program) to guarantee a certain amount of one or more qualified Hawaii project production loans as a means to facilitate access to capital for the production of entertainment in Hawaii;
- (3) Establishing the Hawaii Television and Film Development Board to administer the Special Fund and the Program;
- (4) Appropriating moneys out of the general fund to be deposited into the Special Fund; and
- (5) Authorizing the Director of Finance to issue general obligation bonds for the purposes of the bill.

The Department of Business, Economic Development, and Tourism, the Honolulu Film Office, the Hawaii Stunt Association, and the Screen Actors Guild testified in support of the intent of the measure. The Department of Taxation, the Tax Foundation of Hawaii, and several individuals submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Requiring the Senate President and the Speaker of the House to appoint three members each, rather than two members each, to the Board;
- (2) Specifying that four members, rather than three members, shall constitute a quorum of the Board;

- (3) Deleting the percentage amount of the income tax credit for costs incurred in the State in the production of motion picture or television films;
- (4) Making the appropriation for deposit into the Special Fund from the Tourism Special Fund, rather than from the general fund and from general obligation bond authorizations;
- (5) Stipulating that the appropriation out of the Tourism Special Fund for fiscal year 2000-2001 be a sum equal to any transient accommodations tax revenues deposited into the Tourism Special Fund during fiscal year 1999-2000 that are in excess of the \$60,000,000 special fund ceiling established in part II, section 3, item A2 of Act 91, Session Laws of Hawaii 1999; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2959, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2959, H.D. 3.

Signed by all members of the Committee.
(Representatives Schatz, Fox and Meyer voted no.)

SCRep. 807-00 Finance on H.B. No. 540

The purpose of this bill is to:

- (1) Provide medical assistance for all children under the State's Children Health Insurance Program (Program) up to 300 percent of the federal poverty level for Hawaii, by:
 - (A) Transferring an unspecified percentage of the total moneys received by the State from tobacco settlement moneys to the Department of Human Services (DHS) for the Program; and
 - (B) Appropriating funds from the Hawaii Tobacco Settlement Special Fund to the Program;

and
- (2) Provide health insurance for legal permanent residents who arrived in the United States (U.S.) after August 22, 1999, immigrants who are permanently residing in the U.S. under color of law, and persons who are residing in the U.S. with the knowledge or permission of the Immigration and Naturalization Service, by:
 - (A) Authorizing DHS to provide state-funded medical assistance for these persons; and
 - (B) Appropriating funds for this purpose.

Na Loio Immigrant Rights and Public Interest Legal Center, Hawaii State Primary Care Association, Hawaii State Primary Care Association, Healthcare Association of Hawaii, Hawaii Catholic Conference, Kalihi-Palama Health Center, Papa Ola Lokahi, Hawaii Head Start State Collaboration Project, and an individual testified in support of this measure. DHS testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 540, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 808-00 Finance on H.B. No. 1275

The purpose of this bill is to address incidents of violent behavior in hospitals by requiring, among other things:

- (1) Every public or private hospital operating in the State to conduct a security and safety assessment to examine trends of aggressive or violent behavior at the hospital;
- (2) Each hospital to develop a security plan with measures to protect personnel, patients, and visitors from incidents of aggressive or violent behavior;
- (3) Each hospital to provide sufficient personnel to provide security according to the hospital's security plan; and
- (4) Hospital administrators to report acts of violence (criminal homicide, criminal assaults and related offenses, kidnapping and related offenses, criminal coercion, sexual offenses) to hospital personnel, patients, and visitors to local law enforcement agencies within 72 hours from the time of the incident.

The Hawaii Government Employees Association and the Hawaii Nurses' Association testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1275, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 809-00 Finance 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.

The Department of Land and Natural Resources testified in support of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1902, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 810-00 Finance on H.B. No. 1917

The purpose of this bill is to establish a comprehensive school health system that promotes the healthy development of all students, by:

- (1) Requiring the Department of Education (DOE) and the Department of Health (DOH) to jointly establish a comprehensive school health system (health system);
- (2) Requiring the Director of Health, with the assistance of the Superintendent of Education, to establish and operate as a demonstration project, a minimum of one comprehensive school health program (demonstration program) in each of the seven departmental school districts;
- (3) Establishing a joint DOH and DOE planning committee to plan and coordinate a phased implementation of a health system and demonstration program; and
- (4) Appropriating funds for the demonstration programs.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1917 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 811-00 Finance on H.B. No. 2092

The purpose of this bill is to allow high school students to obtain University of Hawaii (UH) and high school course credits simultaneously by establishing the Running Start Program to allow eligible eleventh or twelfth grade high school students to enroll in any qualified course offered by UH.

The Hawaii State Teachers Association, the Hawaii Association of Realtors, Kaimuki High School, Roosevelt High School, and Kaiser High School testified in support of this measure. UH and the Department of Education testified in support of the intent of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2092 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 812-00 Finance on H.B. No. 2171

The purpose of this bill is to enhance productivity in the workplace by mandating employers to provide a rest or meal break of:

- (1) At least thirty consecutive minutes; or
- (2) Two breaks of at least fifteen consecutive minutes,

for employees who work more than six consecutive hours, unless a collective bargaining agreement or company policy otherwise contains provisions for these employee breaks. This measure would not apply to employees with duties that entail providing health, transportation, or public safety services.

The ILWU Local 142, Kapiolani Health, the Healthy Mothers Healthy Babies Coalition of Hawaii, and several individuals testified in support of this measure. The Department of Public Safety submitted testimony in support of the intent of this measure.

The Chamber of Commerce of Hawaii, the Legislative Information Services of Hawaii, the Hawaii Hotel Association, the Hawaii Business League, and Oden Energy Group opposed this measure. The Department of Labor and Industrial Relations and the Hawaii State AFL-CIO submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2171, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, Luke and Meyer.

SCRep. 813-00 Finance on H.B. No. 2183

The purpose of this bill is to assist Worldwide Energy Group, Inc., a Hawaii corporation, with the development of fuel grade ethanol production facilities on Kauai by authorizing the issuance of \$50,000,000 in special purpose revenue bonds.

Gay and Robinson, Inc. and Worldwide Energy Group, Inc., supported this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2183, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Luke and Schatz.

SCRep. 814-00 Finance on H.B. No. 2367

The purpose of this bill is to support the successful transition from public assistance to self-sufficiency for public assistance recipients by establishing a post-secondary education benefits program, the Bridge-to-Hope Program, for heads of households in the Temporary Assistance to Needy Families Program.

Kokua Council and an individual testified in support of this measure. The Hawaii State Commission on the Status of Women, the American Friends Service Committee, the Department of Human Services, the University of Hawaii, the National Association of Social Workers, and the Welfare and Employment Rights Coalition testified in support of the intent of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2367, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 815-00 Finance on H.B. No. 2556

The purpose of this bill is to set the Department of Labor and Industrial Relations (DLIR) inspection frequencies based on public safety needs by requiring, effective July 1, 2000, regulated equipment such as elevators, escalators, boilers, pressure systems, and vessels to be inspected no less than every seven months.

DLIR opposed this measure. The Department of Accounting and General Services submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2556, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Goodenow, Luke and Meyer.

SCRep. 816-00 Finance on H.B. No. 2643

The purpose of this bill is to allow the counties to establish by ordinance, an additional motor vehicle fee to be used and administered by each county for:

- (1) Beautification and other related highway activities under county jurisdiction; and
- (2) Defraying the additional cost of disposition and other related activities of abandoned and derelict vehicles.

A member of the Kauai County Council testified in support of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2643, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Kanoho and Schatz.

SCRep. 817-00 Consumer Protection and Commerce on H.B. No. 1934

The purpose of this bill is to remove duplicative regulation that delays the inclusion of the most current Federal Drug Administration approved medications in the formulary of medications that optometrists are allowed to prescribe to their patients. This bill amends the process by which the formulary applicable to optometrists is recommended and adopted. Under existing law, the Formulary Advisory Committee (Committee) recommends the formulary, and the recommended formulary must be adopted by the Board of Examiners in Optometry (Board). This bill gives the Committee an advisory role, and gives the Board the authority to adopt or reject the formulary.

Testimony in support of this measure was received from the Board, the Hawaii Optometric Association, numerous optometrists, and a student of optometry. Testimony in opposition was submitted by the Hawaii Ophthalmological Society, Hawaii Medical Association, and numerous doctors who are practicing ophthalmologists.

Your Committee has assembled, primarily from supporting testimony, the following background to this measure. Educational training for optometrists in the treatment and management of eye diseases first began in the 1960s. By 1986, all schools and colleges of optometry nationwide included a standardized educational curriculum on therapeutic drug training. Today all 50 states including the District of Columbia have enacted laws granting optometrists therapeutic privileges. Presently, 37 states allow optometrists the right to prescribe oral medications for the treatment of various eye conditions, and 44 states allow optometrists to treat glaucoma.

In 1996, Hawaii enacted Act 292, Session Laws of Hawaii 1996, which took effect on July 1, 1999. Act 292 gives optometrists who fulfill the requirements for therapeutic certification under the Act, the authority to prescribe topical therapeutic pharmaceutical agents (TPAs). Oral agents and injectable medications are excluded from the scope of prescriptive authority. Act 292 established the Committee and provided for its membership of two optometrists, two pharmacists, and two ophthalmologists. Under the Act, the Committee recommends the TPA formulary, and the Board must adopt the recommended formulary.

Your Committee heard testimony that the procedure for adopting the formulary is duplicative, creates significant delays in making even minor changes to the formulary, and prevents optometrists from providing the best and most current therapies available. Testifiers also stated that although formulary committees were enacted in seven other states, in every instance the state had repealed the committee or made it purely advisory to the state's board of optometry.

Objections to this measure included the concern that the law giving optometrists prescriptive authority has only recently become effective, and that there has not been enough time for optometrists to demonstrate competence in their newly authorized practice. Other testifiers stated that the Committee was established to protect consumers through the inclusion of ophthalmologists and pharmacists in Committee oversight of the newly established prescriptive privileges of optometrists. Testifiers stated that making the Committee advisory would remove this protection.

Upon consideration of the testimony submitted, your Committee finds that this bill raises important consumer protection issues that deserve further discussion. To ensure that examination of these issues continues, your Committee has amended this measure by replacing its effective date with a blank.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1934, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1934, H.D. 2.

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

SCRep. 818-00 Consumer Protection and Commerce on H.B. No. 2278

The purpose of this measure is to remove the sunseting of the regulation of social workers and adopt changes relating to reciprocity, endorsements, and examinations.

Testimony was received in support of this measure from the Department of Human Services, Department of Health, Kaiser Permanente, Healthcare Association of Hawaii, Sex Abuse Treatment Center, Kahi Mohala, Entrepreneurial Solutions LLC, Clinical Social Work Society of Hawaii, Maui Memorial Medical Center, Aloha House Child and Adolescent Mental Health Outpatient Services, National Association of Social Workers, Department of the Army, University of Hawaii School of Social Work, Aloha House Maui, Office of Veterans' Services Department of Defense, Maui Adult Day Care Centers, Hospice Maui, Kapiolani Counseling Center, numerous social workers, and numerous concerned citizens.

The Department of Commerce and Consumer Affairs supports section 1 and 3 of this bill but, defers to the Legislature for section 2.

This measure authorizes licensure by endorsement or reciprocity. The language ensures Hawaii's licensing standards are minimally maintained. It also maintains the use of the national examination administered by the Association of Social Work Boards as a requirement for licensure and creates a "drop dead" provision.

Your Committee finds that this measure will ensure quality social work services for consumers and will hold social workers accountable for their practice.

Your Committee has amended this measure by leaving the effective date blank to ensure further discussions. Technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2278, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2278, H.D. 2.

Signed by all members of the Committee except Representatives Yoshinaga.
(Representative Herkes voted no.)

SCRep. 819-00 Consumer Protection and Commerce on H.B. No. 2823

The purpose of this measure is to allow school buses to transport passengers on non-regular excursion runs (i.e. tours) without the necessity of obtaining approval from the Public Utilities Commission. Specifically, this measure amends section 271-5(2), Hawaii Revised Statutes (HRS), to exempt federally compliant school buses from the advertising requirements of section 271-8.5 and the charges of section 271-36(c).

Testimony in support of this measure was submitted by the Hawaii School Bus Association, Gomes School Bus Service, Polynesian Hospitality, and Harbor Pub Honolulu.

Testimony in opposition to this measure was submitted by the Hawaii Transportation Association and Trans Hawaiian Services.

Your Committee has amended this measure by deleting provisions regarding section 8 of Act 120, Session Laws of Hawaii 1997, since the proposed changes to section 8 were not essential to the intent and purpose of this measure.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2823, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2823, H.D. 2.

Signed by all members of the Committee except Representatives Yoshinaga.

SCRep. 820-00 Finance on H.B. No. 319

The purpose of this bill is to improve the safety and health of Hawaii's students by:

- (1) Establishing the School Health Services Pilot Project (Project) to expand the workday of health aides from six and one-half hours to eight hours per day at twelve, public middle and high schools statewide with enrollments in excess of 1,200 students;
- (2) Appropriating funds for the Project; and
- (3) Requiring the Department of Health (DOH) to report to the Legislature on the progress, experience, and recommendations for the expansion, improvement, or discontinuance of the Project.

The Hawaii Government Employees Association, the School Health Aide Association, the Hawaii Nurses' Association, and several individuals testified in support of this measure. DOH testified in opposition to this measure. Comments were submitted by the Department of Education.

Your Committee has amended this bill by:

- (1) Making technical amendments to make the bill applicable to the current fiscal and legislative year; and
- (2) Making technical, nonsubstantive amendments for clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 319, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 319, H.D. 2.

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

SCRep. 821-00 Finance on H.B. No. 1889

The purpose of this bill is to:

- (1) Reduce the user fee assessed by the Animal Quarantine Station by a certain percentage of the user rate that existed on January 1, 2000;
- (2) Forgive the moneys to be deposited from the animal quarantine special fund into the general fund; and
- (3) Appropriate funds from the general fund into the animal quarantine special fund.

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

- (1) Deleting the appropriation of \$300,000 for fiscal year 2001-2002; and
- (2) Reducing the appropriation amount to \$1 for the purpose of continued discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1889, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1889, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 822-00 Finance on H.B. No. 2062

The purpose of this bill is to provide the University of Hawaii (UH) with additional flexibility in managing its resources. This bill enables the UH, until June 30, 2002, to:

- (1) Carry over unexpended general funds for operating purposes for one additional fiscal year; and
- (2) Use these retained funds to supplement the appropriation for any program.

This bill also exempts the UH from the provisions of section 37-42, Hawaii Revised Statutes, which requires departments to limit expenditures of appropriated funds to allotment ceilings established by the Governor for each department.

The UH and the Hawaii Association of Realtors testified in support of this measure.

Your Committee has amended this bill by limiting the use of retained funds to instructional programs.

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

Signed by all members of the Committee except Representatives Ahu Isa, Kahikina and Fox.

SCRep. 823-00 Finance on H.B. No. 2104

The purpose of this bill is to encourage the development and availability of low-income rental housing throughout the State by authorizing the issuance of general obligation bonds and appropriating funds to the Rental Housing Trust Fund.

Catholic Charities, the Hawaii Catholic Conference, and the Affordable Housing and Homeless Alliance testified in support of this bill. The Governor's Office and the Housing and Community Development Corporation of Hawaii testified in support of the intent of this bill. The American Association of Retired Persons commented on the bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 to facilitate further discussion; and
- (2) Making a technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2104, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2104, H.D. 1.

Signed by all members of the Committee.

SCRep. 824-00 Finance on H.B. No. 2156

The purpose of this bill is to ensure access to dental care for adults by appropriating \$2,244,000 to the Department of Health (DOH) for start-up costs and dental services for indigent adults, provided that these dental services are provided through community-based health centers and other nonprofit, community-based dental safety-net providers.

The Hawaii State Primary Care Association, the Hawaii Dental Hygienists' Association, Kookaa Kalihi Valley Comprehensive Family Services, the Kalihi-Palama Health Center, the Health Care for the Homeless Project, the Office for Social Ministry, and the Mobile Care Health Project testified in support of this measure. DOH and the State Planning Council on Developmental Disabilities testified in support of the intent of this measure. The Arc in Hawaii opposed this measure.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2156, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2156, H.D. 2.

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

SCRep. 825-00 Finance on H.B. No. 2469

The purpose of this bill is to:

- (1) Allow the Director of Commerce and Consumer Affairs to delegate to a designee the authority to subpoena witnesses; and
- (2) Requires that a financial institution that is served a subpoena by the Department of Commerce and Consumer Affairs (DCCA) be reimbursed for costs incurred in responding to the subpoena at a rate no higher than the rate paid by the Department of the Attorney General or the Office of the Prosecuting Attorney.

The DCCA supported this bill. The Hawaii League of Savings Institutions and Hawaii Bankers Association opposed this bill.

Upon further consideration, your Committee has amended this bill by deleting the requirement that financial institutions be reimbursed for expenses incurred in responding to subpoenas at a rate no higher than that paid by the Department of the Attorney General or the Office of the Prosecuting Attorney.

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

Signed by all members of the Committee.

SCRep. 826-00 Finance on H.B. No. 2522

The purpose of this bill is to allow individuals the option to indicate on driver's licenses and State identification cards the existence of an advance health-care directive.

The Executive Office on Aging, Hawaii Coalition for Affordable Long Term Care, Policy Advisory Board for Elder Affairs, Healthcare Association of Hawaii, and an individual supported this bill. The Attorney General supported this bill with suggested amendments.

Your Committee has amended this bill by:

- (1) Increasing the ceiling of the State Identification Revolving Fund by \$6,000 to cover the costs to implement this new directive; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2522, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2522, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 827-00 Finance on H.B. No. 2648

The purpose of this bill is to authorize a Probation Service Fee (Fee) as a condition of probation by:

- (1) Requiring that adult offenders, sentenced to probation or granted a motion to defer acceptance of guilty or nolo contendere plea, pay a fee of \$100 for a term of more than one year, or \$50 for a term of one year or less; and
- (2) Establishing the Probation Services Special Fund by which moneys collected by the Fee will be deposited for the purpose of monitoring, enforcing, and collecting monetary obligations owed by defendants as terms of probation.

The Judiciary, the Crime Victim Compensation Commission, and the Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of this measure.

Your Committee has amended this measure by:

- (1) Deleting the appropriation for fiscal year 2001-2002, as it is uncommon to appropriate funds beyond the two-year period encompassing the current fiscal biennium; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

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

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 828-00 Finance on H.B. No. 2701

The purpose of this bill is to establish a Renewable Energy Demonstration Project (Project) in the Department of Education (DOE) at one public school in each district. The Project will demonstrate the feasibility and cost effectiveness of:

- (1) Installing photovoltaic systems and energy storage devices; and
- (2) Utilizing performance contracting and net metering.

DOE supported the intent of this bill. The Department of Accounting and General Services and Life of the Land commented on this bill. Kauai Electric and Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company supported the intent of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2701, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2701, H.D. 3.

Signed by all members of the Committee except Representatives Luke and Moses.
(Representatives Ahu Isa, Kanoho and Meyer voter no.)

SCRep. 829-00 Finance on H.B. No. 2743

The purpose of this bill is to eliminate the duplication of efforts by government agencies in Hawaii's current land use regulatory system by:

- (1) Creating a public-private Land Use Planning Task Force (Task Force) to study and recommend constitutionally-acceptable structural changes to the Land Use Regulatory System; and
- (2) Requiring, should the Task Force fail in its mission, the Legislative Auditor to submit a report to the Legislature prior to the Regular Session of 2002, regarding:
 - (a) The Task Force's efforts;
 - (b) Duplicative governmental action concerning the enforcement of land use regulations where a land owner must obtain both State and county approval; and
 - (c) Recommendations and specific constitutionally-acceptable and statutory changes to eliminate such duplicative efforts.

The Land Use Commission, the Land Use Research Foundation of Hawaii, and the Hawaii Business Roundtable testified in support of the measure. The Office of Planning, the Department of Planning and Permitting of the City and County of Honolulu, and the Chamber of Commerce of Hawaii testified in support of the intent of this measure. The Environmental Center of the University of Hawaii at Manoa and the Estate of James Campbell submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Changing all references to "commission" in the bill to "task force"; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2743, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2743, H.D. 2.

Signed by all members of the Committee except Representatives Moses.

SCRep. 830-00 Judiciary and Hawaiian Affairs on H.B. No. 1881

The purpose of this bill is to consolidate and conform offenses relating to operating a vehicle while under the influence of intoxicants.

The Department of Transportation, the Department of Health, the Honolulu Police Department, and Mothers Against Drunk Driving testified in support of the measure. The Judiciary and the Office of the Public Defender expressed concerns on the measure.

Your Committee finds that this measure consolidates various statutes relating to operating a vehicle while under the influence of intoxicants, and makes provisions more uniform and consistent.

Your Committee has amended the bill by:

1. Defining "intoxicant" to encompass any combination of alcohol or drug;
2. Deleting mopeds from the definition of "motor vehicle";
3. Deleting from the definition of "vessel" the exceptions for seaplane and nonrecreational vehicles;
4. Requiring health care providers to report to law officers the presence of drugs in the blood that impair the ability to operate a vehicle in a careful and prudent manner;
5. Making the operation of a vehicle or the assuming of actual physical control of a vehicle an essential element of proof for the offense of operating a vehicle under the influence of an intoxicant;
6. Making eighty hours of community service work a part of the sentencing options left to the court for an offense that occurs within five years of a prior conviction; and
7. Requiring that no license and privilege suspension or revocation shall apply under a sentence of conviction for an offense if there was a previous administrative suspension or revocation pursuant to the same offense;
8. Making technical, nonsubstantive amendments for style.

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

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 831-00 Judiciary and Hawaiian Affairs on H.B. No. 2087

The purpose of this bill is to:

- (1) Allow access to juvenile records by school officials and persons involved in the treatment and supervision of minors in the areas of child abuse and law enforcement; and
- (2) Require the Family Court to inform the minor's school district superintendent or chief administrator of the Hawaii Association of Independent Schools, that the minor has been found to have committed certain felonies or misdemeanors, and allow the information to be disclosed to teachers or administrators responsible for direct supervision or monitoring of the minor.

The Department of the Prosecuting Attorney for the City and County of Honolulu, the Department of Education, the Office of the District Superintendent for Windward Oahu, the Hawaii State Teachers Association, the Hawaii Coalition Against Legalized Gambling, and concerned individuals testified in support of the measure. The Judiciary and the Office of the Public Defender

testified against the measure. The Department of the Attorney General and the Department of Human Services provided comments.

Your Committee finds that educators and administrators in public and private schools express the need to access minors' court records. However, many issues remain unresolved, such as security of confidentiality. Your Committee finds that further discussion is warranted at conference on these important matters.

Your Committee amended the bill by:

- (1) Increasing the penalty for the offense of violating confidentiality by creating a class C felony and by creating civil fines between \$1000 to \$10,000;
- (2) Deleting the effective date of the bill; and
- (3) Making technical, and nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2087, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2087, H.D. 2.

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

SCRep. 832-00 Judiciary and Hawaiian Affairs on H.B. No. 1157

The purpose of this bill is to allow for the medical use of marijuana for qualifying patients with written certification of the need for treatment issued by physicians.

The Department of Health (DOH), the American Civil Liberties Union, the Life Foundation, the Hawaii Nurses' Association, the Advocates for Consumer Rights, Kokua Council, the Religion of Jesus Church, the Drug Policy Forum of Hawaii, Citizens Advocating Responsible Education, and concerned individuals testified in support of this measure. The Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, the Hawaii County Police Department, the Hawaii Medical Association, and concerned individuals testified in opposition to this measure.

Your Committee finds that this measure will provide for the medical use of marijuana within strict controls that balance health concerns and public safety concerns.

Your Committee amended this bill by:

1. Deleting from the definition of "adequate supply" the qualification that such amount be a quantity needed throughout the projected course of treatment and replacing instead, a blank maximum aggregate weight allowance for "adequate supply";
2. Deleting seizures and severe muscle spasms from the definition of "debilitating medical condition";
3. Excluding physician assistants from the definition of "physician";
4. Deleting physicians' determination of "choice of evils" as a requirement for written certifications;
5. Inserting that medical use of marijuana shall not apply if the use of marijuana occurs in a moving vehicle or in the work place of one's employment;
6. Requiring physicians to register patients' information with DOH and requiring DOH to share this information with the Department of Public Safety;
7. Making it discretionary with the court whether physicians testify in camera and whether names of physicians are withheld in criminal proceedings;
8. Clarifying that it is not the responsibility of police to maintain care of live marijuana plants seized by the police as evidence; and
9. Inserting an open sunset date for the Legislation.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1157, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1157, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Hiraki, Kaho'ohalahala and Yoshinaga.
(Representatives Lee, Auwae, Pendleton and Whalen voted no.)

SCRep. 833-00 Finance on H.B. No. 2212

The purpose of this bill is to support the cruise ship industry by setting aside funds for improving passenger terminal infrastructure and facilities.

This bill sets aside a portion of the public service company (PSC) tax revenue stream of interisland cruise ships to finance improvements and additions to passenger cruise facilities. Currently, the PSC revenues are deposited into the general fund.

Under this bill:

- (1) The first \$3,000,000 of tax revenues from the gross income of contract carriers received from passenger ticket revenue from all vessels in service in Hawaii will be deposited into the general fund;
- (2) All revenues in excess of \$3,000,000 will be deposited into the Harbor Special Fund (Fund) and:
 - (a) Expended for making improvements and additions to passenger cruise facilities as identified in the Leo A. Daly Statewide Passenger Cruise Facility Study; or
 - (b) Reimbursed to the Fund for expenditures made for such purposes,

until the necessary improvements are made or the deposits reach \$97,200,000, whichever is lesser.

Supporting testimony was submitted by the Mayor of the County of Hawaii, the Office of the Mayor of the County of Maui, two members of the Maui County Council, the Hawaii State Association of Counties, American Hawaii Cruises, United States Lines, American Classic Voyages Co., The Chamber of Commerce of Hawaii, the Visitor Industry Coalition, the Big Island Business Council, the Kona-Kohala Chamber of Commerce, the Hawaii Island Economic Development Board, the Retail Merchants of Hawaii, Maui Divers of Hawaii, Hawaii Stevedores, Inc., CSX Lines, Aloha Tower Marketplace, the Kona Historical Society, the Daughters of Hawaii, Kahua Naau Ao ma Pu'uhonua o Honaunau NHP, Inc., Atlantis Adventures, Liferaft and Marine Safety Equipment, Inc., Aala Ship Service, Paradise Cruise, Ltd., Pomare, Ltd., and Charley's Taxi and Limousine. The Department of Transportation (DOT), the Hawaii Tourism Authority, the Hawaii Attractions Association, and Young Brothers, Limited, supported the intent of this bill. The Chair of the County of Hawaii County Council and the Hawaii Boaters Political Action Association also supported the bill with amendments. The Tax Foundation of Hawaii offered comments.

Your Committee is concerned that this bill relies totally on the Leo A. Daly study to prioritize the initiatives to be funded. The disadvantages are that:

- (1) Not all of the small boat harbors were included in the study; and
- (2) This may hamper the DOT's flexibility to realize its own priorities.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2212, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 834-00 Finance on H.B. No. 2154

The purpose of this bill is to transfer the Office of Community Services (OCS) from the Department of Labor and Industrial Relations to the Department of Human Services.

The Hawaii Community Action Directors Association, the Hawaii County Economic Opportunity Council, Maui Economic Opportunity, Incorporated, the Honolulu Community Action Program, Kauai Economic Opportunity, Incorporated, and Ka Lima O Maui testified in support of this measure. OCS, the Hawaii Foodbank, the Pacific Gateway Center, Catholic Charities, and the Hawaii Building and Construction Trades Council testified in opposition to this measure. An individual commented on the measure.

Your Committee has amended this bill by:

- (1) Deleting the Progressive Neighborhoods Program and the Hawaii Office of Economic Opportunity from the programs under OCS;
- (2) Adding the Community Service Block Grant Program as a program under OCS; and
- (3) Making technical, nonsubstantive amendments for consistency and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2154, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2154, H.D. 2.

Signed by all members of the Committee except Representatives Luke and Moses.

SCRep. 835-00 Finance on H.B. No. 2311

The purpose of this bill is to require the procurement of professional design services to be based on their professional qualifications and past experience. Specifies that a prospective individual's or group's past experience with projects of a similar nature will be the main consideration when making a selection.

The American Institute of Architects, Construction Industry Legislative Organization, the Consulting Engineers Council of Hawaii, the Hawaii Chapter of the American Public Works Association, Consulting Structural Hawaii, Inc., SSFM International Inc., Fewell Geotechnical Engineering, Ltd., the Structural Engineers Association of Hawaii, the American Society of Civil Engineers, and several individuals testified in support of this bill. The Department of Accounting and General Services testified in opposition to this bill.

Your Committee has amended this bill by:

- (1) Requiring that all contracts awarded for professional services shall be posted electronically;
- (2) Deleting the creation of a new subsection for the procurement of professional design services;
- (3) Deleting the requirement that design professionals must be screened at the initial review and again by the screening committee; and
- (4) Eliminating the screening committee's duty to rank the prospective design professionals before presenting the final list to the department heads.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2311, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2311, H.D. 1.

Signed by all members of the Committee.

SCRep. 836-00 Finance on H.B. No. 2509

The purpose of this bill is to allow the Department of Human Services (DHS) to regulate kinship care services.

DHS testified in support of this measure. The Department of the Attorney General supported the intent of this bill but had operational concerns with this measure.

Your Committee has amended this bill by:

- (1) Requiring rather than allowing DHS to adopt rules relating to kinship care; and
- (2) Allowing the Hawaii Criminal Justice Data Center to assess fees for criminal history record checks from persons other than those desiring to provide kinship care.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2509, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2509, H.D. 2.

Signed by all members of the Committee except Representatives Catalani.

SCRep. 837-00 Finance on H.B. No. 2564

The purpose of this bill is to continue to provide occupational skills for Hawaii's workforce by phasing out the Employment and Training Fund (ETF) Program over a period of three years by reducing the ETF's assessment rate by a third each year.

Shriners Hospitals for Children, Napili Kai Beach Resort, the Hawaii Fashion Industry Association, the Hawaii Business League, HPM Building Supply, Pacific Business Insights, the Hawaii Agriculture Research Center, HTH Corporation, the Oceanic Institute, Showcases, Etc., John Mullen & Company, Inc., and Times Supermarket testified in support of this measure. The Department of Labor and Industrial Relations submitted comments.

Your Committee has amended this measure by:

- (1) Not specifying the year when the ETF will expire; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2564, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2564, H.D. 2.

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

SCRep. 838-00 Finance on H.B. No. 2571

The purpose of this bill is to improve the management, operation, and facilities of state small boat harbors by:

- (1) Authorizing the Board of Land and Natural Resources to lease fast and submerged lands within an existing state boating facility by public auction or direct negotiation for private development, management, and operation;
- (2) Specifying that leases issued for small boat harbors may include any use that complements or supports the maritime activities of state boating facilities;
- (3) Specifying that all revenues due to the State derived from leases of state boating facilities are to be deposited in the Boating Special Fund;
- (4) Allowing the moorage of a limited number of commercial vessels in the Ala Wai and Keehi boat harbors; and
- (5) Giving owners of commercial vessels the opportunity for an administrative hearing before the Department of Land and Natural Resources (DLNR) can revoke an owner's commercial permit or registration authorizing commercial activities in boating facilities or area under DLNR's jurisdiction.

DLNR, Waikiki Improvement Association, and an individual testified in support of this measure. Maui Commercial Boaters & Ocean Affiliated Transportation also testified in support of this measure, but with proposed amendments. The Office of Hawaiian Affairs, Ala Wai Marina Committee, and numerous individuals testified in opposition to this measure. Maui Classic Charters, Inc., MCBOAT, Body Glove Cruises, Kauai Ocean Recreation Industry Association, Surfrider Foundation, Na Pali Sea Tours, Inc., Activity Owners Association, Pacific Whale Foundation Eco-Adventures, Holo Holo Charters, Inc., Captain Andy's Sailing, Inc., Trilogy Excursions, Shaka Divers, West Maui Parasail, Bluewater Sailing Kauai, Inc., and an individual submitted comments on this measure.

Your Committee had concerns that commercial permit and registration owners have some form of recourse to appeal the revocation of their permits by DLNR. This bill gives owners of commercial vessels the opportunity to a hearing before DLNR can revoke an owner's commercial permit or commercial registration.

Your Committee also has concerns about the safety of surfers and other recreational users of the Ala Wai.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2571, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Meyer.
(Representatives Fox, Marumoto and Moses voted no.)

SCRep. 839-00 Finance on H.B. No. 2392

The purpose of this bill is to require:

- (1) All individual accident and sickness health care policies providing health care coverage; and
- (2) All group health care contracts issued by health maintenance organizations and mutual benefit societies;

to cover outpatient diabetes self-management training, education, equipment, and supplies.

The Office of Hawaiian Affairs, Hawaii Association of Diabetes Educators, Diabetes Advocacy Alliance of Hawaii, American Diabetes Association, and numerous individuals testified in support of this measure. The Hawaii Podiatric Medical Association also testified in support of this measure but with reservations. The Department of Health and Queen's Health Management testified in support of the intent of this measure. The Hawaii Medical Service Association and the Legislative Information Services of Hawaii testified in opposition to this measure. Comments were submitted by the Department of Commerce and Consumer Affairs, American Family Life Assurance Company of Columbus, State Farm Insurance Companies, and Kaiser Permanente.

Your Committee has amended this bill by:

- (1) Replacing the term "diabetics" with "persons with diabetes;"
- (2) Clarifying that certain types of supplementary health insurance are exempt from the bill;
- (3) Replacing the term "licensed nutritionist" with "dietician;"
- (4) Limiting blood glucose monitoring to one per year, or if medically necessary as recommended by a physician;
- (5) Including podiatric services under the definition of "diabetes equipment and supplies";
- (6) Exempting this bill from the requirement that the Legislative Auditor prepare and submit a report that assesses the social and financial effects of the proposed mandated coverage; and
- (7) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2392, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2392, H.D. 2.

Signed by all members of the Committee.

SCRep. 840-00 Finance on H.B. No. 2520

The purpose of this bill is to assist injured workers return to work while helping businesses control costs by:

- (1) Allowing a self-insured or insured employer to provide job placement within its organization pursuant to an approved return-to-work plan;
- (2) Allowing a qualified employee to select a vocational rehabilitation provider if the employer elects not to or is unable to provide job placement;
- (3) Utilizing rehabilitation services on the employee's home island if possible;
- (4) Allowing for the purchase of tools or equipment necessary for the training, but not for items associated with starting a business; and
- (5) Limiting the fees charged for vocational rehabilitation services to a reasonable and customary amount.

The Department of Human Resources Development, Building Industry Association of Hawaii, Argonaut Insurance Company, Small-Business Economic Revival Force, and Hawaii Employers' Mutual Insurance Company, Inc. supported this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2520, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2520, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 841-00 Finance on H.B. No. 2794

The purpose of this bill is to clarify the applicability of the general excise tax (GET) to offshore aircraft leasing companies by:

- (1) Exempting from the GET, amounts received as rent for the rental or leasing of aircraft or aircraft engine used by the lessees or renters for the interstate air transportation of passengers; and
- (2) Providing that the existing use tax exemption for the leasing of aircraft or aircraft engines is for the acquisition or importation of any aircraft or aircraft engine by any lessee or renter engaged in interstate air transportation.

Hawaiian Airlines and an individual testified in support of this measure. Aloha Airlines testified in support of the intent of this measure. The Department of Taxation opposed this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee is cognizant of the cost concerns that would be passed on to the neighbor island residents.

Your Committee has amended this measure by:

- (1) Adding the definition of "interstate air transportation" to mean the same as in 49 U.S.C. 40102;
- (2) Changing the effective date of the Act to July 1, 2020; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2794, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2794, H.D. 3.

Signed by all members of the Committee except Representatives Catalani, Luke and Schatz.

SCRep. 842-00 Finance on H.B. No. 2835

The purpose of this bill is to establish the infrastructure and a dedicated source of funds to protect, preserve, and enhance important watershed areas by:

- (1) Establishing a Watershed Protection Trust Fund (Trust Fund) to fund public and private watershed management projects benefiting water quality, water quantity, and general watershed values within designated watershed areas;
- (2) Establishing a Watershed Protection Trust Fund Review Board (Review Board) to, among other things, identify watershed management areas; and
- (3) Imposing a Watershed Protection Tax (Protection Tax) on all water from municipal and private water systems.

The Department of Land and Natural Resources, the Sierra Club of Hawaii, the Hawaii Society of American Foresters, and several individuals testified in support of this measure. The Hawaii County Department of Water Supply and the Nature Conservancy of Hawaii testified in support of the intent of this measure. The Hawaii Farm Bureau Federation opposed this measure. The Honolulu Board of Water Supply and the Kauai County Department of Water opposed the collection of a Protection Tax on water used by consumers to fund watershed protection projects. The Tax Foundation of Hawaii, the Land Use Research Foundation of Hawaii, and University of Hawaii's Environmental Center submitted comments.

Your Committee has amended this measure by:

- (1) Removing the following projects and activities that the Trust Fund may be used for:
 - (A) Alien species control and eradication;
 - (B) Control of feral animals;
 - (C) Water quality and stream studies; and
 - (D) Administrative costs;
- (2) Clarifying that the Commission on Water Resource Management (Commission) shall approve, instead of designate, watershed management projects and activities;
- (3) Deleting duties and powers of the Review Board relating to:
 - (A) The levy, assessment, and collection of the Protection Tax;
 - (B) Identification of water users that are not contributing to the Trust Fund; and
 - (C) The equitable collection of the Protection Tax;
- (4) Deleting the Protection Tax on all water from municipal and private water systems;
- (5) Assessing the county water agencies and private water systems a fee:
 - (A) Based on the consumption of water for domestic purposes at a rate of not more than an unspecified amount per one thousand gallons;
 - (B) To be collected by the Public Utilities Commission (PUC) from utility companies that the PUC regulates; and
 - (C) To be deposited into the Trust Fund;
- (6) Authorizing the Commission to adopt rules to provide for the process and method of establishing the assessment; and

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

Your Committee is concerned that the cost assessment is discretionary, which is the reason why the assessment amount is unspecified.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2835, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2835, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Meyer.
(Representatives Fox, Marumoto and Moses voted no.)

SCRep. 843-00 Finance on H.B. No. 839

The purpose of this bill is to grant an exemption from the general excise tax, all amounts received by a certified wastewater treatment plant operator for the secondary treatment of a county's wastewater when:

- (1) The treated wastewater is used by the county; and
- (2) The wastewater treatment plant operator is under an operating contract with the county.

U.S. Filter Operating Services, Inc., testified in support of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 839, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 844-00 Finance on H.B. No. 284

The purpose of this bill is to statutorily establish the Hawaii State Student Council (Council) consisting of student representatives from each school district. The bill includes requirements that:

- (1) The Council conduct an annual conference of secondary students;
- (2) The Council determine the method of selecting the student member of the Board of Education;
- (3) The Council appoint a conference committee to plan and coordinate the annual student conference; and
- (4) The Department of Education assign a staff member to assist the Council as a staff advisor to the conference committee.

Two individuals supported this bill. The Board of Education supported the intent of this bill. One individual commented on this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 284, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 845-00 Finance on H.B. No. 283

The purpose of this bill is to propose an amendment to the State Constitution to change the status of the nonvoting public high school student member on the Board of Education (BOE) to that of a voting member, except the student member will not be allowed to vote on personnel matters.

The Hawaii State Student Council and State Student Conference, the Roosevelt High School Parent, Teacher, Student Association, and many students testified in support of this measure. The BOE opposed passage of this bill.

During the public hearing, several points were raised that concerned your Committee:

- (1) Liability: If the BOE were sued, the voting student member or the member's parents could be subject to litigation;
- (2) Vulnerability: The voting student member may be exposed to the pressures and influences of the public and other interested parties;

- (3) Maturity: The voting student member may be as young as a freshman and may not have the maturity and life experience necessary to vote on some BOE issues; and
- (4) Continuity: If the voting student member has only one or two years remaining in the member's secondary school career, this would not ensure continuity and may hinder in carrying out a particular agenda.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 283, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 283, H.D. 2.

Signed by all members of the Committee.

SCRep. 846-00 Finance on H.B. No. 564

The purpose of this bill is to:

- (1) Establish a rate of one and one-fourth percent for each year of credited membership service for qualifying members of the Employees' Retirement System (ERS), whether contributory or noncontributory, to receive military service credit at no cost;
- (2) Allow ERS members to receive a refund for lump sum payments or additional deductions from their compensation to obtain membership service credit for active military service; and
- (3) Allow qualifying ERS members to purchase additional service credits at specified rates.

The United Public Workers, employees of the Real Property Division of the County of Hawaii, and two individuals testified in support of this measure. The Office of Veterans Services testified in support of the intent of this measure. The ERS submitted comments on this measure.

Your Committee has concerns about the cost impact of the buy-back provision, which would allow qualifying ERS members to purchase additional service credits at specified rates.

However, for purposes of continued discussion, your Committee has amended this bill by:

- (1) Making technical amendments to make the bill applicable to the current fiscal year in the appropriation section;
- (2) Changing the effective date to July 1, 2005; and
- (3) Making technical, nonsubstantive amendment for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 564, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 564, H.D. 2.

Signed by all members of the Committee.

SCRep. 847-00 Finance on H.B. No. 1970

The purpose of this bill is to simplify the taxation of prepaid telephone cards by clarifying that the general excise tax (GET) is imposed on the sale of prepaid telephone calling services at the point of sale.

The Department of Taxation and GTE Hawaiian Tel testified in support of this measure, but recommended revisions. The Tax Foundation of Hawaii and AT&T submitted comments.

Your Committee has amended this measure by:

- (1) Clarifying that the taxation of wholesale sales of prepaid telephone calling services and the retailer of prepaid telephone calling services are taxed as a retailer of tangible personal property;
- (2) Adding a new section that amends the definition of "property" to clarify that the use tax is applicable to the importer or purchaser of prepaid telephone calling services;
- (3) Providing that the sale of prepaid telephone calling services subject to the GET applies to gross income and gross receipts received after August 31, 2000;

- (4) Providing that the use tax which is applicable to the importer or purchaser of prepaid telephone calling services applies to all taxes accruing after August 31, 2000; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1970, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1970, H.D. 2.

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

SCRep. 848-00 Finance on H.B. No. 2753

The purpose of this bill is to:

- (1) Require a two-year moratorium on the issuance of new permits for commercial marine mammal watching tours along the Waianae Coast of Oahu;
- (2) Require the Board of Land and Natural Resources to:
 - (A) Conduct a study to determine the maximum number of permits for commercial marine watching tours along the Waianae Coast of Oahu to be issued based on a determination of the impact that these activities may have on marine mammals in that region; and
 - (B) Conduct a study to determine the feasibility of issuing permits for specific rather than unspecified ocean recreational activities along the Waianae coastline;

and

- (3) Require all persons who have been issued commercial use permits that involve marine mammal watching along the Waianae Coast of Oahu to charge paying passengers a \$1 fee that will be deposited with the Department of Land and Natural Resources to fund the studies required by this bill.

Two individuals supported this bill. The Department of Land and Natural Resources supported the intent of this bill.

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

- (1) Requiring that the fee shall be charged until June 30, 2002; and
- (2) Requiring that a report of findings be submitted to the Legislature which will include financial accounting of all fees deposited into the fund.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2753, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2753, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 849-00 Finance on H.B. No. 2391

The purpose of this bill is to appropriate funds for the Parent-Community Networking Center (PCNC) system of support for students, parents and teachers.

Aiea High School, Maui Waena Intermediate School, Waiakea Intermediate School, Laie Elementary School, King Kaumuali'i Elementary School, Hilo Union School, the Kauai Community School for Adults, the Hawaii Community Education Association, the Hawaii Congress of Parents, Teachers and Students, and numerous teachers, parents, students and other concerned individuals testified in support of the bill. The Department of Education and the Hawaii State Teacher's Association testified in support of the intent of the measure.

Your Committee has amended this bill by:

- (1) Appropriating the sum of \$1 for the two appropriations and leaving blank the various distribution amounts; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2391, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2391, H.D. 1.

Signed by all members of the Committee.

SCRep. 850-00 Finance on H.B. No. 1949

The purpose of this bill is to designate the Department of Land and Natural Resources (DLNR) as the lead state agency for preventing the introduction and carrying out the destruction of alien aquatic organisms through the regulation of ballast water discharges and hull fouling organisms.

DLNR and the Department of Transportation testified in support of this bill. The University of Hawaii's Environmental Center offered comments.

Your Committee has amended this bill by:

- (1) Deleting the \$50,000 appropriation from the Commercial Fisheries Special Fund to support the program;
- (2) Indicating that DLNR's ability to prevent alien species introductions is limited to whether it can obtain federal or other funds;
- (3) Replacing the provision that statutorily establishes an interagency rapid response team with language authorizing DLNR to establish an interagency team to address concerns relating to alien aquatic organisms;
- (4) Deleting the requirement that DLNR examine the feasibility of establishing a quarantine area and an onshore ballast water disposal/treatment facility in Honolulu Harbor;
- (5) Deleting the authorization for the Governor to enter into an agreement with the Secretary of Transportation relating to the management of alien aquatic organisms;
- (6) Specifying that DLNR's rules may include implementation of a course of action in relation to the arrival of a high risk vessel;
- (7) Providing a definition for "high risk vessel"; and
- (8) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1949, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1949, H.D. 2.

Signed by all members of the Committee except Representatives Luke.

SCRep. 851-00 Finance on H.B. No. 2803

The purpose of this bill is to facilitate the importation of microorganisms for research and commercial purposes while maintaining safe quarantine regulations by:

- (1) Creating separate statutory sections for the importation of plants, animals, and microorganisms to better reflect the different requirements appropriate for each category;
- (2) Authorizing the Department of Agriculture (DOA) to determine the risk level for unlisted microorganism requests; and
- (3) Authorizing the DOA to issue an emergency permit for the importation of listed and unlisted microorganisms.

The University of Hawaii's (UH) College of Tropical Agriculture and Human Resources, the Hawaii Technology Trade Association, the Hawaii Biotechnology Group, Inc., and the Hawaii Agriculture Research Center testified in support of this bill. The Department of Agriculture also testified in support of this bill with a proposed amendment. The UH's Department of Microbiology and the American Society of Microbiology, Hawaii Branch, offered comments.

Your Committee has amended this bill by:

- (1) Deleting the provision to repeal Part V of chapter 150A, Hawaii Revised Statutes, relating to certified importers of microorganisms; and
- (2) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2803, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.

SCRep. 852-00 Finance on H.B. No. 3016

The purpose of this bill is to appropriate \$1,000,000 to raise the income eligibility of the medically needy program to 133 percent of the assistance allowance.

Life Foundation supported this bill. The Department of Human Services supported the intent of this bill.

Your Committee has amended this bill by reducing the appropriation to \$1 to facilitate further discussion.

Other technical, nonsubstantive amendments were made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3016, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3016, H.D. 1.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 853-00 Finance on H.B. No. 2539

The purpose of this bill is to provide financial support to a greater variety of environmental protection programs by:

- (1) Increasing the State Environmental Response Tax that is levied on petroleum products; and
- (2) Expanding the uses of the Environmental Response Revolving Fund (Fund) to be used to support environmental protection and natural resource protection programs.

Your Committee notes the expansive array of environmental protection and natural resource protection programs that the Fund may be used for and has concerns about the Fund's ability to provide for these programs.

Your Committee has amended this bill by:

- (1) Changing the amount of the Environmental Response Tax from twenty-five cents per barrel of petroleum product, to an unspecified amount;
- (2) Changing the effective date to July 1, 2000; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2539, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2539, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.
(Representatives Fox, Marumoto, Meyer and Moses votes no.)

SCRep. 854-00 Finance on H.B. No. 2123

The purpose of this bill is to prevent unfair and deceptive business practices by requiring hotels or restaurants that apply a service charge for the sale of food or beverage, to disclose to the purchaser that the service charge is being used to pay for costs or expenses other than wages and tips of employees, if the employer does not distribute the service charge to its employees.

The Hotel Employees and Restaurant Employees Union and numerous individuals testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2123, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2123, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 855-00 Finance on H.B. No. 2984

The purpose of this bill is to:

- (1) Increase the minimum wage to \$5.75 per hour beginning January 1, 2002; and
- (2) Increase the tip credit to twenty-two cents per hour beginning January 1, 2002.

The Department of Human Services, Hawaii State Teachers Association, Community Action Program, Inc., and individuals testified in support of this bill. The Department of Labor and Industrial Relations, the ILWU Local 142, the Hawaii Government Employees Association, the Small Business Regulatory Review Board, Silverware Inc., Kokua Council, the Building Industry Association and an individual commented on this bill. The American Friends Service Committee supported the intent of this bill. The National Federation of Independent Business, Legislative Information Services of Hawaii, the Chamber of Commerce of Hawaii, the Hawaii Association of Realtors, the Hawaii Business League, the Hawaii Restaurant Association, the Hawaii Hotel Association and individuals testified in opposition to this bill.

Your Committee notes that during floor debate of this issue on February 18, 2000, the subject matter chair noted that this legislation had been drafted incorrectly. Your Committee has, accordingly amended this bill by changing the effective date for the increase in minimum wage and tip credit to January 1, 2003.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2984, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2984, H.D. 2.

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

SCRep. 856-00 Finance on H.B. No. 2578

The purpose of this bill is to authorize the Director of Finance to transfer funds from the Natural Area Reserve Fund, in excess of fund requirements, to the general fund on July 1, 2000.

The Department of Land and Natural Resources testified that it supports the bill if the appropriation amount is changed to \$500,000. The Hawaii Audubon Society testified in opposition to the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2578, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 857-00 Finance on H.B. No. 2733

The purpose of this bill is to establish a Hawaiian Home Lands Trust Individual Claims Compensation Commission (Commission) to evaluate funding mechanisms to compensate native Hawaiian beneficiaries that have successfully asserted claims against the State under chapter 674, Hawaii Revised Statutes.

The Attorney General and the Office of Hawaiian Affairs testified in support of the intent of this bill. The Department of Hawaiian Home Lands and the Legislative Reference Bureau offered comments on this bill. The Native Hawaiian Legal Corporation and several individuals testified in opposition to this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2733, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Kahikina and Meyer.
(Representatives Fox, Marumoto and Moses voted no.)

SCRep. 858-00 Finance on H.B. No. 1759

The purpose of this bill is to continue to support efforts to reduce traffic hazards caused by speeding drivers and those who disregard red lights.

This bill amends the provisions of the Traffic Enforcement Demonstration Project (Project) by, among other things:

- (1) Extending the Project for two additional years to July 1, 2003;
- (2) Authorizing the Department of Transportation (DOT), instead of the counties, to:
 - (a) Implement the Project in selected areas of the State;
 - (b) Retain project contractors; and
 - (c) Establish photo red light imaging, photo speed imaging detector, or photo technology systems;

- (3) Expanding the use of these photo technology systems to include high occupancy vehicle (HOV) lanes;
- (4) Establishing the Robocop Revolving Fund (Fund) to be administered by the DOT and from which moneys may be expended to pay Project costs;
- (5) Appropriating \$5,000,000 from the Fund for each year over a three fiscal year period; and
- (6) Encouraging the county police to provide oversight and all police services required for the Project.

The DOT, the Honolulu Police Department, and the Chamber of Commerce of Hawaii testified in support of this measure. The Judiciary offered comments.

Your Committee has amended this bill by:

- (1) Renaming the Fund as the Photo Enforcement Revolving Fund;
- (2) Limiting the appropriation to only fiscal year 2000-2001;
- (3) Clarifying that the mailing of the citation is mandatory and that the time period is not tied to the post office's schedule of operation;
- (4) Limiting the authority of the DOT personnel to specific traffic laws instead of all traffic laws within chapter 291C, Hawaii Revised Statutes;
- (5) Clarifying that the certificate of mailing is evidence of notification of service to the registered owner;
- (6) Amending the definition of "photo technology system" to accommodate the expansion of the Project to include HOV lanes; and
- (7) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1759, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1759, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Luke.

SCRep. 859-00 Finance on H.B. No. 1877

The purpose of this bill is to ensure an individual's constitutional right to privacy while providing for the reasonable exchange of information with adequate safeguards to protect its appropriate use.

Specifically, this bill establishes the Hawaii Information Privacy Act that provides standards for the protection of personal information in those portions of the business community that are not already subject to privacy laws and regulations.

The Office of Information Practices testified in support of the intent of this measure. The Hawaii Association of Realtors, the Hawaii Bankers Association, and Associated Credit Bureaus, Inc., opposed this measure. The Hawaii Government Employees Association, the Legislative Information Services of Hawaii, and the Retail Merchants of Hawaii submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1877, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1877, H.D. 2.

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

SCRep. 860-00 Finance on H.B. No. 1944

The purpose of this bill is to avoid having consumers bear the burden of a two-tiered taxation by providing the respective counties with the option of either sharing revenues collected under the State's Public Service Company Tax, in lieu of real property taxes, or foregoing the revenue sharing and electing to collect real property taxes.

The City and County of Honolulu, Maui County Council, Kauai County Council and Administration, County of Hawaii Corporation Council, GTE Hawaiian Tel, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Maui Electric Company, Kauai Electric, The Gas Company, and the Hawaii County Council Chair testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by:

- (1) Deleting specific dates relating to the disposition of revenues to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1944, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1944, H.D. 2.

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

SCRep. 861-00 Finance on H.B. No. 1946

The purpose of this bill is to:

- (1) Require all state agencies to evaluate and identify energy efficiency retrofitting (retrofitting) options; and
- (2) Require those agencies that implement retrofitting to continue to receive energy expenditure appropriations that are proportionally equal to those received prior to the implementation of retrofitting.

The Department of Business, Economic Development, and Tourism, Sierra Club, Hawai'i Chapter, and Hawaii Renewable Energy Alliance supported this bill. Hawaiian Electric Company, Inc., and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company supported this bill with amendments. The Department of Accounting and General Services and the Attorney General supported the intent of this bill.

Your Committee has amended this bill to:

- (1) Allow rather than require that agencies that implement retrofitting will continue to receive appropriations that are proportionally equal to those received prior to the implementation of retrofitting;
- (2) Amend the definition of "energy performance contract" by providing that level of payments under the contract is contingent on stipulated rather than measured savings from retrofitting; and
- (3) Making technical amendment to terminology to change "energy cost savings" to "energy savings".

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1946, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1946, H.D. 2.

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

SCRep. 862-00 Finance on H.B. No. 2472

The purpose of this bill is to make housekeeping amendments to chapter 431, Hawaii Revised Statutes (HRS), the Insurance Code (Code), by:

- (1) Defining "stock insurer" under the Code;
- (2) Clarifying when an appointment when an insurer is required to engage in the business of insurance in the State;
- (3) Establishing cancellation and nonrenewal notice requirements for policies;
- (4) Clarifying whether certain documents including federal materials are subject to confidentiality requirements or sharing, and specifying when certain records can be discarded;
- (5) Making technical amendments regarding the Insurance Regulation Fund (Fund) and clarifying that a premium tax refund is to be paid out of the general fund, which receives the premium taxes, rather than the Fund;
- (6) Increasing the financial responsibility requirement for unauthorized alien insurers;
- (7) Properly citing the provision governing adjuster licensing, increasing the civil penalty provision for failure to be licensed, and clarifying penalties available;
- (8) Clarifying that prima facie rates can be usable without actuarial support, provided that a loss ratio for the most recent three years is at least sixty percent;

- (9) Removing the ambiguity in the insurance fraud penalties so that misdemeanors include fraud of up to and including \$300 in benefits;
- (10) Removing the erroneous requirement that insurers file their registration statements with the National Association of Insurance Commissioners;
- (11) Making the penalty provisions for insurer failure to file a registration statement consistent with other penalty provisions in the Code;
- (12) Clarifying that unclaimed funds are to be paid out of the general fund, which receives the unclaimed funds; and
- (13) Clarifying that assessment of insurers and other entities paid into the Fund under section 431:2-215, HRS, includes fraternal benefit societies.

The Department of Commerce and Consumer Affairs testified in support of this measure. The American Council of Life Insurers testified in opposition to the measure. The Hawaii State Association of Insurance and Financial Advisors and the Hawaii Independent Insurance Agents Association submitted comments on the measure.

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

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

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

SCRep. 863-00 Finance on H.B. No. 2760

The purpose of this bill is to encourage participation in the College Savings Program (Savings Program) by:

- (1) Allowing an income tax deduction for contributions made to a Savings Program up to \$5,000 for an individual filer and up to \$10,000 for joint filers for each taxable year; and
- (2) Providing an income tax exemption for qualified withdrawals from a Savings Program account.

Upon further consideration, your Committee has amended this bill to provide clear guidance for the implementation of the Savings Program by:

- (1) Authorizing the Director of Finance (Director) to directly enter into tuition savings agreements;
- (2) Providing flexibility to the Director in choosing the most appropriate method for investment services by deleting the specification that the financial organization chosen to manage the program provide only one type of investment instrument;
- (3) Requiring the managing financial organization to disclose pertinent information to account owners;
- (4) Giving the Director the flexibility to conduct transition arrangements by deleting the section governing the management of accounts when the contract with the managing financial organization is terminated;
- (5) Encouraging wider participation in the Savings Program by allowing the Director to establish the length of time for a participant to be in the Savings Program before making withdrawals;
- (6) Consolidating the provisions regarding costs and clarifies that all costs from the Savings Program be paid from the assets of the trust fund; and
- (7) Clarifying definitions.

Your Committee recognizes that the promotion of a means of funding college education is a laudable goal, especially when one considers that a well-educated citizenry is one of the driving factors behind an active, thriving economy. However, this must be balanced against possible negative tax revenue implications in a time of fiscal austerity. Given the fact that earnings within the Savings Program accounts are tax deferred, and withdrawals are made at the usually lower tax rate of the beneficiary, your Committee has determined that such additional tax incentives are not prudent at this time.

Therefore, your Committee has further amended this bill by removing the tax deduction and exemption. Amendments were also made to bring the law within the safe harbor provision of the federal tax code. Additionally, technical amendments were made for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2760, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2760, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 864-00 Finance on H.B. No. 2739

The purpose of this bill is to reduce prison overcrowding by appropriating \$1 as the State's intent to proceed with the private development of a correctional facility that is financed by public funds or private funds, or a combination.

The Department of Public Safety, the United Public Workers, AFSCME, Local 646, AFL-CIO, The Chamber of Commerce of Hawaii, the Hawaii Island Chamber of Commerce, and the Big Island Business Council testified in support of this measure. The Hawaii Island Economic Development Board supported the intent of this bill, and the Department of Budget and Finance offered comments.

Your Committee has amended this bill by:

- (1) Authorizing the Governor to negotiate for the development of a private correctional facility;
- (2) Specifying that this facility be capable of housing both minimum and medium security inmates;
- (3) Identifying the location for this facility;
- (4) Specifying that the facility accommodate a minimum of 1,700 live-in inmates;
- (5) Requiring that an extensive rehabilitation and treatment program as well as a variety of correctional industry and educational programs be an integral part of the facility;
- (6) Requiring that an unspecified portion of the facility's annual operating budget be earmarked for rehabilitation and treatment programs;
- (7) Requiring that the funds for program personnel shall not be overly disproportionate to the funds for programmatic services;
- (8) Appropriating the sum of \$1 for the preparation of an environmental impact statement for the development of the private correctional facility; and
- (9) Making technical, nonsubstantive amendments for the purpose of consistency.

It is your Committee's intent that alternative methods of treatment be used at this facility, including those that are culturally sensitive.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2739, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2739, H.D. 2.

Signed by all members of the Committee except Representatives Goodenow, Luke and Meyer.

SCRep. 865-00 Judiciary and Hawaiian Affairs on H.B. No. 2618

The purpose of this bill is to amend the law relating to administrative revocation of driver's licenses to include revocation of all motor vehicle registration issued to a driver who has been convicted of previous violations of driving under the influence of intoxicating liquor or drugs.

The Department of Transportation, the Department of the Prosecuting Attorney for the City and County of Honolulu, Mothers Against Drunk Drivers, and concerned individuals testified in support of the measure. The Judiciary and the Office of the Public Defender provided comments.

Your Committee finds that this measure can meet the requirements of section 5 of the federal TEA-21 Restoration Act, which establishes a new program under Section 164 of Chapter 1, Title 23 U.S.C., encouraging states to enact repeat intoxicated driver laws. Compliance with the requirement for such enactment will prevent the loss of federal highway funds.

Your Committee has amended this measure by:

1. Delaying the destruction of any license plates seized by or surrendered to the director until after the hearing process is completed;

2. Including into the category of arrestees who have one prior alcohol enforcement contact within five years, those arrestees who have two prior alcohol enforcement contacts within seven years; and
3. Making technical and nonsubstantive changes for the purpose of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2618, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2618, H.D. 2.

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

SCRep. 866-00 Finance on H.B. No. 2034

The purpose of this bill is to provide a more effective means to assess, collect, and enforce the Cigarette Tax and Tobacco Tax Law by, among other things:

- (1) Stipulating that the excise tax on cigarettes be imposed and collected through the use of stamps purchased by licensees and affixed to cigarette packages;
- (2) Requiring licensees to file a monthly report of the licensee's distributions of cigarettes and purchases of stamps during the preceding month to the Department of Taxation (DOTAX);
- (3) Establishing provisions for civil and criminal penalties for violating the cigarette stamp tax system, forfeitures of unlawful cigarettes, and the seizure and confiscation of unstamped cigarettes;
- (4) Appropriating funds to DOTAX for start-up costs to implement the cigarette stamp tax system; and
- (5) Appropriating funds to the Attorney General for the hiring of necessary staff for the enforcement of the cigarette stamp tax system.

In addition, this bill requires:

- (1) The Director of Taxation to submit findings and recommendations to the Legislature prior to the Regular Session of 2006 as to the effectiveness of the bill in reducing the loss of cigarette tax revenue to the State from illegal sales of untaxed cigarettes; and
- (2) The Attorney General to report to the Legislature prior to the convening of the Regular Sessions of 2002 and 2003 on its activities relating to the enforcement of the cigarette stamp tax system.

DOTAX, the Department of Health, and the Legislative Information Services of Hawaii testified in support of this measure. The Attorney General also testified in support of this measure but with suggested amendments. The Coalition for a Tobacco Free Hawaii testified in support of the intent of the measure. The Tax Foundation of Hawaii submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Deleting references to chapter 281, Hawaii Revised Statutes, the Intoxicating Liquor Law;
- (2) Deleting the appropriation amounts for the purpose of continued discussion;
- (3) Including amendments suggested by the Department of the Attorney General to strengthen the enforcement provisions of this measure; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2034, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2034, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina and Fox.
(Representative Moses voted no.)

SCRep. 867-00 Finance on H.B. No. 2424

The purpose of this bill is to:

- (1) Establish standards, criteria, and a process for the identification of important agricultural lands to the State; and

- (2) Provide a one-time expedited process by which lands of low agricultural resource value of those already subdivided and developed for nonagricultural uses may be reclassified by the Land Use Commission to the rural district.

The Board of Agriculture, National Resources Conservation Service, the Hawaii Farm Bureau Federation, Kona Farmers Alliance, the Office of Planning of the Department of Business, Economic Development and Tourism, Land Use Commission, and several individuals supported this bill. The Department of Planning and Permitting of the City and County of Honolulu supported this bill in principle. Plumbers and Fitters Union Local 675 expressed concern about this bill. Hawaii's Thousand Friends commented on this bill. Hawaii Resort Developers Conference, Contractors Association of Kauai, the Chamber of Commerce of Hawaii, Castle and Cooke Land Company, Land Use Research Foundation of Hawaii, the Pacific Resource Partnership, Grove Farm Company, Inc., Hawaii Leeward Planning Conference, Maui Land and Pineapple Company, Inc., Alexander & Baldwin, Inc., the Estate of James Campbell, Building Industry Association of Hawaii, and an individual opposed this bill.

Upon further consideration, your Committee has amended this bill by deleting its contents and inserting new material. This bill now establishes the State of Hawaii Land Evaluation and Site Assessment Commission (Commission), administratively placed within the Legislative Reference Bureau, and comprised of fifteen voting members from the private and public sectors. The Commission shall:

- (1) Analyze the current state of the agricultural industry in Hawaii;
- (2) Inventory agricultural lands;
- (3) Identify and analyze land use issues; and
- (4) Submit a report to the legislature regarding the findings of their activities.

The Commission will cease to exist on June 30, 2001. There is also appropriated an unspecified sum for the operations of the Commission.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2424, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2424, H.D. 2.

Signed by all members of the Committee except Representatives Catalani, Kanoho and Schatz.

SCRep. 868-00 Finance on H.B. No. 1900

OVERVIEW

After nearly a decade of facing tremendous economic challenges, struggling with hard decisions, and making a concerted effort to alter attitudes and restructure our institutions, your Committee finds that Hawaii now stands better poised and able to chart its own unique course into the new millennium.

This new course is influenced by changing social and economic trends. We have experienced a resurgence in community participation. Recognizing the positive results that can be achieved when people collectively work toward shared goals, your Committee embraces and encourages community responsibility and accountability.

Also, hope has been renewed with the recent announcement of modestly positive economic indicators. Based on these indicators, your Committee has adopted a cautiously optimistic outlook for the state's economy. It is with this awareness and sense of responsibility that your Committee approached the budget.

HISTORICAL PERSPECTIVE

Economy

Over the past decade, the bleak economic outlook required that your Committee diligently control the cost of government. To this end, the Legislature has not only limited spending, but also initiated several tax relief packages in order to stimulate economic growth. As a result, we are now beginning to feel the effects of an economic recovery.

Through eight separate tax measures passed by the Legislature in the 1998 and 1999 Regular Sessions, both businesses and individuals will pay \$2 billion less in taxes. Although this resulted in a \$2 billion decrease in anticipated general funds, our efforts to control government spending has allowed us to maintain basic state programs and services, while providing this necessary tax relief. Because of this effort, we are now on the verge of true economic growth. It is imperative for the State to maintain this course of limited government spending in order to fully reap the benefits of these tax measures.

Regulatory Reform

In keeping with the theme of less government, last year your Committee consolidated the majority of Department of Commerce and Consumer Affairs' (DCCA) funds into a single Compliance Resolution Fund and allocated \$2.5 million of franchise tax revenues into the Fund for each fiscal year beginning July 1, 1999.

Other funding efforts included appropriations of \$500,000 over two years to replace the Central Registry of Business Filings Information System in the DCCA with a state-of-the-art information system. These and other consolidations in government services have played, and will continue to play, an important role in Hawaii's economic recovery.

Your Committee is hopeful that these and other regulatory reforms have laid the foundation for a stronger and more prosperous economy in the years ahead.

CURRENT FISCAL BACKDROP

Economy

At pre-session briefings, economists identified a number of factors that appear favorable for Hawaii's economy:

- The nation's economy is in its eighth year of continued expansion and the Japanese yen is stronger since January 1999, both of which contributed to an increasing number of visitors to Hawaii;
- Hawaii's unemployment rate dropped a full percent during 1999;
- Permits issued for private construction projects indicate that Hawaii's construction industry will see positive growth in 2000; and,
- All major economic aggregates in the state - personal income, employment, and total visitor arrivals - are showing positive growth compared to prior years.

Reviewing these indicators, a leading local economist found that Hawaii's economy has moved from a recovery phase into an expansionary phase.

State Revenues

The Governor's Supplemental Budget request was based on the Council on Revenues' (Council) September 1999 revenue projections. At the Council's December 1999 meeting, it maintained a state general fund revenue growth rate forecast of negative 1.1 percent for fiscal year 2000 and revised its forecasts upward for fiscal years 2001 through 2006, signaling a brighter revenue outlook.

There is an additional indication of a turnaround. Last year, the Council observed that Hawaii was in the midst of a deflationary period. As part of its December 1999 projections, however, the Council noted that the economic outlook for Hawaii is beginning to improve.

Though these economic signals are positive, there are still uncertainties. The economies of Japan and California are major factors in the fate of Hawaii's economy. Japan's economy is showing signs of recovery, but remains fragile. At the same time, the growth of California's economy cannot be sustained indefinitely. These two factors, combined with the fact that the full impact of the tax relief measures will not be felt for several years, give your Committee reason for cautious optimism.

BUDGET OVERVIEW

This budget provides expenditure authorizations for \$6.43 billion in all means of financing. Of this total, general funds account for \$3.13 billion. These numbers represent a 3.0 percent increase in all means of financing and a 3.4 percent increase in general funds. Your Committee's analysis has shown that these increases are both within the anticipated revenue growth and below the level of funding requested by the Administration.

New appropriations are primarily concerned with meeting the State's fixed fiscal obligations and addressing the priority needs of the departments of Education (DOE), Health (DOH), and Human Services (DHS), as well as the University of Hawaii (UH). These departmental appropriations are designed to maximize investment in human capital, satisfy basic needs, encourage responsibility, and promote accountability.

Fixed Costs

General fund increases in requirements for fixed costs generated by all departments are as follows:

- (1) Employee retirement system \$56 million;
- (2) Health fund premiums \$20 million; and,

- (3) Debt service \$ 9 million.

Increases in general funds for key departments from fiscal year 2000 to fiscal year 2001 are as follows:

- (1) Department of Education \$10 million;
 (2) University of Hawaii \$ 6 million;
 (3) Department of Health \$17.5 million; and,
 (4) Department of Human Services \$ 5 million.

Department of Education

The education of our youth remains your Committee's highest priority. Accordingly, your Committee is committed to working with the DOE to not only search for new resources, but also to explore ways to reallocate existing DOE resources to areas of greater need.

The DOE's operating budget has been increased by \$21 million, to approximately \$1.02 billion, for all means of financing. The capital improvements budget provides \$79 million for fiscal year 2001. These additional funds are designed to: achieve compliance with the Felix Consent Decree; staff new schools and facilities; and provide general support to the greatest extent possible. These funds will further the State's investment in human capital.

In the classroom, your Committee has allocated \$2.6 million to reduce the student/teacher ratio in kindergarten through second grade from 21:1 to 20:1. An additional \$3.5 million is earmarked for 146 new teachers (regular and special education) and assistants. The sum of \$5.2 million has been set aside to continue the "every child counts" policy, where special education students are included in class ratio formulas. All of these measures will place more teachers in the classroom to reduce class size and improve the learning experience for each child.

In school offices, your Committee has dedicated an additional \$500,000 for clerical support. Additional reporting requirements, increased personnel and student enrollment, the shift to school-based services and decreased support at the state and district levels have all increased the demand on administrative services. The allotted funds will help to alleviate an increasing administrative burden as well as demonstrate further support both in and out of the classroom.

To provide additional educational opportunities to a broader segment of the population, your Committee has provided an additional \$1.5 million to purchase books and material for State public libraries, bringing the total general fund contribution to the library book budget to \$2.2 million.

Your Committee has also provided \$45 million in general obligation bond funds - the first installment of a three-year \$135 million program - to address the repair and maintenance needs of public schools. This major commitment of resources will help ensure safe and adequate facilities for our children.

In addition, your Committee has provided \$700,000 for the Youth Challenge program supported by the DOE and implemented by the Department of Defense. This program provides training in life-coping and employment skills by utilizing a military model for high school dropouts. This program affords youths an opportunity to either complete their graduate equivalency exam or earn credits to be mainstreamed back to their home schools to earn a diploma.

To promote greater fiscal responsibility for the DOE, your Committee has allowed five percent of appropriations to the school support services program (EDN 150) to be carried over to the next fiscal year. This provides schools with greater budgeting flexibility, and will encourage schools to efficiently expend funds (H.B. No. 2492, H.D. 1).

The DOE must also share in the responsibility to actively seek federal funding to achieve goals unattainable within the limits of State appropriations. Accordingly, your Committee has exempted federal and trust funds from the usual allotment system, thereby assuring that State funds will not be reduced when the DOE has secured such funding (H.B. No. 1873, H.D. 2).

Your Committee aims to promote school accountability by approving an ambitious overhaul of current accountability statutes. The new initiatives require schools to implement an accountability system that covers students, teachers, administrators, and all other significant partners in the educational process. Furthermore, this new legislation will require teachers and administrators to undergo continuous professional growth and development (H.B. No. 1875, H.D. 1).

To further promote accountability in our schools, your Committee has also appropriated \$2.7 million to complete work begun last year on the Hawaii Content and Performance Standards. It is hoped that these standards will provide the means to measure student and school performance as well as create an incentive for excellence.

Finally, your Committee seeks to work with the Administration to more accurately reflect the true cost of education. Therefore, the pro-rata portions of debt service, the Health Fund, and pension accumulation costs have been incorporated

into the DOE budget, rather than being reflected under the Department of Budget and Finance. This will increase the DOE's budget for all means of financing to \$1.30 billion for fiscal year 2001.

The University of Hawaii

In hand with our attention to lower education, your Committee is also dedicated to assisting Hawaii's institutions of higher education. As the University of Hawaii is focused on attracting nationally recognized faculty and increasing its autonomy and responsibility, your Committee has provided the University with \$6 million in additional general funds - for a total of \$514.5 million for all means of financing - and \$43 million in capital improvement funds for fiscal year 2001.

In order to support the quality of the University's faculty, an investment in human capital is a prerequisite. To this end, your Committee has provided an additional \$1 million for the John A. Burns School of Medicine to establish a molecular genetics program focused on disease prevention. Given that this cutting-edge program will specialize in extensive research on genetic abnormalities, a portion of the funds has been allocated to attract faculty who are recognized as pioneers in their fields and to leverage additional funds to UH through external grants.

In turn, an investment by the University in a quality workforce is necessary to attract high-technology business. Hawaii needs an adequately trained workforce. Given this, your Committee has provided an additional \$1 million for the Pacific Center for Advanced Technology Training for the UH Community Colleges to prepare students to enter the high technology workforce.

In addition, your Committee has provided a total of \$565,000 for the Hawaii Small Business Development Center (SBDC) Network to promote economic development through its seven centers, which provide counseling, training, research, and advocacy for and on behalf of small business.

To support the basic needs of quality instruction, research, and community programs, your Committee is committed to ensuring that the physical infrastructure of its facilities are functional, architecturally sound, aesthetically pleasing, and in compliance with building and safety codes. Toward this end, your Committee has provided \$20 million in general obligation bond funds for UH facility improvements statewide.

Furthermore, your Committee has provided \$1 million in general obligation bond funds to renovate space in UH Manoa's Watanabe Hall to house a new laser research laboratory complete with \$9 million in laser equipment provided by the Rockwell International Corporation. This laboratory will explore the application of laser technology in manufacturing, medicine, space exploration, and environmental science.

Additionally, to further support advanced technology programs at UH, your Committee has provided funding for several items. First, \$1.6 million has been set aside to renovate the old Bank of Hawaii building in downtown Hilo into a "smart building", complete with meeting rooms equipped with video and voice conferencing capabilities. Second, an extra \$1 million has been provided to the UH College of Engineering to help establish the Hawaiian Center for Advanced Research, which will focus on wireless communication systems. Third, an additional \$1 million has been provided to UH to upgrade the College of Business Administration. Funds will contribute to the development of new courses in e-commerce with software for web-based instruction.

In support of the University's continued move towards added responsibility and greater autonomy, your Committee has allowed the carryover of any general fund appropriations to the next fiscal year. This provides UH with greater flexibility in budgeting by allowing excess funds to be redistributed to high priority areas (H.B. No. 2062, H.D. 2).

Your Committee has provided the University with expanded operating resources. These resources will improve UH's capacity to further excel in the areas of established distinction - such as marine science, astronomy, and agriculture research - as well as advance into new areas of biomedical research, engineering, and e-commerce entrepreneurship. These funds will improve UH and help diversify Hawaii's economy.

Finally, as with DOE, the pro-rata portions of debt service, the Health Fund, and pension accumulation costs have been incorporated into the UH budget, rather than being reflected under the Department of Budget and Finance. This will increase UH's budget for all means of financing to \$628 million for fiscal year 2001.

Department of Health

Your Committee believes the basic health needs of Hawaii's population must be met. Those individuals who are underinsured or who live in isolated rural areas continue to live under the threat that basic health services may not be accessible when needed.

With this concern in mind, your Committee 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. These health care facilities are the safety net for those living in rural areas.

Your Committee has appropriated \$7 million for the Hawaii Health Systems Corporation, Hawaii's only network of public hospitals. Furthermore, an additional \$800,000 has been appropriated to the current \$1.3 million budget for basic health care to 4,800 additional underinsured persons.

Your Committee also recognizes its responsibility in providing adequate levels of health care for Hawaii's special needs population: children and adults who are mentally ill and developmentally disabled. There are three distinct areas where funds have been provided. First, your Committee has appropriated an additional \$2 million - for a total of \$96.2 million - to provide child and adolescent mental health services and to achieve compliance with the Felix Consent Decree. Second, the sum of \$4.2 million has been provided, in addition to the \$11 million in the current budget, to reduce the waitlist for home and community-based waiver services for persons with developmental disabilities or mental retardation. Third, your Committee recognizes the longstanding nature of the Department of Justice Settlement Agreement concerning the Hawaii State Hospital. In light of this, your Committee has increased the Adult Mental Health Division budget by \$23.5 million to more than double the present \$19.2 million budget for community-based mental health services for persons with serious mental illnesses.

Lastly, national attention focused on Hawaii's progressive attitude toward the allocation of its Tobacco Settlement Funds, as outlined in Act 304, Session Laws of Hawaii (SLH) 1999. Your Committee remains dedicated to health promotion, disease prevention, and control of tobacco use, and has therefore increased the DOH's Healthy Hawaii Initiatives ceiling by \$2.9 million in addition to the \$9.6 million originally authorized last year. To further set a national precedent, your Committee has specified that State funding of existing health promotion and disease prevention programs will not be supplanted or diminished by monies received from the Tobacco Settlement Funds (H.B. No. 2277, H.D. 1).

Department of Human Services

Believing that government has a duty to assist those individuals who are truly in need and lack sufficient resources for shelter, food, and medical care, your Committee has provided resources to address people's basic needs.

To simultaneously protect those who cannot work and to promote self-reliance, responsibility, and family stability, your Committee has maintained \$122 million in all means of financing - \$51 million from general funds - for funding the Temporary Assistance to Needy Families (TANF) and Temporary Assistance to Other Needy Families (TAONF) financial assistance programs.

As a further incentive for low-income households to remain in the workforce and to enable them to fully contribute to society, your Committee passed a measure to establish a refundable earned income tax credit. This tax credit will be available only to low-income workers and will act as a tax reduction and wage supplement (H.B. No. 1830, H.D. 1).

In addition to supporting those in need, DHS must also safeguard 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 is placed in an appropriate and safe environment. To this end, your Committee has provided \$3.2 million - for a total of \$28.5 million for all means of financing - for out-of-home child placement costs, which include adoption and foster care.

In continuing your Committee's dedication to 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 has provided an additional \$3.6 million for home-based care services, bringing total appropriations to \$68.6 million for all means of financing.

As the role of our State government has changed in light of new social and economic trends, the DOE, UH, DOH, and DHS have become the focus of this year's budget. Your Committee believes that this budget meets the objectives of maximizing investment in human capital, satisfying basic needs, and promoting responsibility and accountability.

ECONOMIC DEVELOPMENT

Achieving the objectives outlined above requires a strong and healthy economy. In light of this, your Committee has dedicated resources to strengthen tourism, assist small to medium-sized businesses, and support economically underdeveloped areas.

Your Committee increased the Hawaii Tourism Authority's special fund ceiling from \$60 million to \$61 million to reflect the optimistic projections of transient accommodations tax revenues. The Authority can expend the additional revenues to promote and market Hawaii as a tourist destination.

To complement last year's tax measures concerning out-of-state professional services, your Committee has provided \$200,000 for the Center for Asia-Pacific Infrastructure Development. This program will assist Hawaii's small to medium-sized planning, engineering, and development firms to capitalize on business in the vast Asian infrastructure markets. The Center will establish and maintain contacts to facilitate local business access to the Asian markets.

Your Committee recognizes the important role played by Community Based Economic Development (CBED) in creating new economic activities and diversifying Hawaii's economy. Over the past ten years, CBED has assisted rural areas with high unemployment in revitalizing their economic base, by offering technical and financial assistance to help build and strengthen community-based organization's capacities and skill levels. Therefore, your Committee continues to support the CBED Program and has maintained approximately \$680,000 in funding.

To round out budgetary efforts to promote economic growth, your Committee supports initiatives in both advanced technology and small business development. There are two tax incentive packages (H.B. No. 2607, H.D. 1; H.B. No. 2901, H.D. 1) that provide income tax relief for advanced technology research and development related to intellectual property, patents, and royalties.

There are three additional measures which focus upon the Department of Business, Economic Development, and Tourism (DBEDT): one encourages DBEDT to focus on high-technology development (H.B. No. 2500); a second consolidates the High Technology Development Corporation (HTDC) (H.B. No. 2356, H.D. 1); and the third allows HTDC to better assist high technology development (H.B. No. 2443, H.D. 1).

Lastly, your Committee approved a measure to increase the availability of local products in mainland markets through the appropriation of funds for manufacturing programs (H.B. No. 1969, H.D. 1). This will benefit local small-business by increasing their exposure in mainland markets.

ISSUES OF CONCERN

Rising court-mandated costs concern your Committee. When the Department of Justice Settlement Agreement was developed in 1991, it dealt exclusively with the Hawaii State Hospital. Today, however, court oversight has expanded to include the entire Adult Mental Health Division, including its outpatient services. While these services are important, the State has been forced to fund these court-mandated costs at the expense of, and detriment to, other important services.

Moreover, your Committee is not entirely convinced that the appropriations will, in and of itself, resolve all of the problems with the Hawaii State Hospital. Resolution of all outstanding issues with the Hospital now rests solely with DOH and its ability to fulfill the clinical requirements that the federal courts have mandated.

Of further concern is the potential for the Department of Public Safety (PSD) to revert to the control of federal court-mandated consent decrees. Without sufficient support, it is possible that PSD will return to its pre-Spear Consent Decree status: chronic overcrowding and lack of sufficient programming and substance abuse treatment programs.

In addition to issues surrounding federal court consent decrees, your Committee is also concerned about the fiscal operations of the Hawaii Health Systems Corporation. Every year since the passage of Act 262, Session Laws of Hawaii (SLH) 1996, which established the Corporation as a semi-autonomous entity, it has requested large general fund subsidies. As a result of Act 262, the Corporation was removed from the State's budgeting requirements. This has made it difficult for the Legislature to have the same comprehensive oversight of Corporation expenditures as it does with all other state agencies. The Corporation's services are necessary to the health needs of Hawaii's citizens. Nonetheless, without the budget oversight that existed previous to Act 262, it is difficult for your Committee to assess the budget requests of the Corporation in relation to those of other agencies.

Your Committee believes that the Corporation's ability to collect on its receivables is key to self-sufficiency. Even though patient revenue increased by \$4 million between fiscal year 1998 and fiscal year 1999, cash collections fell by \$14 million. If collections are not maximized, the Corporation will continue to require large sums of general fund support. As the State's fiscal health is still fragile, the Corporation must strive to achieve self-sufficiency.

Lastly, the final disposition of grant-in-aid applications has yet to be determined. Your Committee has received 68 requests for operating grant-in-aids totaling approximately \$22 million and 25 requests for capital improvements totaling approximately \$19 million. Many of the requests are worthy of funding. Your Committee, however, has deemed it appropriate to revisit these items once the Council on Revenues makes their March 2000 forecast. Priorities for grant-in-aids will be determined through negotiations with the Senate during Conference.

CONCLUSION

Your Committee believes it has fashioned a budget that strikes a balance between fiscal restraint and addressing the important issues of human capital investment, satisfying basic needs, promoting responsibility, and encouraging accountability.

Your Committee has funded court mandates and provided for basic needs in health and human services as well as appropriated funds to support economic development. Your Committee has also found additional resources to dedicate to education and invest in technology infrastructure.

Given this, your Committee believes it has allocated available resources to those areas of highest priority. There is still much legislative work yet to be done and your Committee stands ready to cooperate with the Senate to produce a fair and equitable supplemental budget.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1900, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Kanoho.

SCRep. 869-00 Finance 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 by amending Act 156, Session Laws of Hawaii 1999, for the 1999-2001 fiscal biennium.

The Judiciary submitted testimony in support of this bill.

For the past ten years, the State has coped with economic stagnation while most of the nation has enjoyed economic growth. Although still far from prosperity, Hawaii's economy appears to be slowly recovering. In December 1999, the Council on Revenues reported that tax-based revenues can be expected to rise by approximately one percent in each fiscal year from fiscal year 2001-2002 to fiscal year 2005-2006. Given the positive outlook on this and other types of leading economic indicators, your Committee is cautiously optimistic about the growth of our economy.

The Judiciary is entrusted with the enormous responsibility of interpreting laws, administering justice, and upholding both our Federal and State Constitutions. In meeting these responsibilities, the Judiciary is constantly faced with pressing budgetary needs. Nevertheless, the Judiciary has consistently participated in budget reduction initiatives. It has further supported the State by implementing its own initiatives to generate new revenues.

This measure balances your Committee's understanding of the significance of the Judiciary's mission and the reality of the current fiscal condition. With that in mind, your Committee recommends that the Judiciary's operating budget be increased to \$96,461,127 for fiscal year 2000-2001.

Your Committee would like to highlight four areas of funding for the Judiciary:

- (1) The Maui Drug Court Program;
- (2) Office leases for new judgeships;
- (3) The Human Resources Information and Management System; and
- (4) Capital Improvement Projects.

THE MAUI DRUG COURT PROGRAM

The Drug Court Program (Program) was first implemented on Oahu in 1995. Since then, it has proven to be a very effective and cost-efficient alternative to incarceration for nonviolent drug offenders.

To address a growing drug abuse problem on Maui, your Committee supports the Judiciary's efforts to expand the Program to that island. Funds have been provided to match the \$90,000 in federal funds earmarked for the Program. Additional funds have been provided for a social worker, and \$125,000 has been set aside for substance treatment services.

OFFICE LEASES FOR NEW JUDGESHIPS

Last session, the Legislature approved two new judge positions: one for the Third Circuit Family Court and one for the Fifth Circuit Court. To accommodate these much needed positions, your Committee supports the Judiciary in dedicating \$241,700 to provide new office leases for these judges and their staffs.

THE HUMAN RESOURCES INFORMATION AND MANAGEMENT SYSTEM

The Judiciary has long searched for a system that would enhance its personnel management capabilities. Relying on a key-punch data entry system provided by the Executive Branch has proven to be inadequate in maintaining the Judiciary's employee and payroll data. Therefore, your Committee supports the Judiciary's investment of \$400,000 for a state-of-the-art, on-line personnel management system that will enable it to effectively manage personnel resources and needs.

CAPITAL IMPROVEMENT PROJECTS

Your Committee has provided an additional \$6,990,000 for the following new projects:

- (1) \$6,501,000 for land acquisition for the Hilo Judiciary Complex;
- (2) \$265,000 for roof and structural improvements to Aliiolani Hale; and
- (3) \$224,000 for improvements to Koloa District Court and the Lihue Office Annex.

As the session continues, and as the State's economic outlook becomes more apparent, your Committee is committed to working closely with the Senate to produce a fair and reasonable supplemental budget for the Judiciary.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2650, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2650, H.D. 1.

Signed by all members of the Committee except Representatives Kanoho.

SCRep. 870-00 Human Services and Housing on S.B. No. 2056

The purpose of this bill is to encourage low-income persons to save by establishing a tax credit of 50 percent of the amount contributed to an Individual Development Account (IDA).

The Departments of Human Services and Taxation and the Office of Hawaiian Affairs testified in support of this measure.

After careful consideration, your Committee has amended this measure by deleting its substance and inserting language reflected in a similar bill, H.B. No. 1908, H.D. 1. This bill was reported earlier from your Committee on Finance. As amended, the purpose of this bill is to:

- (1) Establish an IDA contribution tax credit equal to 50 percent of the contribution for a five-year period beginning after December 31, 1999, until December 31, 2004;
- (2) Prohibit the tax credit for the portion of the contribution for which a charitable deduction was already taken;
- (3) Limit the contribution tax credit to \$1,000,000 in the aggregate; and
- (4) Give retroactive application to chapter 257, Hawaii Revised Statutes.

Minor, technical revisions were also made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2056, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2056, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 871-00 Human Services and Housing on S.B. No. 2658

The purpose of this bill is to stabilize General Assistance (GA) payments by authorizing the Department of Human Services (DHS) to retain any unexpended GA appropriations to households without minor dependents at the close of a fiscal year.

DHS and Kokua Council testified in support of this measure.

GA recipients are unable to count on a stable income because GA payments fluctuate quarterly based on the number of people participating in the program. Instead of retroactively providing adjusted benefits, which is the current practice, your Committee finds that this measure will help stabilize the payment amounts and enable persons to plan their lives more reasonably.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2658 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 872-00 Human Services and Housing on S.B. No. 2856

The purpose of this bill is to eliminate administrative burdens placed upon the Department of Human Services (DHS) and the Bureau of Conveyances (Bureau) when filing liens.

Specifically, this measure:

- (1) Removes the requirement that DHS file an annual update of its liens with the Bureau and clarifies that the annual update required is an internal departmental accounting measure to track DHS expenditures;
- (2) Clarifies the distinction between two different liens DHS may place under section 346-29.5, Hawaii Revised Statutes; and
- (3) Allows DHS, as a creditor, to initiate probate proceedings for real property liens under section 346-29.5.

DHS testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2856, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 873-00 Human Services and Housing on S.B. No. 2857

The purpose of this bill is to clarify that in third-party liability situations, and the Department of Human Services (DHS) prosecutes its own claims, intervenes or joins in any action, or actively participates with a claimant or claimant's attorney in the prosecution of claims, DHS shall be allowed to recover its attorney fees and costs in addition to its reimbursement rights, claims, or liens provided by law.

DHS testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2857, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 874-00 Health on S.B. No. 2764

The purpose of this bill is to:

- (1) Establish a reporting requirement to enforce a state law that requires tobacco product manufacturers who sell tobacco products in the State to deposit certain amounts into escrow based on the number of cigarettes sold; and
- (2) Relieve tobacco manufacturers who participate in the Master Settlement Agreement of double reporting requirements.

The Department of the Attorney General (AG), the Hawaii Nurses' Association, and an individual testified in support of this measure.

After careful consideration, your Committee has amended this measure by deleting its contents and inserting the substantive provisions reflected in a similar bill, H.B. No. 2423. This bill passed the House after public hearings in your Committees on Health and Judiciary and Hawaiian Affairs earlier this session.

As amended, this bill establishes a reporting mechanism to assist the AG enforce the requirement that tobacco product manufacturers who did not participate in the national Master Settlement Agreement are to deposit certain amounts into escrow based on the number of cigarettes sold in Hawaii.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2764, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2764, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 875-00 Transportation on S.B. No. 2299

The purpose of this bill, as received by your Committee, is to preserve the maritime passenger and cargo facilities of Piers 1 and 2 at Fort Armstrong.

Your Committee finds Piers 1 and 2 are now included under the authority of the Kakaako Community Development Authority. Your Committee further finds that Piers 1 and 2 should be preserved for maritime cargo facilities, recognizing that these facilities would be both expensive and difficult to relocate.

This bill proposes to change the boundaries of the Kakaako Community Development Authority to exclude Piers 1 and 2, and to transfer such authority to the Department of Transportation.

Testimonies in support of this measure were received from the Chamber of Commerce of Hawaii, CSX Lines, Hawaii Boaters Political Action Association, ILWU Local 142, Paradise Cruise, Ltd., Hawaii Stevedores, Ltd., Young Brothers, Ltd., Boats/Hawaii, and Kaneohe Bay Association of Mariners.

The Kakaako Community Development Authority (HCDA) testified in opposition to this measure, and the Department of Transportation deferred all comments the HCDA.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2299, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 876-00 Transportation on S.B. No. 2301

The purpose of this bill, as received by your Committee, is to establish a definition for maritime lands.

Your Committee finds that no definition for the term "maritime lands" exists, and that such definition will help the Department of Transportation in the management of lands adjacent to harbors.

This bill proposes that "maritime land" be defined as follows: "marine land, which is any land required for commercial and industrial activities that are dependent on being adjacent to the harbor."

Testimonies in support of this bill were received from CSX Lines, Young Brothers, Limited, Hawaii Boaters Political Action Association, Boats/Hawaii, and Kaneohe Bay Association of Mariners. Hawaii's Thousand Friends supported the intent of this measure, but suggested that language and examples be added that identify what types of uses are permitted and encouraged. The University of Hawaii suggested that only those lands that are adjacent to harbors and are in the Urban land use category be given to the Department of Transportation to manage.

The Board of Land and Natural Resources and the City and County of Honolulu, Department of Planning and Permitting, oppose this measure.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2301, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.
(Representative Fox voted no.)

SCRep. 877-00 Higher Education on S.B. No. 539

The purpose of this measure is to propose a Constitutional amendment that provides the University of Hawaii (University) with autonomy.

Your Committee finds that the Constitutional amendment proposed in this bill provides the University with the authority to manage its internal affairs. 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 their 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. This is consistent with the experiences of other regions where a quality higher education industry is an essential element to successful economic development.

Your Committee further clarified concerns about the impact of the measure on several issues. The measure accomplishes the following:

- (1) Codifies in the State Constitution many of the powers recently granted to the University through legislation;
- (2) Provides that all organizational and management decisions internal to the University are clearly the responsibility of the Board of Regents;
- (3) Clarifies that the status of programs are decisions internal to the University; and
- (4) Ensures that there be no unfunded mandates unless in compliance with statewide laws, as provided on page 1, lines 18 and 19 of the bill.

The measure does not:

- (1) Affect the budget process of the Legislature;
- (2) Affect the Governor's ability to restrict funds;
- (3) Prevent the Legislature from funding new initiatives;
- (4) Supersede laws of statewide concern;
- (5) Supersede state employment laws found in Title 7, Hawaii Revised Statutes (Civil Service/Collective Bargaining); and
- (6) Affect Hawaiian ceded land rights.

The University of Hawaii, the University of Hawaii Professional Assembly, the University of Hawaii Alumni Association, the University/Community Partnership, the Hawaii Agriculture Research Center, the Chamber of Commerce, the Hawaii Association of Realtors, the Hawaii Business Roundtable, and a graduate student supported the bill. The Hawaii Government Employees Association and the United Public Workers supported the intent of the bill. The Hawaii State Ethics Commission and the Department of Budget and Finance provided comments about the measure. The Office of Hawaiian Affairs opposed the bill.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 539, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 878-00 Higher Education on S.B. No. 2572

The purpose of this bill is to expand the uses and sources of funding of the University of Hawaii Facilities Use Revolving Fund (Fund).

Specifically, this bill authorizes the deposit of revenues derived from the sale or lease of real property into the Fund. Furthermore, this bill allows the university to transfer moneys from the Fund to other university funds. This measure also renames the Fund as the "University of Hawaii Real Property and Facilities Use Revolving Fund".

Your Committee finds further that this measure will strengthen and broaden the university's revenue base and further the university's financial independence.

The University of Hawaii and the Hawaii Association of Realtors testified in support of this bill. The Office of Hawaiian Affairs testified in opposition to this bill.

As affirmed by the record of votes of the members of your committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2572 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 879-00 Higher Education on S.B. No. 2574

The purpose of this bill is to authorize the University of Hawaii community colleges to deposit their special fund revenues into system special funds.

The University of Hawaii testified in support of this bill.

Your Committee finds that this bill gives the Community Colleges the flexibility to manage resources and operations in a more effective and efficient manner.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2574, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 880-00 Transportation on S.B. No. 2635

The purpose of this bill, as received by your Committee, is to strengthen restrictions on highway vending activities, and to expedite the resolution of violations.

Your Committee finds that violators of the highway vending law may be cited by police only after a hazardous condition is actually created, rather than as a preventive measure to forestall potential traffic hazards. Your Committee further finds that violations are now classified as misdemeanors, entitling the accused to jury trials, thus delaying action on such violations.

This bill proposes to extend the prohibition against vending from on and along highways to include the risk of creating a hazardous condition or public nuisance. The proposed measure also reduces offenses from misdemeanors to petty misdemeanors, thus expediting the resolutions of cases against the accused.

Testimonies in support of this measure were received from the Department of Transportation; City and County of Honolulu, Department of the Prosecuting Attorney and the Police Department.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2635 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 881-00 Transportation on S.B. No. 2955

The purpose of this bill, as received by your Committee, is to give the Director of Transportation the authority to adopt rules dealing with road use restrictions, and to increase penalties for violations governing the use of traffic control devices at work sites.

Your Committee finds that the Director of Transportation does not have the authority to restrict road use to prevent the transport of hazardous chemicals and materials through unsuitable areas, such as Wilson Tunnel. Your Committee further finds that any person, engaged in construction, maintenance, surveying or other work on or adjacent to a public street or highway where traffic regulations are imposed, who violates the rules governing the use of traffic control devices at such work sites is subject to a fine of not more than \$1,000.

This bill proposes that the Director of Transportation be given the authority to adopt rules pertaining to road use restrictions, and to increase fines for violations of rules governing the use of traffic control devices to not more than \$2,000.

Testimonies in support of this measure were received from the Department of Transportation; and the City and County of Honolulu, Department of the Prosecuting Attorney and the Police Department.

Your Committee observes that the provisions of S.B. 2955 are identical with those which passed the House as H.B. 2614.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2955 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 882-00 Transportation on S.B. No. 3100

The purpose of this bill, as received by your Committee, is to extend the time for which a driver's license instruction permit is valid.

Your Committee finds that under the current law, applicants for temporary driver instruction permits, learner's permits, receive permits which are valid for 180 days. Your Committee further finds that many applicants, especially minors, need or seek more road experience before taking the practical road test.

This bill proposes that a learner's permit be valid for one year to provide new drivers with more road experience before taking the road test with the examiner.

Testimonies in support of this bill were received from the Department of Transportation, the City and County of Honolulu, and an automobile insurance company.

Your Committee observes that Senate Bill No. 3100 is identical to House Bill No. 2934.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3100 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 883-00 Health on S.B. No. 2974

The purpose of this bill is to require that for purposes of health insurance coverage under individual and group contracts and other health plans, including QUEST, covered benefits and services for alcohol or drug dependence should:

- (1) Be treated the same as any other illness or disease; and
- (2) Should not be subject to lifetime, annual, or other limitations if these limitations are not applicable to other illnesses or diseases.

Testimony in support of this bill was submitted by the Hawaii Substance Abuse Coalition, Mental Health Association of Hawaii, Community Alliance on Prisons, Hawaii Psychiatric Medical Association, Equal Insurance Coalition, Hawaii Government Employees Association, National Alliance for the Mentally Ill Hawaii, Hawaii Nurses' Association, Hawaii Advisory Commission on Drug Abuse and Controlled Substances, Hawaii Psychological Association, and several individuals. Testimony in support of the intent of this bill was provided by the Department of Health. Legislative Information Services of Hawaii commented on the measure. National Federation of Independent Business, Kaiser Permanente, and Hawaii Medical Service Association testified in opposition.

Your Committee finds that mandating parity in coverage for alcohol or drug dependence essentially requires that the services provided be adequate to treat the illness. The average premium increase for adequate alcohol or drug dependence coverage is estimated to be 0.2 percent, or approximately \$1 per month for most families. In contrast, costs of failing to provide adequate treatment are borne not only by employers in decreased productivity, but also by society in general in the form of increased health care, welfare, and criminal activity costs, as well as the destructive effect of addiction on families.

Your Committee is cognizant of section 23-51, Hawaii Revised Statutes, which requires concurrent resolutions to be passed requesting the Auditor to conduct a social and financial audit of proposed mandated health insurance coverage before any legislative matter can mandate health insurance coverage. As such, your Committee will be introducing a concurrent resolution to conform with the law.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2974 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Arakaki, Kawakami and McDermott.
(Representative Stegmaier voted no.)

SCRep. 884-00 Health on S.B. No. 2655

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

- (1) Establishing an expedited process for an appeal of a managed care plan's decision;
- (2) Extending the time period to request an external review of a managed care plan's final determination; and
- (3) Establishing standards for determining whether a health intervention is a medical "necessity."

The Kooka Council, Hawaii Psychiatric Medical Association, Hawaii Government Employees Association, American Association of Retired Persons, Queen's Health Management, Hawaii Coalition for Health, and a concerned individual testified in support of this measure. The Patient Rights and Responsibilities Task Force and Kaiser Permanente supported this bill with suggested amendments. The Hawaii Chapter of the American Academy of Pediatrics, the American Academy of Pediatrics, Hawaii Nurses' Association, Department of Health, Hawaii Medical Services Association, and Hawaii Medical Association submitted comments. Testimony in opposition was submitted by Hawaii Biodyne, Inc.

Your Committee has amended this bill by replacing its contents with the language of H.B. No. 2811, H.D. 1, a similar bill that was reported out earlier this session by your Committee.

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

- (1) Increasing the number of members on the Patient Rights and Responsibilities Task Force from twenty to twenty-five; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2655, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2655, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 885-00 Health on S.B. No. 2024

The purpose of this bill is to improve the collection of Hawaii's cancer statistics by requiring the reporting of cancer cases detected in physician's offices, laboratories, free-standing radiation oncology facilities, and other treatment or pathology facilities to the Hawaii Tumor Registry or participating hospital registries.

The Hawaii Medical Association, the American Cancer Society, the Hawaii Tumor Registry, the Cancer Research Center of Hawaii, and an individual testified in support of this measure. The Department of Health testified in support of the intent of this measure.

Your Committee notes that a similar bill, H.B. No. 2013, H.D. 1, passed the House earlier this session after public hearings before your Committees on Health, Consumer Protection and Commerce, and Judiciary and Hawaiian Affairs.

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

- (1) Amending its title to read: "RELATING TO MEDICAL RESEARCH ON CANCER STUDIES" to conform to proper drafting conventions;
- (2) Including a purpose and findings section; and
- (3) Making technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2024, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

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

SCRep. 886-00 Agriculture on S.B. No. 2742

The purpose of this bill is to repeal the labeling requirement imposed on retailers that pork produced in the State be labeled "Island Produced Pork", by repealing part III of chapter 148, Hawaii Revised Statutes.

The Department of Agriculture, in supporting the bill, explained that the pork labeling law is unenforceable because pork produced from different geographic areas is virtually impossible to differentiate by sight. In addition, no rulemaking powers or penalties for noncompliance are provided under the current law.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2742 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 887-00 Agriculture on S.B. No. 2164

The purpose of this bill is to assist the organic agriculture industry by:

- (1) Defining standards for organically produced agricultural products;
- (2) Establishing requirements for the accreditation of certifying agents;
- (3) Establishing requirements for labeling and registration of organically produced agricultural products; and
- (4) Establishing other necessary requirements and administrative penalties for violations.

The Hawaii Organic Farmers Association testified in support of this bill, with proposed amendments to the bill. The Department of Agriculture (DOA) testified in support of the intent of this bill and submitted proposed amendments to the bill. The Hawaii Bio-Organic Growers Hui and an individual testified in opposition to the measure.

Upon consideration, your Committee has amended this bill by:

- (1) Clarifying the definitions of: "certifying agent", "certified organic", and "small farmer";
- (2) Adding the definitions of "board", "claimed organic", and "producer";

- (3) Stipulating that DOA repeal its rules relating to standards for organically produced agricultural products when federal standards for organically produced agricultural products are adopted by the United States Department of Agriculture;
- (4) Authorizing DOA to adopt rules establishing requirements for registration and recognition of certifying agents, rather than requirements for accreditation and registration of certifying agents;
- (5) Deleting the requirement that in adopting rules, DOA take into account the best interest of the consumer, producer, and the public;
- (6) Establishing provisions for the registration and recognition of certifying agents, rather than the accreditation of certifying agents;
- (7) Stipulating the no agricultural product may be labeled "organically produced", "certified organic", or claimed in any other manner to be organic, unless the product has been produced by a producer certified by a certifying agent registered with or recognized by DOA, rather than produced by a person certified by a certifying agent accredited by DOA;
- (8) Specifying that a registered small farmer may use the term "claimed organic" on the farmer's organically produced agricultural products;
- (9) Deleting the prohibition of the use of the terms "pesticide free", "residue free", or other like terms;
- (10) Clarifying procedures to recover administrative penalties;
- (11) Changing the effective date to take effect upon its approval; and
- (12) Making other technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2164, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 888-00 Human Services and Housing on S.B. No. 2598

The purpose of this bill is to encourage the development and increase the availability of affordable rental housing throughout the State by:

- (1) Authorizing the issuance of general obligation bonds and appropriating an unspecified amount to the Rental Housing Trust Fund (Trust Fund);
- (2) Limiting eligible projects to those receiving not more than 50 percent of the total investment in the project from government funding; and
- (3) Establishing the Housing and Community Development Corporation of Hawaii (Corporation) as a mortgage lender under the Hula Mae Program.

The Governor's Office, EAH, Inc., Hawaii Catholic Conference, Catholic Charities of the Diocese of Honolulu, Hawaii Investors for Affordable Housing, Inc., the Affordable Housing and Homeless Alliance, the Legal Aid Society of Hawaii, and the Hawaii Intergenerational Community Development Association testified in support of issuing general obligation bonds for the Trust Fund, but opposed the restricted uses of the funds. The Corporation testified in support of issuing general obligation bonds for the Trust Fund, but opposed all other provisions. The Department of Budget and Finance submitted comments.

It is the intent of your Committee to appropriate \$10,000,000 in general obligation bonds to the Trust Fund.

Your Committee notes that a similar bill, H.B. No. 2104, H.D. 1, passed the House earlier this session after public hearings before your Committees on Human Services and Housing and Finance.

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

- (1) Appropriating \$1 in general obligation bonds for purposes of further discussion;
- (2) Deleting the restrictions to the use of the funds;

- (3) Deleting the provisions that establish the Corporation as a mortgage lender under the Hula Mae Program to finance existing mortgages; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2598, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2598, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 889-00 Human Services and Housing and Consumer Protection and Commerce on S.B. No. 2062

The purpose of this bill is to continue the work of the Joint Legislative Committee on Long-term Care (Joint Legislative Committee) by:

- (1) Extending the life of the Joint Legislative Committee to June 30, 2002;
- (2) Clarifying requirements of the actuarial study;
- (3) Extending the completion date of the actuarial study to November 15, 2001;
- (4) Making an appropriation of an unspecified amount to the House of Representatives and the Senate to fund the actuarial study; and
- (5) Making appropriations to fund the Joint Legislative Committee expenses.

Hawaii Catholic Conference, the Coalition for Affordable Long Term Care, Kokua Council, Faith Action of Community Equity, the ILWU Local 142, the Hawaii State Commission on the Status of Women, and an individual testified in support of this measure. The Executive Office on Aging testified in support of this measure with the inclusion of two amendments. The Department of Commerce and Consumer Affairs submitted comments.

Within the past eighteen months, the Joint Legislative Committee accomplished a great deal, including the regulation and required recordkeeping of the long-term care insurance industry using model regulations from the National Association of Insurance Commissioners. However, the Joint Legislative Committee still has unfinished business of devising a financial program for long-term care.

Your Committees find that it is imperative that the Joint Legislative Committee continue its vital work to ensure that a financing plan for long-term care insurance is available for the increasing number of Hawaii's elderly and disabled.

Your Committees note that a similar bill, H.B. No. 1834, H.D. 2, passed the House earlier this session after public hearings before your Committees on Human Services and Housing and Finance.

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

- (1) Clarifying that the Joint Legislative Committee would require a contract to be given to an actuary to determine the projected cost of coverage of the product;
- (2) Requiring that the actuarial study be limited to the number of alternatives that can be supported by the funds appropriated;
- (3) Deleting the provision stating that the study shall select one model for recommendation and report on that model;
- (4) Appropriating \$200,000 to fund the actuarial study;
- (5) Leaving open the fiscal year for the appropriations of the actuarial study and of expenses of the Joint Legislative Committee;
- (6) Designating the Legislature, instead of the House of Representatives and the Senate, as the expending entity for the actuarial study; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Consumer Protection and Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2062, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2062, S.D. 1, H.D. 1, and be referred to the Committee on Legislative Management.

Signed by all members of the Committees except Representatives Cachola, Garcia, Hiraki, Kawakami, Morita, Santiago, Halford and Rath.
(Representative Whalen voted no.)

SCRep. 890-00 Economic Development and Business Concerns on S.B. No. 2925

The purpose of this bill is to repeal the requirement in the fuel tax law that liquid fuel distributors report the number of gallons imported to each county per month.

The Office of the Lieutenant Governor (Office), Department of Taxation (DOTAX), and the Tesoro Hawaii Corporation testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

The Office testified that this bill is part of a package of bills recommended for action by the Office's "Slice Waste and Tape" (SWAT) reform initiative to reduce the regulatory burdens on businesses and to improve government efficiency.

Your Committee finds that because DOTAX no longer needs the information in these reports, the continued requirement to submit these reports is an unnecessary burden on the petroleum industry. Furthermore, eliminating the report requirement contributes to the Administration's SWAT efforts by reducing needless regulatory burdens on industry.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2925 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 891-00 Economic Development and Business Concerns on S.B. No. 3051

The purpose of this bill is to clarify that Hawaii law allows local wine, spirit, and champagne producers to export their products.

Your Committee notes that at least one local winery believed that it was not allowed to export its products. Your Committee finds that Hawaii law should not be interpreted to prevent the exportation of local liquor, including wines, out of state.

Testimony in support of this measure was submitted by Volcano Winery.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3051, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 892-00 Economic Development and Business Concerns on S.B. No. 2906

The purpose of this measure is to repeal the garment industry homework laws.

The Office of the Lieutenant Governor and the Department of Labor and Industrial Relations (DLIR) testified in favor of this measure.

Currently, a certificate issued by the DLIR is required if a garment manufacturer has workers who sew at home. In the last three years, DLIR has issued only one certificate. Repeal of this chapter would not remove minimum wage and overtime protection currently in place. Your Committee is in agreement that the chapter should be repealed as unnecessary regulation.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2906 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 893-00 Economic Development and Business Concerns on S.B. No. 2945

The purpose of this bill is to:

- (1) Make technical amendments to statutory provisions enacted under Acts 70 and 71, Session Laws of Hawaii 1999;
- (2) Impose the use tax on contracting imported for resale or use in Hawaii;

- (3) Provide pyramiding relief from the general excise tax for the sale of amusements;
- (4) Provide a lower public service company (PSC) tax rate on telecommunications services and transportation services that are resold;
- (5) Provide a use tax exemption for debit card, credit card, merchant card draft, and trust administration services imported by a bank for use in the State; and
- (6) Provide a lower PSC tax rate for freight forwarders.

The Hawaii Bankers Association testified in support of this measure but with a proposed amendment. GTE Hawaiian Telephone, AT&T, Honolulu Freight Service, Emery Worldwide, and Con-Way Transportation Systems also testified in support of the measure. Comments were submitted by the Department of Taxation, Tax Foundation of Hawaii, and Committee on Taxation of the Hawaii Society of Certified Public Accountants.

Your Committee notes that this bill is similar to H.B. No. 2604, H.D. 2, which passed the House of Representatives earlier this session after public hearings before this Committee and the Committee on Finance.

Your Committee has made amendments to conform this bill to H.B. No. 2604, H.D. 2, by deleting the provisions that:

- (1) Provide a use tax exemption for debit card, credit card, merchant card draft, and trust administration services imported by a bank for use in the State; and
- (2) Provide a lower PSC tax rate for freight forwarders.

Your Committee further amended the bill by:

- (1) Clarifying that the use of financial services imported or purchased by a financial institution is exempted from the use tax until June 30, 2004; and
- (2) Requiring the Auditor to:
 - (a) Conduct a study on whether debit card, credit card, merchant card draft, and trust administration services can be or are being performed in the State; and
 - (b) Submit a report of the findings and recommendations to the Legislature prior to the repeal of the provision relating to the use tax exemption for the use of financial services imported or purchased by a financial institution on June 30, 2004.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2945, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2945, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 894-00 Transportation and Economic Development and Business Concerns on S.B. No. 2706

The purpose of this bill is to clarify the applicability of the general excise tax (GET) to offshore aircraft leasing companies by:

- (1) Preventing the retroactive assessment and collection of the GET on aircraft rentals; and
- (2) Providing an exemption from the imposition of the GET on future rentals of aircraft.

This measure also clarifies the use tax exemption to exempt the use of aircraft engaged in, or imported, purchased, leased, rented, or otherwise acquired for commercial transportation for compensation, hire of passengers, goods, or other tangible personal property between points in this State or between a point in this State and a point outside this State.

Hawaiian Airlines and Hawaiian Airlines Master Executive Council of the Air Line Pilots Association supported this bill. The Department of Taxation, Aloha Airlines, and the Tax Foundation of Hawaii submitted comments.

Your Committees find that this bill addresses the Department of Taxation's audits of lessors of aircraft and aircraft engines to local airlines. According to the Department of Taxation, the companies that leased aircraft and aircraft engines to local airlines owe the State approximately \$20,500,000 in back GET.

Your Committees note that a similar bill, H.B. No. 2794, H.D. 3, passed the House after public hearings in the Committees on Transportation, Economic Development and Business Concerns, and Finance this session. Your Committees have amended this bill by deleting its contents and inserting the provisions of H.B. No. 2794, H.D. 3. As amended, this bill:

- (1) Provides a GET exemption for any amounts received as rent for the rental or leasing of aircraft or aircraft engines used for interisland air transportation of passengers and goods; and
- (2) Clarifies the use tax exemption to exempt the acquisition or importation of any aircraft or aircraft engine by any lessee or renter engaged in interstate transportation.

Your Committee have also deleted the definition for "interstate air transportation" and made other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Transportation and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2706, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2706, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Ahu Isa, Catalani, Ito, Morihara, Okamura, Takai and Whalen.

SCRep. 895-00 Agriculture on S.B. No. 3194

The purpose of this bill is to enhance the Hawaii Right to Farm Act by among other things:

- (1) Prohibiting a farming operation from being declared a nuisance for any reason if the farming operation has been conducted in a manner consistent with generally accepted agricultural and management practices;
- (2) Specifying that such a farming operation shall be presumed to be reasonable and shall not be found to constitute a nuisance;
- (3) Excluding farming operations conducted in a manner consistent with generally accepted agricultural and management practices from situations when a farming operation may be declared a nuisance;
- (4) Defining "generally accepted agricultural and management practices";
- (5) Expanding the definition of "farming operation" to include silviculture and plant and animal production for nonfood uses;
- (6) Repealing the definition of "established date of operation";
- (7) Repealing the requirement for proof that:
 - (a) A farming operation complied with statutes, ordinances, regulations, or rules relevant to a nuisance complaint during the twelve-month period preceding the filing of the complaint; and
 - (b) A farming operation had used reasonable care in conducting its operation;
- (8) Repealing the provision that nuisance actions found to be frivolous by the court in which a farming operation is alleged to be a nuisance, to be governed by section 607-14.5, Hawaii Revised Statutes, relating to attorneys' fees and costs in civil actions; and
- (9) Authorizing the court to award costs of court, reasonable attorney fees, and any other related costs to the defendant if the court determines that any action alleging that an agricultural operation is a nuisance is frivolous.

The Hawaii Forestry Industry Association, Big Island Farm Bureau, Pineapple Growers Association of Hawaii, Hawaii's Thousand Friends, Waialua Farmers, and Hawaii Egg Producers Cooperatives testified in support of the measure. The Department of Agriculture, Hawaii Cattlemen's Council, and Hawaii Farm Bureau Federation testified in support of the measure with amendments. The Hawaii Agriculture Research Center and GARST testified in support of the intent of the measure with amendments also.

Your Committee has amended this bill by:

- (1) Deleting the definition of "generally accepted agricultural and management practices";
- (2) Requiring, rather than authorizing, the court to award costs of court, reasonable attorney fees, and any other related costs to the defendant if the court determines that any action alleging that an agricultural operation is a nuisance is frivolous;

- (3) Deleting conditions when a farming operation may be declared a nuisance; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3194, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3194, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 896-00 Economic Development and Business Concerns on S.B. No. 2838

The purpose of this bill is:

- (1) To establish an oversight committee to be known as the Access Hawaii Committee (AHC) to review and approve the development and operation of an internet portal for electronic services;
- (2) To authorize the setting of charges for value added electronic services that will be collected by the Portal Manager; and
- (3) To assist the State Public Library System (Library System) in providing access to the internet portal.

The Department of Commerce and Consumer Affairs, the Department of Accounting and General Services, the Hawaii State Public Library System, the High Technology Development Corporation, and a concerned citizen submitted testimony in support of the bill. The Judiciary submitted testimony supporting the intent of the bill with the request that the AHC include a Judiciary representative. The Governor's Special Advisor on Technology Development (Governor's SATD) and the Office of Information Practices (OIP) submitted testimony in support of the bill, which included proposed amendments to the bill.

Your Committee notes that a similar bill, H.B. No. 2497 H.D. 1, passed the House earlier this session after public hearings before your Committees on Economic Development and Business Concerns, and Finance.

After careful consideration, your Committee has amended this bill by conforming its substance to that of H.B. No. 2497 H.D. 1, and by adding the amendments suggested by the Governor's SATD and the OIP. Specifically, this measure has been amended by:

- (1) Removing the Library System as the primary access for citizens seeking access to the internet portal, and deleting the AHC's assistance and advice to the Library System in providing access to the portal and related matters;
- (2) Deleting the finding that electronic government services should be expanded through partnerships with entities such as the University of Hawaii and the Department of Education;
- (3) Deleting from the definition of "value added electronic services" for which the Portal Manager can charge a fee, the "ability to transact business over the Internet portal;"
- (4) Permitting government agencies to charge for value added electronic services provided through the Portal Manager, as suggested by the Governor's SATD;
- (5) Providing that Chapter 92F (Uniform Information Practices Act (Modified)) will control in any question of interpretation to protect the public's Chapter 92F rights with respect to the fees that are charged by the Portal Manager for value added electronic services under this bill, as suggested by the OIP;
- (6) Changing the number and composition of the AHC by:
 - (A) Decreasing the number from twelve to no more than eleven;
 - (B) Replacing the Director of Commerce and Consumer Affairs with up to three Directors of government agencies using or planning to use the services of the Portal Manager, as suggested by the Governor's SATD; and
 - (C) Removing the members that were chosen by the Senate President, the Speaker of the House, and the Chief Justice;
- (7) Deleting the appropriation provision to the Library System for equipment and facilities related to accessing information on the internet;
- (8) Providing that the Act shall be repealed on June 30, 2003, as opposed to the bill which provides that only the AHC will cease to exist on June 30, 2003; and

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

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2838, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2838, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Whalen.

SCRep. 897-00 Human Services and Housing on S.B. No. 2576

The purpose of this measure is to establish a state Resident Advisory Board (RAB) to:

- (1) Ensure that public housing residents are able to provide input on housing policies and procedures that affect them; and
- (2) Comply with new federal housing law that requires that public housing tenants be represented on a public housing agency board.

This measure also allows RAB to select representatives from its members to represent its interest on the board of the Housing and Community Development Corporation of Hawaii.

Testimony in support of this bill was submitted by the Affordable Housing and Homeless Alliance, Catholic Charities, the Legal Aid Society of Hawaii, and numerous concerned individuals. The Housing and Community Development Corporation of Hawaii (HCDCH), the Governor's Office, and a concerned individual submitted comments.

Your Committee has amended this bill by replacing its contents with the substantive provisions of H.B. No. 2431 H.D. 1, a similar bill that was reported out earlier this session by your Committee.

As amended, this bill:

- (1) Establishes a resident advisory board to advise HCDCH on public housing issues;
- (2) Allows a person residing in federal low-rent public housing or tenant-based section 8 housing assisted by the HCDCH to serve on the HCDCH Board; and
- (3) Allows a person residing in state low-rent public housing assisted by HCDCH to serve on the HCDCH Board.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2576, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2576, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 898-00 Human Services and Housing on S.B. No. 2847

The purpose of this bill is to:

- (1) Require the Department of Human Services (DHS) to develop standards to assure the reputable and responsible character of prospective adoptive parents including the requirement of obtaining a criminal history record check;
- (2) Define "perspective adoptive parents" to mean a person or persons who are married to each other, who are applying to the DHS to adopt a child or children, and
- (3) Amend section 846-10, Hawaii Revised Statutes, to allow the dissemination of criminal history record information by the DHS.

The Attorney General, the DHS, and a concerned individual testified in support of the measure.

Your Committee finds that the Federal Adoption and Safe Families Act of 1997 requires states to obtain a criminal history record check on prospective adoptive parents. However, your Committee further finds that the Hawaii Criminal Justice Data Center will not perform these checks unless mandated to do so by state statute. Your Committee believes that this measure will allow the DHS to comply with federal mandates.

Your Committee has amended this bill by deleting its contents and replacing it with the contents of H.B. No. 2506, H.D. 1, which was reported from the House after public hearings before your Committees on Human Services and Housing, Judiciary and Hawaiian Affairs, and Finance. H.B. No. 2506, H.D.1 is substantially similar to S.B. No. 2847 S.D. 2, except that it does not allow the dissemination of criminal history record information by DHS.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2847, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2847, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 899-00 Education on S.B. No. 2219

The purpose of this bill is to exempt Department of Education (DOE) public school facility acquisitions from chapter 37D, Hawaii Revised Statutes (HRS). In addition, it requires the DOE to enter into a lease agreement for Kihei charter public high school.

The South Maui Learning Ohana and an individual testified in support of this bill. The Department of Budget and Finance, DOE, and the Attorney General testified in opposition to this bill.

Your Committee finds that this bill may affect the state's credit worthiness because the bill proposes to exempt DOE transactions from established fiscal and legal oversight. By acting outside of the established procedure in chapter 37D, HRS, any DOE transaction may be classified as a debt, possibly affecting the state's bond rating and ability to raise capital in the municipal bond market.

Moreover, your Committee finds that the alternative recommended by the Attorney General may merit a closer look. The alternative is exemplified by Act 31, Session Laws of Hawaii 1999, that amended chapter 37D, HRS, to allow the University of Hawaii some flexibility in a similar situation dealing with dollar amounts not exceeding \$3,000,000.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2219, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 900-00 Education on S.B. No. 2475

The purpose of this bill is to ensure gender equity in high school athletics by:

- (1) Requiring high schools to create equal opportunity for both sexes in all sports offered;
- (2) Requiring high schools to afford equal access to all sports-related facilities and equipment to both sexes;
- (3) Requiring the Superintendent of Education to recommend rules to enforce gender equity and to develop a strategic plan; and
- (4) Establishing an Advisory Commission on Gender Equity in Sports to determine compliance with federal law.

The Hawaii State Teachers Association, American Civil Liberties Union of Hawaii, and an individual supported this bill. The Department of Education and the Hawaii Civil Rights Commission supported the intent of this bill.

Your Committee finds that Hawaii does not have state provisions that require the Department of Education to comply with Title IX of the federal Educational Amendments of 1972. This bill will create a local framework for ensuring compliance with federal mandates for gender equity in school athletics.

Upon further consideration, your Committee has amended this bill by deleting its contents, and inserting substantial provisions of H.B. No. 2857, H.D. 1, which was reported out from your Committees on Education and Judiciary and Hawaiian Affairs earlier this session. H.B. 2857, H.D. 1, is substantively identical to S.B. 2475, H.D. 1, except that it does not contain the "remedies" provision. Your Committee finds that this provision is unnecessary as Title IX already provides an administrative process by which to pursue equitable relief for grievances related to gender equity.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2475, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2475, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 901-00 Higher Education on S.B. No. 278

The purpose of this bill is to change the composition of the Board of Directors (Board) of the Research Corporation of the University of Hawaii (RCUH) by:

- (1) Reducing the number of members from the Board of Regents from five to two;
- (2) Adding two members who are either a Dean or a Vice-President of the University (UH); and
- (3) Adding two members who are faculty of the UH.

The UH and RCUH supported this bill. The Board of Regents commented on this bill.

Your Committee finds that this measure will strengthen the relationship between the UH and RCUH by placing on the Board people with operational responsibilities within the UH. The changes proposed in this bill constitute a positive move toward the consolidation of managerial control of UH affairs, and furthers the UH's goal of autonomy.

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

- (1) Clarifying that the members of the Board who are either a Dean or Vice-President of the University shall be nominated and selected through the same process, and shall serve for the same length of time as UH faculty Board members; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 278, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 278, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 902-00 Higher Education on S.B. No. 2575

The purpose of this bill is to establish a University of Hawaii facilities improvements special fund.

The bill requires that \$15 million be deposited into a facilities improvements special fund from a combination of general excise tax revenues and general obligation bond proceeds. The fund would be used by the University of Hawaii for repairs and maintenance of their physical facilities.

The University of Hawaii and the Hawaii Association of Realtors testified in support of the bill. The Department of Budget and Finance supported the intent of the bill. The Tax Foundation of Hawaii testified in opposition of the measure.

Your Committee has amended the measure by leaving the appropriation amount blank for further evaluation.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2575, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2575, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 903-00 Higher Education on S.B. No. 3141

The purpose of this bill is to provide complete autonomy to the University of Hawaii (UH) from the Executive Branch.

Your Committee finds that this bill would provide the UH with significantly more fiscal autonomy, stimulate entrepreneurship, and allow the UH to more freely and actively pursue self-improvement.

The UH, the Chamber of Commerce of Hawaii, Hawaii Business Roundtable, and the Hawaii Association of Realtors supported this bill. The Hawaii Government Employees Association commented on this bill. The United Public Workers and the Department of Budget and Finance opposed this bill.

Upon further consideration, your Committee has amended this bill by deleting its contents and inserting the substantive provisions of H.B. No. 2813, H.D. 1. H.B. No. 2813, H.D. 1 was reported from your Committee earlier this session. As amended, the bill now gives the UH fiscal autonomy from the Executive Branch and clarifies the appropriation process by:

- (1) Requiring the Board of Regents of the UH to submit their budget directly to the Legislature;
- (2) Eliminating executive review of the budget;
- (3) Defining "base general fund appropriation" the amount of general funds appropriated, not including one-time appropriations or appropriations restricted by bill or proviso; and

- (4) Replacing the term "general fund appropriation" with "base general fund appropriation".

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3141, H.D. 1, and be referred to the Committees on Labor and Public Employment and Finance.

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

SCRep. 904-00 Judiciary and Hawaiian Affairs on S.B. No. 2108

The purpose of this bill is to increase nonresident hunting license fees and to require applicants for a license to disclose if they are prohibited from using firearms for hunting. It also allows the Department of Land and Natural Resources (DLNR) to establish hunting license application and issuance procedures and set fees through administrative rules.

The DLNR and the Nature Conservancy of Hawaii testified in support of this bill.

One citizen testified in opposition to this bill.

Your Committee finds that hunting license fees are deposited into the wildlife revolving fund, which is used for ground improvements relating to hunting, such as improving game bird habitat, controlling predators, and leasing of lands for hunting, and for hunter education and other hunter services. Your Committee also finds that the average 1999 non-resident cost of licenses and tags in the Western United States is \$1,000; Hawaii's 1999 non-resident cost of licenses and tags is \$100.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2108, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Water and Land Use.

Signed by all members of the Committee except Representatives Morita, Takumi and Thielen.

SCRep. 905-00 Water and Land Use on S.B. No. 2918

The purpose of this bill is to increase nonresident hunting license fees and to require applicants for a license to disclose if they are prohibited from using firearms for hunting. It also allows the Department of Land and Natural Resources (DLNR) to establish hunting license application and issuance procedures and set fees through administrative rules.

The DLNR and the Nature Conservancy of Hawaii testified in support of this bill.

One citizen testified in opposition to this bill.

Your Committee finds that hunting license fees are deposited into the wildlife revolving fund, which is used for ground improvements relating to hunting, such as improving game bird habitat, controlling predators, and leasing of lands for hunting, and for hunter education and other hunter services. Your Committee also finds that the average 1999 non-resident cost of licenses and tags in the Western United States is \$1,000; Hawaii's 1999 non-resident cost of licenses and tags is \$100.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2918, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Morita, Takumi and Thielen.

SCRep. 906-00 Energy and Environmental Protection on S.B. No. 2287

The purpose of this bill is to create a funding mechanism for the conversion of overhead utility lines to underground utility lines by:

- (1) Establishing the Underground Conversion Fund (Conversion Fund) to be used for the conversion of overhead utility lines to underground facilities;
- (2) Requiring that an unspecified percentage of moneys in excess of \$1,000,000 in the Public Utilities Commission (PUC) Special Fund (Special Fund) be deposited annually into the Conversion Fund;
- (3) Allowing taxpayers to make voluntary contributions to the Conversion Fund through their annual income tax returns; and

- (4) Requiring the PUC to establish criteria allocating funds to counties that determine undergrounding zones through special improvement districts by ordinance.

Na Leo Pohai, Kauai Renewable Energy Hui, the Sierra Club, Kauai Group, and two individuals testified in support of this bill. The PUC, Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, the Consumer Advocate, and the University of Hawaii's Environmental Center supported the intent of this measure. The Tax Foundation of Hawaii, GTE, Kauai Electric, Life of the Land, and one individual offered comments. The Department of Budget and Finance and the Department of Taxation opposed passage of this measure.

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

- (1) Deleting its substance and inserting provisions found in Part V of H.B. No. 2843, H.D. 1, which, among other things:
- (a) Establishes the Conversion Fund;
 - (b) Allows the following to be deposited into the Conversion Fund:
 - (1) Voluntary contributions by taxpayers on their income tax returns;
 - (2) Voluntary contributions by individuals through amounts paid in excess of a utility bill that is part of a "round-up" program; and
 - (3) Legislative appropriations;

and
 - (c) Directs the PUC to establish a conversion program that allows for the systematic conversion of overhead utility lines to underground lines;
- (2) Requiring that an unspecified percentage of moneys in excess of an unspecified amount in the Special Fund at the end of each fiscal year be deposited into the Conversion Fund; provided that the sum shall be calculated prior to the application of section 269-33(d), Hawaii Revised Statutes, which lapses moneys in excess of \$1,000,000 from the Special Fund to the credit of the General Fund;
- (3) Exempting the Conversion Fund from the requirement that five percent of all receipts of all special funds shall be deducted to defray the prorated estimate of central service expenses of government;
- (4) Authorizing rather than requiring the PUC to establish an annual allocation of revenues from each utility having above ground facilities and depositing these contributions to the Conversion Fund; and
- (5) Making technical, nonsubstantive amendments for the purpose of clarity.

Your Committee finds that cable companies are not within the PUC's jurisdiction. Therefore, as a matter of fairness, any provision that assesses utilities should also include cable companies as well. Your Committee respectfully requests the Committee on Consumer Protection and Commerce to scrutinize this inconsistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2287, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2287, S.D. 1, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 907-00 Energy and Environmental Protection on S.B. No. 2345

The purpose of this bill is to implement "renewables portfolio standards" (RPS) to ensure that renewable energy is included in the portfolio of electricity resources serving Hawaii.

This bill seeks to achieve market penetration for renewable energy in the State by requiring qualified electric utility companies to possess a minimum percentage of renewable energy resources within their overall resource portfolios. In addition, this bill requires the Public Utilities Commission (PUC) to establish a program to issue renewable credits to renewable energy generators.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism (DBEDT), Renewable Energy Services, Inc., Puna Geothermal Venture, the Pacific Region PowerLight Corporation, The Solaray Corporation, Zond Pacific, Amfac Sugar Kauai, Hawaii Renewable Energy Alliance, Kauai Renewable Energy Hui, and several individuals. The Sierra Club, Hawaii Chapter, the Kauai County Council, and the University of Hawaii's Environmental Center supported the intent of this bill. Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii

Electric Light Company, and Kauai Electric opposed passage of this measure, and the Consumer Advocate, Life of the Land, and Ogdan Energy Group, Inc., offered comments.

The DBEDT's testimony was especially insightful. According to this agency:

- (1) Instituting an RPS has been identified as the single most effective means of accomplishing the objectives of the State Energy Plan;
- (2) The diversification of fuel supplies and reduced reliance on imported oil will help to reduce the risk and cost to ratepayers and to our economy in the event of oil price increases or supply disruptions;
- (3) One of the identified barriers to renewable energy is the Energy Cost Adjustment Clause (Renewable Energy Resource Investigation Report, Docket No. 94-0266). This provision allows the utility to automatically pass through 100 percent of any fuel price increases to the ratepayers. As a result, the utility bears no risk to its bottom line if oil prices increase and, therefore, has little incentive to minimize this type of risk. On the other hand, increased use of renewables will dampen the effects of oil market volatility since costs incurred for renewable facilities are generally fixed over time; and
- (4) In an article published in Public Utilities Fortnightly (February 15, 2000) entitled: "Getting It Right: The Real Cost Impacts of a Renewables Portfolio Standard":

"Several recent analyses estimate the costs associated with RPS requirements and draw similar conclusions: They find that any additional costs incurred in attaining the desired levels of renewable energy are 'minimal' as compared to an all-fossil portfolio."

Upon further consideration, your Committee has amended this bill by deleting its substance and inserting provisions found in H.B. No. 1883, H.D. 1, which was reported out earlier by your Committee after a public hearing on February 17, 2000. As amended, this bill essentially adds a new part to the bill that provides for a "solar RPS" as a component of the RPS. These new provisions are necessary, because solar energy at present prices cannot compete with other renewables within the RPS.

Your Committee has further amended this bill by:

- (1) Increasing the RPS between 2002 and 2010 by 0.5 percentage points instead of 0.35 percentage points each year up to a minimum of 11.5 percent instead of ten percent on January 1, 2010; and
- (2) Defining "renewable energy generator" as a facility that produces electricity from renewable energy.

Your Committee finds that solar electric energy production can provide unquantified benefits by enhancing:

- (1) Facility reliability;
- (2) Security of important telecommunications;
- (3) Financial data and public health and safety functions; and
- (4) Job creation and economic development from potential in-state manufacturing or assembly facilities.

Your Committee further finds that development of solar electric energy production offers great export technology potential should these incentives attract a manufacturing or assembly plant.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2345, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2345, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 908-00 Energy and Environmental Protection on S.B. No. 2545

The purpose of this bill is to improve enforcement of the glass advance disposal fee law by clarifying the applicability of the statute relating to glass importers and inspection procedures.

This bill closes a loophole in the law by:

- (1) Specifying that the advance disposal fee be imposed on all glass container importers and not only those importers who are registered with the Department of Health (DOH); and

- (2) Adding a definition of "import."

This measure also changes the method of imposing the penalty for violation of the program from a civil to an administrative action, thereby avoiding the necessity of going to court.

The DOH and the Hawaii Food Industry Association testified in support of this bill. The University of Hawaii's Environmental Center offered comments.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2545 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 909-00 Labor and Public Employment on S.B. No. 2607

The purpose of this bill is to:

- (1) Establish a trust fund for the Commission on the Status of Women (Commission) upon the creation of a tax-exempt, nonprofit foundation that is subject to the terms and conditions provided in Chapter 367, Hawaii Revised Statutes; and
- (2) Update statutory language relating to the duties and powers of the Commission.

Testimony in support of this measure was submitted by the Commission, Department of Labor and Industrial Relations, Hawaii Civil Rights Commission, University of Hawaii (UH) at Manoa Women's Center, National Association of Social Workers, Hawaii Women Lawyers, Hawaii Women's Coalition, Hawaii State Coalition Against Domestic Violence, Hawaii Coalition for Affordable Long Term Care, Parents and Children Together, Family Planning Centers of Hawaii, Violence Prevention Consortium, Department of Public Safety, Honolulu County Committee on the Status of Women, Department of Human Resources of the City and County of Honolulu, UH at Manoa Office of Student Equity, Excellence and Diversity, Hawaii Area Program of the American Friends Service Committee, Hawaii Women's Political Caucus, BPW/Hawaii, and several individuals. The Department of Accounting and General Services offered comments.

Your Committee finds that a private charitable trust fund will provide an excellent source of money for the Commission's programs. In addition, the trust fund will assist the Commission to become financially self-sufficient.

Your Committee has amended this bill by:

- (1) Specifying that any funds or properties donated for the Commission's use shall be accounted for in accordance with the policies and procedures rather than rules issued by the Comptroller; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2607, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2607, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 910-00 Agriculture and Ocean Recreation and Marine Resources on S.B. No. 1427

The purpose of this bill is to clarify that aquaculture production transactions are taxed at the wholesale rate of one-half of one percent.

Specifically, this bill applies the wholesale rate under the general excise tax (GET) to:

- (1) Sales of land, infrastructure, or equipment to a licensed aquaculture producer, cooperative, or not-for-profit association; or
- (2) The sale of materials, supplies, or commodities used by the licensed producer, cooperative, or not-for-profit association in the production of aquaculture products for sale.

The Hawaii Aquaculture Association testified in support of the measure with suggested amendments. The Department of Agriculture testified in support of the intent of the measure, but deferred to the Department of Taxation (DOTAX) on matters of substance. DOTAX and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committees heard concerns expressed by DOTAX in its testimony that the bill's substance does not accomplish its stated purpose to provide the wholesale rate to certain sales to a licensed aquaculture producer, cooperative, or not-for-profit association, and as such, the aquaculture industry might be subject to greater taxation than intended.

Your Committees have amended this bill by:

- (1) Amending the application of the wholesale rate under the GET to:
 - (A) Sales of materials, supplies, or commodities to a commercial aquaculture producer or cooperative; or
 - (B) The rental or leasing of equipment used by the commercial aquaculture producer or cooperative in the production of aquaculture products for sale;
- (2) Changing the description of sales and sales at wholesale;
- (3) Changing the effective date to July 1, 2000; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Ocean Recreation and Marine Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1427, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1427, S.D. 1, H.D. 1, and be referred to the Committee on Economic Development and Business Concerns.

Signed by all members of the Committees except Representatives Ito, Morita, Morihara, Suzuki, Auwae, Rath and Whalen.

SCRep. 911-00 Human Services and Housing and Health on S.B. No. 2446

The purpose of this bill is to appropriate funds for programs and services for the protection of children and families including:

- (1) The Hawaii Children's Trust Fund;
- (2) The Healthy Start program; and
- (3) The two "neighborhood places" that currently exist;

The Hawaii Community Foundation, the Hawaii Family Support Center, the Hawaii Children's Trust Fund Advisory Committee, and the Hawaii Children's Trust Fund Coalition provided testimony in support of this measure. The Department of Health provided testimony supporting the intent of this measure. The Department of Human Services (DHS) provided testimony supporting this measure with reservations.

After careful consideration, your Committees have amended this measure by deleting its substance and inserting language reflected in H.B. No. 2166, H.D.1. As amended, the purpose of this bill is to appropriate funds:

- (1) For medical/health case management services;
- (2) To allow DHS to contract with a provider to:
 - (a) Increase the pool of foster homes and adoptive homes; and
 - (b) Provide a standardized framework for the training, preparation, and selection of foster and adoptive parents;
- (3) For foster parent training;
- (4) To provide an increase in foster board payments for children with special needs;
- (5) To broaden the scope of the Parent Line and Home Reach Services; and
- (6) To provide treatment for children who are victims of intra-familial sexual abuse and for the children's families.

Your Committees looked at funding in areas that lacked resources, as specified by the Child Protection Legislative Roundtable. Your Committees also note that the provisions in S.B. No. 2446, S.D.2 can be found in other vehicles in separate bills.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2446, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2446, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 912-00 Human Services and Housing on S.B. No. 2850

The purpose of this bill is to establish kinship care by providing guidelines under which a person may become a kinship provider.

The Department of Human Services (DHS) and the Department of the Attorney General (AG) submitted testimony in support of this bill, which also included recommended changes.

Your Committee notes that a similar bill, H.B. No. 2509, H.D. 2, passed the House earlier this session after hearings before your Committees on Human Services and Housing, and Finance.

After careful consideration, your Committee has amended this bill by conforming its substance to that of H.B. No. 2509, H.D. 2. The recommendations of the DHS and the AG were either conforming and therefore, unnecessary, or contrary to the substance of the aforesaid H.B. No. 2509, and therefore, were not included as amendments to this bill. Specifically, this bill has been amended in substance by:

- (1) Mandating, as opposed to merely authorizing, the DHS to adopt rules relating to kinship care;
- (2) Restricting the purpose of fingerprinting to that of complying with the criminal history record check;
- (3) Authorizing the Hawaii Criminal Justice Data Center to assess a reasonable fee for the criminal history check "conducted," as opposed to just the criminal history check "information" as provided for in this bill;
- (4) Deleting section 3 of this bill; and
- (5) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2850, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 913-00 Judiciary and Hawaiian Affairs on S.B. No. 13

The purpose of this bill is to allow process server fees and mileage to be included in court costs.

Testimony in support of this measure was received from Hawaii State Bar Association Collection Law Section, Hawaii Financial Services Association, Credit Associates of Maui, Ltd., and a concerned individual.

Your Committee finds that the provisions of this bill will ensure fair distribution of process server fees and mileage, thus encouraging and supporting growth of business in the State. Your Committee further finds that circumstances make it reasonable to request a study of the registration and licensing of private process servers.

Your Committee has amended this bill by adding provisions regarding registration of process servers, requirements pertaining thereto, and blank appropriations for the counties.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 13, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 13, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Whalen.

SCRep. 914-00 Judiciary and Hawaiian Affairs on S.B. No. 2785

The purpose of this bill is to expedite the return of unclaimed property to claimants by establishing the Unclaimed Property Trust Fund.

Testimony in support of this measure was received from the State Department of Budget and Finance.

Your Committee finds that establishment of an Unclaimed Property Trust Fund will allow the State, as custodian, to return property in a timely manner to rightful owners.

Your Committee has amended this measure by making non-substantive, technical changes for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2785, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2785, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Whalen.

SCRep. 915-00 Economic Development and Business Concerns on S.B. No. 2003

The purpose of this bill is to appropriate funds to match federal funds for the establishment of manufacturing extension programs.

The Department of Business, Economic Development, and Tourism (DBEDT), Hawaii Manufacturing Extension Partnership, Hawaii Technology Trade Association, Volcano Winery, CRT Consulting, and First Commercial Kitchen submitted testimony in support of this measure.

Your Committee notes that this bill is similar to H.B. No. 1969, H.D. 2, which passed the House of Representatives earlier this session after public hearings before this Committee and the Committee on Finance.

Your Committee has made amendments to conform this bill to H.B. No. 1969, H.D. 2, by:

- (1) Inserting the amount of \$1 for the appropriation; and
- (2) Providing that the appropriation shall be contingent on matching federal funds, rather than contingent on matching federal funds secured by DBEDT; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2003, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2003, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara, Halford and Rath.

SCRep. 916-00 Economic Development and Business Concerns on S.B. No. 2160

The purpose of this bill is to provide tax relief for the construction industry by allowing contractor-taxpayers to pay the general excise tax (GET) on a cash basis, provided that the contractor-taxpayer notifies the Department of Taxation (DOTAX) of the basis upon which the GET will be reported.

The Construction Industry Legislative Organization, Building Industry Association of Hawaii, Subcontractors' Association of Hawaii, Hawaii Construction Industry Association, Associated Builders and Contractors, Inc., General Contractors Association of Hawaii, and Plumbing & Mechanical Contractors Association of Hawaii submitted testimony in support of this measure. DOTAX and the Tax Foundation of Hawaii submitted comments on this measure.

Your Committee notes that this bill is similar to H.B. No. 2876, H.D. 2, which passed the House of Representatives earlier this session after public hearings before this Committee and the Committee on Finance.

Your Committee has made amendments to conform this bill to H.B. No. 2876, H.D. 2, by:

- (1) Providing a purpose section;
- (2) Allowing the reporting of the GET on a cash basis to be noncontingent on the definition of "gross income" under section 237-3, Hawaii Revised Statutes;
- (3) Stipulating that the bill applies to general excise taxes on gross proceeds or gross income arising after January 2, 2001; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2160, S.D. 1, as amended herein,

and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2160, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 917-00 Economic Development and Business Concerns on S.B. No. 2419

The purpose of this bill is to encourage lending to small businesses by establishing a Capital Access Program in the Department of Business, Economic Development, and Tourism (DBEDT) to assist a participating financial institution in making loans to businesses and nonprofit organizations that face barriers in accessing capital.

DBEDT testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2419, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 918-00 Economic Development and Business Concerns on S.B. No. 2716

The purpose of this bill is to:

- (1) Specify that the one-half percent general excise tax (GET) rate applies to sales by a printer to a publisher of magazines or similar printed materials containing advertisements, when the publisher is under contract with the advertisers to distribute a minimum number of magazines or similar printed materials to the public or defined segment of the public, whether or not there is a charge to the persons who actually receive the magazines or similar printed materials; and
- (2) Exempting such sales from the use tax.

Hawaii Publishers Association, Honolulu Publishing Company, Ltd., Trade Publishing Company, Hawaii Society of Certified Public Accountants, and PMP Publishing Company, Ltd., submitted testimony in support of this measure. The Department of Taxation (DOTAX) and the Tax Foundation of Hawaii submitted comments on this measure.

Under current law, a wholesale rate of one-half percent applies when tangible personal property is sold for resale at retail. If the property is not resold, the GET is imposed at the four percent retail rate. This bill "levels the playing field" between printers who sell to publishers who sell their magazines for a charge versus publishers who distribute their magazines without charge.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2716, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kaho'ohalahala, Morihara and Rath.

SCRep. 919-00 Transportation on S.B. No. 2300

The purpose of this bill is to allow the Department of Transportation (DOT) and the Department of Land and Natural Resources (DLNR) to enter into cost-containment contracts with private developers.

Your Committee finds that Hawaii's harbors need improvements. Under current statute, DOT and DLNR are required to get appropriations through legislative action. Your Committee further finds that by allowing DOT and DLNR to contract the private development of harbor facilities on state land, construction will be more expedient.

This bill allows DOT and DLNR to enter contracts with private developers for projects up to \$2,000,000 without legislative approval. This bill also allows the DOT and DLNR to enter into contracts for up to \$5,000,000 with legislative approval.

Testimonies in support of this bill were received from the Board of Land and Natural Resources, American Hawaii Cruises, CSX Lines, Hawaii Stevedores, Inc., Hawaii Boaters Political Action Association, Regal Travel, Waldron Steamship Co., Ltd., Big Island Business Council, Aloha Tower Marketplace, Young Brothers, Ltd., the Chamber of Commerce of Hawaii Maritime Committee, Hawaii State Association of Counties, Paradise Cruise, Ltd., Boats Hawaii, and the Kaneohe Bay Association of Mariners. The Department of Transportation and the Maui Hotel Association support the intent of this bill. Testimonies in opposition to this bill were received from the Office of Hawaiian Affairs and Hawaii's Thousand Friends. Matson Navigation Company expressed concerns about this bill.

Your Committee has amended this bill by making the following changes:

- (1) Replacing all monetary figures with the figure of \$1, to facilitate further discussion; and
- (2) Changing the effective date to January 1, 2020, to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2300, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2300, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 920-00 Transportation on S.B. No. 1390

The purpose of this bill is to amend section 291-2, Hawaii Revised Statutes (HRS), to clarify what constitutes reckless driving.

This bill:

- (1) Broadens the definition of reckless driving to include persons who disregard their own safety as well as the safety of others;
- (2) Defines "reckless driving of a vehicle" to include committing two or more traffic violations within a two-mile parameter;
- (3) Provides that a conviction and sentence for reckless driving or reckless riding of an animal not preclude a conviction for another traffic violation arising from the same course of action.

Your Committee finds that reckless drivers have little regard for their own safety and the safety of others. Reckless drivers are a major threat on the roads and need to be dealt with accordingly.

Testimony in support of this bill was received from the Honolulu Police Department. The Department of Transportation submitted testimony in support of the intent of this bill. The Office of the Public Defender offered suggestions to amend the bill.

Your Committee has amended the bill by:

- (1) Deleting the definition of "reckless driving of a vehicle;"
- (2) Deleting the provision that a conviction and sentence for reckless driving or reckless riding of an animal not preclude a conviction for another traffic violation arising from the same course of action; and
- (3) Making technical amendments for clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1390, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1390, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 921-00 Transportation on S.B. No. 2311

The purpose of this bill is to require all passengers in motor vehicles to wear seatbelts.

The bill requires all passengers over the age of four in a motor vehicle to fasten their seatbelts, regardless if they are in the front or back seat. The bill would take effect on July 1, 2000.

Your Committee finds that under current law, the driver and front-seat passengers, who are four years of age or older, must be restrained by seat belt assemblies, and that children under the age of four must be restrained in child passenger restraint systems, commonly referred to as car seats. Your Committee further finds that, back-seat passengers incur serious injuries and deaths, which could be prevented by utilizing back-seat seatbelts.

Testimonies in support of this bill were received from the Department of Transportation, Department of Health, Mothers Against Drunk Driving, Youth in Action, Hawaii Medical Association, Keiki Injury Prevention Coalition, State Farm Mutual Automobile Insurance Company, the Honolulu Police Department, and a concerned citizen. Written testimony in opposition to this bill was received from a concerned citizen.

Your Committee has amended this bill by deleting its substance and replacing it with the contents of H.B. 1760 H.D. 1, a similar bill that passed the House after public hearings before this Committee and your Committee on Judiciary and Hawaiian Affairs. As amended, this bill:

- (1) Requires use of back-seat seatbelts for passengers age 17 and under;
- (2) Raises the current fine of \$20 to \$45; and
- (3) Takes effect on approval.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2311, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2311, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 922-00 Education on S.B. No. 2466

The purpose of this bill is to require the Board of Education to adopt a policy to prevent minors from gaining access to pornography on public access computers.

Your Committee finds that the Internet contains a vast array of information, some of which is appropriate for minors and some of which is not. State computers that offer access to the Internet for the public, such as those available at public libraries, should not be used to give minors access to pornography. However, constitutional rights of the adults who use these computers must also be considered in establishing any policy that would restrict Internet access.

Testimony in favor of the bill was received from the Police Department of the City and County of Honolulu, the Hawaii Catholic Conference, the Hawaii Family Forum, and two individuals. The Superintendent of Education testified in support of the intent of the bill. Testimony in opposition was received from the State Librarian, three individual librarians, and the Hawaii Library Association.

Your Committee has amended the bill by requiring that the policy be adopted pursuant to chapter 91, Hawaii Revised Statutes, the Administrative Procedure Act, but exempt from the public hearing and public notice requirements for rulemaking. This will ensure that the rules are put into place on an expedited basis. Your Committee has also amended the bill by changing the date for the Board to adopt the policy to January 1, 2001, instead of 2002, including computers regularly used in public schools by a student as a public access computer, and by making technical nonsubstantive amendments for purposes of style.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2466, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2466, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 923-00 Education on S.B. No. 2571

The purpose of this bill is to provide public schools maximum flexibility in expending their budgets and to facilitate the implementation of school-based budgeting by requiring the Department of Education to submit to the individual schools and the legislature, by opening day of each regular session, a report on its proposed school-by-school budget allocation.

The Hawaii Business Roundtable testified in support of this measure. The Department of Education and HGEA-AFSCME testified in opposition to this measure.

Your Committee finds that it is important for communities to have access to information about the budgeting of their local public schools. This information is essential for communities to become more involved in the planning and implementation of improvements for their schools. By granting each school greater control over their own budget we will facilitate more effective spending based on the particular needs of the students in their area.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2571, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 924-00 Health on S.B. No. 2254

The purpose of this bill is to facilitate patient care within a health care setting by clarifying that notification requirements do not apply to the use or disclosure of protected health information within an entity.

The Hawaii Medical Services Association, the Hawaii Medical Association, the Office of Information Practices (OIP), Kaiser Permanente, the Healthcare Association of Hawaii, the American Family Life Assurance Company of Columbus, and an individual testified in support of this measure.

The Privacy of Health Care Information Act, or Act 87, Session Laws of Hawaii (SLH) 1999, ensures that an individual's right to privacy will be protected when information is exchanged between various parties that may be involved in an individual's health care.

Act 87, SLH 1999, is scheduled to go into effect on July 1, 2000. That date was set to allow time to develop and implement statewide regulations, and to react to federal legislation or regulations pursuant to the Health Insurance Portability and Accountability Act (HIPAA), which, in addition to providing for the portability of health care information, also addresses the privacy of health care information, particularly electronic information.

When Act 87, SLH 1999, was passed, HIPAA privacy regulations were expected to be finalized before the adjournment of the Regular Session of 2000. Due to delays, the draft of HIPAA's privacy regulations were published on November 3, 1999, and are not expected to be finalized until the Fall of 2000. When finalized, HIPAA regulations will preempt existing state law unless state provisions are more stringent.

Your Committee believes that it would be a waste of resources to comply with one set of regulations pursuant to Act 87, SLH 1999, only to amend its procedures a short time later to comply with HIPAA regulations. By pushing back the implementation date of Act 87, SLH 1999, to July 1, 2001, state regulations can be coordinated with HIPAA regulations, as was the original intent.

Your Committee notes that during deliberations, OIP was asked if they had any concerns or opposed pushing back the implementation date. At that time, there was no definitive answer by OIP.

Should OIP conclude that changing the implementation date would be of concern, your Committee suggests that OIP address their concerns at subsequent hearings of the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Your Committee has amended this measure by:

- (1) Changing the effective date of Act 87, SLH 1999, to July 1, 2001;
- (2) Changing the effective date of the bill to June 30, 2000; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2254, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2254, S.D. 1, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

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

SCRep. 925-00 Health on S.B. No. 3019

The purpose of this bill is to appropriate an unspecified amount for the Healthy Start Program to be matched by private sources, Medicaid, and other federal funding.

The Department of Health, the Department of Education, the Hawaii Catholic Conference, the Good Beginnings Alliance, the Hawaii Family Support Center, the YWCA of Hawaii Island, and the Healthy Mothers Healthy Babies Coalition of Hawaii testified in support of this measure.

Your Committee has amended this bill by:

- (1) Specifying the sum of \$5,700,000 to fund the Healthy Start Program;
- (2) Removing the matching fund requirement; and
- (3) Making technical, nonsubstantive amendments for clarity.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3019, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3019, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina.

SCRep. 926-00 Education on S.B. No. 2465

The purpose of this bill is to restrict the promoting pornography for minors exemption for public library staff to acts committed within the scope of a public library staff member's employment.

Your Committee received testimony in favor of this measure from the State Librarian of the Hawaii State Public Library System, the Honolulu Police Department, several individual librarians, and the Hawaii Catholic Conference.

Your Committee finds that other states have laws similar to the Hawaii Penal Code's exemption for public library staff in the promoting pornography for minors law. The exemptions recognize public library staff members' responsibility to provide library patrons access to information. This measure strikes a balance in providing minors with meaningful access to library materials and protecting them from exposure to pornographic materials. Responsible library staff members are protected from threats of litigation.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2465, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 927-00 Transportation on S.B. No. 2303

The purpose of this bill is to allocate a portion of the public service company (PSC) taxes collected from American Hawaii Cruises after December 1, 2000, over a nine-year period, to be deposited into the Harbor Special Fund to finance necessary passenger cruise facilities around the State.

The bill allocates PSC tax revenues to be deposited into the Harbor Special Fund as follows:

- (1) For calendar years 2000-2005, 100 percent;
- (2) For calendar year 2006, 80 percent;
- (3) For calendar year 2007, 60 percent;
- (4) For calendar year 2008, 40 percent;
- (5) For calendar year 2009, 20 percent; and
- (6) For calendar year 2010 and thereafter, 0 percent.

The PSC allocation would be used for:

- (1) Berthing ports or harbors providing a pier or wharf with designated spaces for vessel assignment at Honolulu Harbor, Kahului Harbor, Nawiliwili Harbor, Port Allen, Hilo Harbor, Kawaihae Harbor, and Kaunakakai Harbor; and
- (2) Anchor ports or typically small boat harbors under the jurisdiction of the Department of Land and Natural Resources (DLNR) with a specific location for ships to moor at Lahaina, Kikiaola, Hanalei, Wailoa, Kailua-Kona, and Manele.

The Mayor of Maui County, Chair of the Maui County Council, Maritime Committee of the Chamber of Commerce, Hawaii Island Chamber of Commerce, Big Island Business Council, CSX Lines, Hawaii Stevedores, Inc., Retail Merchants of Hawaii, Maui Divers of Hawaii, the Maui Hotel Association, Hawaii Boaters Political Action Association, Regal Travel, Rendezvous Tours, Trans Hawaiian Services, Waldron Steamship Co., Ltd., Aloha Tower Marketplace, Boats/Hawaii, and Kaneohe Bay Association of Mariners testified in support of this bill.

The Department of Transportation, Hawaii Tourism Authority, Hawaii Island Economic Development Board, Hawaii Attractions Association, and Young Brothers, Ltd., supported the intent of this bill.

American Hawaii Cruises, Matson Navigation Company, Hawaii Leeward Planning Conference, and the Tax Foundation of Hawaii submitted comments.

Your Committee finds that many of Hawaii's harbors suffer from disrepair. Your Committee also finds that the cruise industry is a burgeoning source of income for Hawaii's tourism industry. Since this growing industry relies heavily on Hawaii's harbor facilities, your Committee finds that the cruise industry would benefit greatly from contributing to the improvement of Hawaii's harbors.

Your Committee notes that a similar bill, H.B. No. 2212, H.D. 1, crossed over to the Senate after public hearings before the Committees on Transportation and Finance earlier this session.

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

- (1) Removing the nine-year limitation of the PSC allocation;
- (2) Changing the allocation of PSC taxes so that the first \$3,000,000 will be deposited into the general fund;
- (3) Designating PSC tax revenues in excess of \$3,000,000 to be deposited into the Harbor Special Fund and the Boating Special Fund at a 89:11 ratio for improvements and additions to the passenger cruise facilities under the jurisdictions of the Harbors Division of the Department of Transportation (Harbors Division) and DLNR at ports identified in the Leo A. Daly Statewide Passenger Cruise Facility Study;
- (4) Limiting the amount deposited into the Harbor Special Fund to the lesser of \$86,330,000 or the amount reported by the Harbors Division to the Legislature as the amount necessary to make the required improvements and additions;
- (5) Limiting the amount deposited into the Boating Special Fund to the lesser of \$10,670,000 or the amount reported by DLNR to the Legislature as the amount necessary to make the required improvements and additions;
- (6) Providing that if the maximum amount is reached for deposits to either the Harbor Special Fund or the Boating Special Fund, the full amount of the tax revenue from the gross income of contract carriers received from passenger ticket revenue from all vessels in service in Hawaii in any year in excess of \$3,000,000 will be deposited into the other special fund until the maximum amount for that special fund is reached;
- (7) Providing that if the maximum amount is reached for deposits to both the Harbor Special Fund and the Boating Special Fund, any excess amounts from tax revenue, from the gross income of contract carriers received from passenger ticket revenue from all vessels in service in Hawaii in any year, will be deposited into the general fund;
- (8) Changing the effective date to July 1, 2020, to facilitate further discussion; and
- (9) Making other technical, nonsubstantive amendments for purposes of style, clarity, and conformity.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2303, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2303, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 928-00 Energy and Environmental Protection on S.B. No. 2993

The purpose of this bill is to create an Environmental Health Consumer Advocate (Advocate) and an Environmental Health Consumer Advocacy Division (Division) within the Department of Commerce and Consumer Affairs (DCCA) to provide information and assistance to, and represent, protect, and advance the interests of consumers on environmental health matters.

This bill also:

- (1) Establishes an environmental protection hotline in the Department of Health (DOH) to receive confidential reports and inquiries from the public about events that may adversely affect the State's environmental quality or ecology, as these events are taking place;
- (2) Requires the DOH to conduct studies, research, and tests when legal levels of toxins are exceeded;
- (3) Requires every builder of a new housing development of ten or more residential homes built on former agricultural lands, prior to receiving zoning or other permitting approval, to test the soil, pursuant to protocols adopted by the DOH;
- (4) Requires that moneys from the Environmental Response Revolving Fund (Revolving Fund) be used to support the Advocate and the Division;
- (5) Requires the Director of Health to conduct studies, research, and tests in communities with water quality levels below the standards required under the safe drinking water law;
- (6) Requires the DOH to:
 - (a) Conduct a review identifying communities with a water supply that is poorer in quality than the State average; and
 - (b) Improve the water quality in these communities;
- (7) Requires the DOH to convene a Campbell Industrial Park Task Force to study the number and severity of unplanned releases of toxic emissions and spills over the past ten years; and report its findings to the 2001 Legislature;

- (8) Requires the DOH to propose legislation that requires a percentage of moneys in all special funds related to the environment to be deposited into the Revolving Fund; and
- (9) Requires the DOH to conduct a follow-up study of the Village Park and West Loch Fairways composite soil samplings.

Citizens For A Safe Environment testified in support of this bill. The Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, and Life of the Land supported the intent of this bill. The DOH, DCCA, and the Ogden Energy Group, Inc., offered comments. Tesoro Hawaii, Rescue Hawaii, the American Crop Protection Association, and the Land Use Research Foundation of Hawaii opposed passage of this measure.

Your Committee finds that:

- (1) The DOH already conducts studies, research, and tests when legal levels of toxins are exceeded; and
- (2) If there are concerns or complaints about a department not carrying out its duties, another recourse available to the public is the Ombudsman's Office.

Upon further consideration, your Committee has amended this bill by deleting its substance, except for the provisions relating to:

- (1) Soil testing; and
- (2) A review of communities with a water supply of poor quality;

and inserting the following provisions that:

- (1) Expands and clarifies the role of the Environmental Council to include conducting investigations to secure information concerning ecology and environmental quality;
- (2) Directs the DOH to assess the effectiveness of its environmental hotlines;
- (3) Directs the Office of Planning to evaluate alternative means to resolve conflicts between the industrial activities within Campbell Industrial Park and the surrounding communities;
- (4) Directs the DOH to submit an additional study on unplanned air releases relating to Campbell Industrial Park and the Kahe Area;
- (5) Requires the Hawaii State Emergency Response Commission to evaluate chemical facilities statewide and appropriates funds for this purpose; and
- (6) Establishes two permanent positions (planner IV and secretary I) within the Office of Environmental Quality Control.

Your Committee has further amended this bill by expanding the soil testing requirement to apply to all lands and not just former agricultural lands.

Finally, your Committee notes that pursuant to section 341-6, Hawaii Revised Statutes, the Environmental Council has already been tasked with the responsibility of serving as a liaison. The only constraint preventing it from meeting its responsibilities is the lack of funds.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2993, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2993, S.D. 2, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Thielen.

SCRep. 929-00 Energy and Environmental Protection on S.B. No. 2549

The purpose of this bill is to repeal the July 1, 2003 deadlines for energy conservation income tax credits.

The Hawaiian Electric Company and its subsidiary utilities, the Na Leo Pohai, the Hawaii Renewable Energy Alliance, the Sierra Club Hawaii Chapter, and the Hawaii Solar Energy Association testified in support of this measure. The Tax Foundation of Hawaii provided testimony commenting on this measure. The Department of Taxation testified in opposition to this measure.

After careful consideration, your Committee has amended this bill by extending the respective deadlines for energy conservation income tax credits until July 1, 2010.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2549, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2549, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Thielen.

SCRep. 930-00 Human Services and Housing and Health on S.B. No. 2490

The purpose of this bill is to improve the long-term residential care regulatory environment by:

- (1) Promoting standard admission procedures and uniform assessment tools;
- (2) Establishing an information and referral system as a simple and uniform way for the elderly, the non-elderly, and disabled persons to access the long-term care residential care system;
- (3) Requesting a study on reorganizing all adult residential care homes and facilities into a new "adult residential care facilities" category; and
- (4) Appropriating an unspecified amount to the Department of Health (DOH) to:
 - (A) Augment the Executive Office on Aging's (EOA) Aging Network for initial information and referral screening;
 - (B) Expand EOA's screening and referral program to coordinate similar services for clients under age sixty;
 - (C) Fund a subcontract by EOA to provide these services for clients under age sixty; and
 - (D) Fund one-time start-up costs and annual operating costs.

The Hawaii Coalition for Affordable Long Term Care and the American Association of Retired Persons testified in support of this measure. The State Planning Council on Developmental Disabilities testified in support of the intent of this measure. DOH supported the intent of this measure but offered recommendations.

EOA agreed with the bill's emphasis on access to the long-term care system through information and referral, but deferred to DOH regarding the study of proposed adult residential care homes and facilities classifications.

The Department of Human Services supported the efforts of the bill to simplify public access to long-term residential care, but deferred to DOH and EOA concerning the portions pertaining to the operation of adult residential care facilities and the development and implementation of the screening and referral programs.

Your Committees note that other studies relating to adult residential care facilities have already been completed. It is important that the study provided for in this measure does not duplicate past studies, but rather, build on them.

Your Committees further find that DOH already has the authority through section 321-15.6(d), Hawaii Revised Statutes, to design and establish standard admission policy and procedures, including a uniform assessment tool mechanism. Your Committees believe that the bill's provision to implement standard admission procedures using a uniform assessment tool would be duplicative of DOH's current authority.

Your Committees have amended this measure by:

- (1) Deleting the establishment of standard admission procedures and uniform assessment tools; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2490, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2490, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 931-00 Human Services and Housing and Health on S.B. No. 2493

The purpose of this bill is to increase treatment services for substance abusers by appropriating funds for specialized substance abuse treatment services for:

- (1) Pregnant women;

- (2) Families involved with Child Protective Services (CPS); and
- (3) Teenagers.

Several individuals testified in support of this measure. The Department of Human Services testified in support of this measure, as long as it does not replace the priorities as established in the Executive Supplemental Budget Request. The Department of Health (DOH) testified in support of the intent of this measure, insofar that it does not replace or adversely impact priorities of its Executive Supplemental Budget Request.

Your Committees find that this measure addresses two distinct populations:

- (1) Pregnant women and families involved with CPS who have children under five years of age; and
- (2) Teenagers.

DOH testified that there are approximately 1,539 families with at least one child under five years of age in the CPS system that would need specialized treatment services for mothers and babies. At \$6,000 per treatment episode, the estimated cost of treatment services for this population would be \$9,234,000.

According to the 1998 Hawaii Student Alcohol and Drug Use Survey, there are at least 16,701 students statewide in both public and private schools, grades six through twelve, needing treatment for either alcohol or drug abuse. DOH estimates that the cost for school-based and residential substance abuse treatment would be approximately \$8,947,500.

This measure appropriates funds for specialized substance abuse treatment services, provided that the sum be matched by private and federal sources. DOH testified that this requirement may be problematic as application cycles for grants that might address the specialized services for pregnant women and teens may not coincide with the fiscal period for which funds are being appropriated.

Your Committees have amended this measure by:

- (1) Separating the two distinct populations into their own appropriation sections;
- (2) Appropriating \$1 for each population requiring specialized substance abuse treatment services to facilitate further discussion;
- (3) Providing more flexibility for DOH by requiring that the sums be matched by private or federal sources; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2493, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2493, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees.

SCRep. 932-00 Energy and Environmental Protection and Economic Development and Business Concerns on S.B. No. 2221

The purpose of this bill is to create an ethanol producers income tax credit to encourage private sector investment in Hawaii-based ethanol production facilities.

Currently, it is costly to develop new infrastructure to produce ethanol from agricultural crops or by-products and municipal solid waste. Incentives are needed to stimulate private sector investments required to develop this type of business opportunity in Hawaii. There is also a need to mitigate some of the deleterious effects of fossil fuel combustion. These goals may be accomplished by providing tax credits to ethanol production facilities in Hawaii. Your Committee also recognizes that job creation, environmental benefits, and economic opportunities resulting from this tax incentive will far outweigh the costs.

Testimony in support of this bill was submitted by E D & F Man Alcohol Inc., Hawaiian Commercial & Sugar Company, the Hawaii Renewable Energy Alliance, the Worldwide Energy Group, the Aina Institute, the Kauai Renewable Energy Hui, a member of the Kauai County Council, the Sierra Club, Kauai Group, Life of the Land, and several individuals. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Department of Taxation, the Western States Petroleum Association, and the Tax Foundation of Hawaii offered comments.

Upon further consideration, your Committee has amended this bill by deleting its substance and inserting provisions found in H.B. No. 2204, H.D. 2, which passed out of the House of Representatives earlier this session after public hearings before this Committee as well as the Committee on Finance. As amended, this measure is similar to the Senate draft except that this bill:

- (1) Deletes provisions:
 - (a) Relating to the filing of claims for a tax credit; and
 - (b) Authorizing the Director of Taxation to adopt rules;
 and
- (2) Adds a provision limiting the eligibility for the credit for a maximum period of ten years beginning from the first taxable year in which the credit is claimed.

Your Committee has further amended this bill by specifying that the amount of the credit shall be forty cents per gallon of qualifying ethanol production of fuel grade ethanol produced at a qualifying ethanol production facility.

While acting favorably on this measure because of the significant economic and energy self-sufficiency benefits to the State, your Committee respectfully requests the Committee on Finance to address concerns relating to:

- (1) The basis for a per-gallon tax credit;
- (2) The probable range of the credits to be allowed (revenue loss); and
- (3) Cash refund for credit in excess of net income liability.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Agriculture and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2221, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2221, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Ito, Morihara, Halford and Meyer.

SCRep. 933-00 Agriculture on S.B. No. 2342

The purpose of this bill is to authorize the issuance of up to \$8,000,000 in special purpose revenue bonds to assist the Hawaii Taro Company in planning and building a processing plant.

Your Committee finds that the Hawaii Taro Company started production and sales of its Maui taro burger in February 1998 to restaurants on Maui, then in August 1998 to retail stores and supermarkets on Maui. In December 1998, the company began shipping its product to markets, restaurants, hotels and several institutions on Oahu, including 13 Times supermarkets, 22 Zippy's restaurants and the Nieman Markus restaurant. Additionally, Hawaii Taro Company have secured military contract for commissaries in the Atlantic and Pacific areas, sales to Marriott Food Services at the Stan Sheriff Center at University of Hawaii, Manoa and to Marriott Food Services restaurant at the Honolulu International airport. Your Committee further finds that with this special purpose revenue bond issue, the company will plan and build a larger automated processing facility and be able to increase its production and create new jobs in the processing of taro products and the growing of taro for processing of value added food products.

Testimony was received from the Hawaii Taro Company in support of this bill. The department of budget and finance commented on this measure.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2342, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Ito, Morihara and Suzuki.

SCRep. 934-00 Agriculture on S.B. No. 2411

The purpose of this bill is to authorize the issuance of special purpose revenue bonds and refunding special purpose revenue bonds to assist Kauai Coffee Company, Incorporated in planning and building a processing plant for freeze dried coffee.

Your Committee finds that there are nearly seven thousand acres of coffee being grown in Hawaii: Hamakua, Kau, and Kona on the island of Hawaii; Kaanapali on Maui; Hoolehua on Molokai; Waialua on Oahu; and Kalaheo on Kauai. With these thousands of acres of coffee, the industry must develop new products and markets for its Hawaii-grown coffee such as freeze dried coffee.

Buyers for freeze dried coffee include the United States military with its "meals-ready-to-eat" (MRE) program, overseas markets, and niche markets.

The Kauai Coffee Company submitted testimony in support of this bill. The Department of Budget and Finance commented on this measure.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2411, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 935-00 Consumer Protection and Commerce on S.B. No. 2200

The purpose of this bill is to increase the amount of resources that are potentially available to the Public Utilities Commission (PUC) each year, to carry out its statutory duties. This bill:

- (1) Amends the law that allows the PUC to retain up to \$1,000,000 in the PUC Special Fund (Special Fund) each June 30 when the balance lapses to the general fund. Under this measure, the PUC may, each June 30, retain the greater of \$1,000,000 or two-thirds of the moneys in the Special Fund;
- (2) Requires the PUC to account for and justify expenditures of the additional funding in the PUC annual report to the Legislature; and
- (3) Provides for repeal of the law on July 1, 2005.

The PUC, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Ltd., Kauai Electric, The Gas Company, and the Hawaii Transportation Association testified in support of this measure.

Your Committee finds that this measure will benefit the public and regulated industry by providing the additional resources needed to:

- (1) Maintain PUC regulation of the increasing number of public utilities;
- (2) Avoid delays in the provision of utility and other regulated services to consumers; and
- (3) Stay abreast of, and facilitate the development of the rapidly changing communication technology industry in this State.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2200, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Halford.

SCRep. 936-00 Consumer Protection and Commerce on S.B. No. 3160

The purpose of this bill is to amend the law governing the initial sale of residential condominium apartments that was enacted during the speculative housing market of the 70s and 80s to give potential owner-occupants an opportunity to purchase apartments at their initial offering price. This bill retains owner-occupant sale provisions while increasing the flexibility of the law to reduce costs of compliance and reflect the current competitive market and ample inventory of apartments.

Testimony in support of the intent of this measure was received from the Real Estate Commission (Commission) of the Department of Commerce and Consumer Affairs, Land Use Research Foundation of Hawaii, and Gentry Companies.

All the testifiers stated their preference for H.B. No. 2310, H.D. 1, a similar measure that was reported out of your Committee earlier this session. The Commission explained that H.B. No. 2310, H.D. 1:

- (1) Provides for consistent usage of terms referring to apartments and residential apartments;
- (2) Specifies the minimum information to be included in the announcement or advertisement of the sale of apartments designated for owner-occupants, and allows for the inclusion of additional information, whereas this bill limits the information to be included;
- (3) Specifies where apartments designated for sale to owner-occupants are to be listed;
- (4) Provides that where a contract for sale to an owner-occupant is contingent on obtaining adequate financing, the deadline for obtaining financing is the time set forth in the contract, whereas this bill is silent on the deadline but requires a 30-day extension if financing is not obtained; and
- (5) Excludes from application of the bill, projects that have published owner-occupant announcements prior to the bill's effective date, whereas this measure states its effective date, only.

Your Committee also notes that unlike this bill, H.B. No. 2310, H.D. 1:

- (1) Repeals the requirement that financial institutions and escrow companies notify owner-occupant apartment loan applicants of the status of the loan within 45 days of application, and take reasonable steps to verify the applicant's owner-occupant intention; and
- (2) Uses the term "residential apartments" as opposed to "dwelling units."

Your Committee has amended this bill so that it is substantively and technically very similar to H.B. 2310 H.D. 1. The bill has been further amended as recommended by the Commission to increase flexibility. The amendment allows apartments designated for sale to owner-occupants to be listed either in the first public report of the condominium project or in the announcement or advertisement, as opposed to requiring listing in the public report with the option of inclusion in the announcement or advertisement.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3160, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3160, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 937-00 Public Safety and Military Affairs on S.B. No. 2933

The purpose of this bill is to permit the Crime Victim Compensation Commission to appoint a civil service-exempt executive director and administrative assistant.

Your Committee received testimony in support of this measure from the Crime Victim Compensation Commission.

Your Committee finds that the Commission's current administrator was hired as an emergency special hire. This situation negatively impacts the stability of permanent staffing and impairs the effectiveness of the Commission's statutory mission to assist crime victims. Your Committee also finds that the Commission should have the same statutory authority with respect to appointing exempt leadership positions as other state agencies that provide direct services to our citizenry.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2933 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang.

SCRep. 938-00 Public Safety and Military Affairs and Human Services and Housing on S.B. No. 2074

The purpose of this bill, as received by your Committees, is to establish a task force to develop and recommend a plan to increase gender appropriate programming in the criminal justice system.

Your Committees received testimony in support of this measure from the Department of Public Safety and the American Civil Liberties Union. Your Committees received testimony in support of this measure, but expressing a preference for the language in the companion House bill, from the Hawaii State Commission on the Status of Women, the Community Alliance on Prisons, and several individuals from T.J. Mahoney and Associates. The Office of Youth Services provided testimony in support of the intent of this measure. Out of Prison Services provided testimony in opposition to this measure, but in support of the companion House bill.

Your Committees find that female offenders are not offered the range and quality of programming appropriate to their profile and needs. Your Committees note that male offenders are offered a wider range of programming and that females deserve equivalent opportunities. It is the intent of this measure that the Director of Public Safety and the advisory council promptly address those already identified needs for female offenders. It is also the intent of this measure that a collaboration involving the Director, the advisory council, and other state and private agencies is initiated to ensure that a full range of gender appropriate services become and remain available.

Your Committees have amended this measure by deleting its contents and inserting the contents of H.B. 1847 H.D. 2.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2074, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2074, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 939-00 Consumer Protection and Commerce on S.B. No. 364

The purpose of this measure is to include within the general excise tax exemption for insurance companies' gross proceeds, proceeds received by corporate attorney-in-fact in connection with administrative functions performed on behalf of reciprocal insurers.

Testimony in support of this measure was submitted by the Hawaii Captive Insurance Council and the Medical Insurance Exchange of California.

Testimony in opposition to this measure was submitted by the Department of Taxation.

Testimony commenting on this measure was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs.

Your Committee finds that this measure simply recognizes what is recognized in the Insurance Code and does not propose to treat reciprocal insurers any differently than other forms of insurers. Accordingly, this measure clarifies that this Legislature intends no disparity in treatment between stock, mutual, and reciprocal insurance companies.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 364, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 364, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 940-00 Consumer Protection and Commerce on S.B. No. 2731

The purpose of this bill is to clarify that premium tax refunds are to be paid out of the general fund and not the insurance regulation fund. Currently, premium taxes are deposited in the State's general fund and not in the insurance regulation fund.

Your Committee finds that this measure ensures that the appropriate funds are properly debited when premium tax refunds are made under this section.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs. The Tax Foundation of Hawaii provided comments.

Technical, nonsubstantive amendments were made for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2731, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2731, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 941-00 Health on S.B. No. 2873

The purpose of this bill is to authorize the Hawaii Health Systems Corporation (HHSC) to issue \$38,000,000 in revenue bonds.

The Hawaii Government Employees Association, the Chamber of Commerce of Hawaii, the Department of Budget and Finance (B&F), and the Maui Memorial Medical Center submitted testimony in support of this bill.

B&F testified that due to HHSC's projected negative cash flow, it was the opinion of their financing team that HHSC could not issue revenue bonds on a stand-alone basis. Therefore, it was determined that the most feasible option was to request authorization from the Legislature for a guaranty of \$47,500,000 to cover the principal and estimated maximum interest on the bonds. Your Committee is concerned that even though the State's guaranty will enhance the HHSC's ability to issue revenue bonds, there is a possibility that the State may have to assume liability for a portion or all of the outstanding debt if HHSC is unable to repay the debt.

Your Committee has amended this bill by replacing its contents with the language of H.B. No. 2532, H.D. 1, a substantially similar bill that was reported out earlier this session by your Committee on Finance. The only difference is that this bill states that

the HHSC is authorized to issue \$38,000,000 in revenue bonds under the Supplemental Appropriations Act of 2000, as opposed to under Act 116 Hawaii Session Laws 1998 (Item 13P, page 369).

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

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2873, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2873, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina.

SCRep. 942-00 Health on S.B. No. 3129

The purpose of this measure is to extend the sunset date for the exemption from medical licensure for Hawaiian healing practices until July 1, 2002.

Papa Ola Lokahi, the Office of Hawaiian Affairs, and a concerned physician submitted testimony in support of this bill. Comments were submitted by the Board of Medical Examiners that it did not object to this bill.

This bill extends from July 1, 2000, to July 1, 2002, that part of Act 162, Session Laws of Hawaii 1998, that exempts from medical licensure traditional Hawaiian healing practice by traditional native Hawaiian healers.

The Act required Papa Ola Lokahi to convene a panel to address the permanent implementation of the purposes of the Act, and to submit a final report and recommended legislation to the Legislature no later than twenty days prior to the convening of the Regular Session of 2000. The panel has requested more time to prepare a final report. Accordingly, your Committee has amended this bill by extending the date to submit the final report and recommended legislation to no later than twenty days prior to the convening of the Regular Session of 2002. Further, technical, nonsubstantive amendments were made for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3129, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3129, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Kahikina.

SCRep. 943-00 Ocean Recreation and Marine Resources on S.B. No. 2910

The purpose of this bill is to convert the designation of the Commercial Fisheries Special Fund (Special Fund) from temporary to permanent duration to ensure continued support and funding for commercial fisheries programs and activities.

Currently, all fees collected from the sale of commercial fishing permits and licenses are deposited into this temporary Special Fund. Making the Special Fund permanent would ensure the long-term planning and funding for licensing of commercial fishers, commercial fisheries management, and their related markets.

The Department of Land and Natural Resources (DLNR) strongly supported this bill and recommended that an amount be inserted to be expended from the Special Fund. The Office of Hawaiian Affairs opposed passage of this measure.

Your Committee has amended this bill by:

- (1) Allowing DLNR to deposit monetary contributions into the Special Fund;
- (2) Appropriating \$150,000 to be expended from the Special Fund; and
- (3) Making technical changes which have no substantive effect.

Your Committee finds that it is in the public interest to make the Special Fund permanent. Additionally, this bill will enable the DLNR to continue programs and activities related to commercial fisheries.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2910, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2910, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia and Meyer.

SCRep. 944-00 Ocean Recreation and Marine Resources on S.B. No. 2911

The purpose of this bill is to clarify that the assessment from the Boating Special Fund due to the General Fund for central services expenses shall be limited to five percent of revenues net of debt services.

This bill will provide the same criteria for assessment of the five percent of Boating Special Fund revenues for contribution to central services expenses that was in effect while the Boating Program was organized as a branch of the Harbors Division of the Department of Transportation. The Boating Special Fund is currently being assessed not only the full amount of annual debt service, but also the five percent of this amount before the debt service is paid.

The Department of Land and Natural Resources (DLNR), the Hawaii Government Employees Association, and the Hawaii Boaters Political Action Association testified in support of this bill.

This bill was amended by making technical, nonsubstantive amendments for the purpose of consistency.

Your Committee finds that this bill will enable the DLNR to plan and prioritize the use of projected revenues to meet the requirement of its customers.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2911, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2911, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia and Meyer.

SCRep. 945-00 Ocean Recreation and Marine Resources on S.B. No. 3122

The purpose of this bill is to enable the Department of Land and Natural Resources (DLNR) to bring private residential noncommercial piers on State submerged lands or lands beneath tidal waters into conformance with State laws. This bill also seeks to ensure appropriate revenue generation for beneficiaries of the Public Land Trust.

Testimony in support of this measure was received from Protect Our Shorelines Ohana and several concerned individuals. A concerned individual testified in opposition to this bill. The DLNR supported this bill and proposed amendments.

This bill allows the direct negotiation of State submerged lands for private residential noncommercial piers. Presently, any long-term lease for this purpose must be issued via public auction which is illogical since the only bidder with the ability to construct the pier is the abutting private landowner. This bill also deletes the requirement that leases for sunbathing and swimming piers on public lands be open to the public and have signs indicating the public's right to use the pier. Finally, this bill also deletes the requirement that easements or leases for noncommercial piers be approved by the Governor and the Legislature, thereby streamlining the approval process.

Your Committee has amended this bill by requiring that the following provisions not be repealed on June 30, 2005:

- (1) The new section that authorizes the DLNR to lease by direct negotiation submerged lands for private residential noncommercial piers; and
- (2) The amendment to section 171-36, HRS, that deletes the requirement that leases for sunbathing and swimming piers on public lands be open to the public.

As affirmed by the record of votes of the members of your Committee on Ocean Recreation and Marine Resources that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3122, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3122, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia and Meyer.

SCRep. 946-00 Transportation on S.B. No. 3073

The purpose of this bill is to add the habitual driving under the influence of alcohol or drugs offenses to the implied consent law, define the term "preliminary screening device", and clarify its limitations.

This bill allows the use of a preliminary alcohol screen to only determine probable cause for an arrest, but does not allow the use of a preliminary alcohol screening device as a replacement for a breath, blood, or urine test. "Preliminary screening device" is defined as a device designed to detect and verify the presence of alcohol or provide an estimated value of alcohol concentration.

Your Committee finds that the use of a preliminary alcohol screening device will assist police in identifying drivers who are suspected of operating vehicles while under the influence of intoxicating liquor or drugs.

Testimonies in support of this measure were received from the Department of Transportation, the City and County of Honolulu, Department of the Prosecuting Attorney, the Honolulu Police Department, and Mothers Against Drunk Driving. The Office of the Public Defender submitted comments on this bill.

Your Committee notes that it passed H.B. No. 2128, H.D. 1, a similar bill, after a public hearing earlier this session.

Your Committee has amended this bill by:

- (1) Clarifying that a preliminary alcohol screen not be a substitute for a breath, blood, or urine test; and
- (2) Providing that analysis from a preliminary alcohol screen be considered as probably cause for the arrest only.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3073, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3073, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 947-00 Judiciary and Hawaiian Affairs on S.B. No. 2961

The purpose of this bill is to appropriate funds for the payment of judgments against, and settlements entered into by, the University of Hawaii for the satisfaction of claims against the University of Hawaii, its officers, and employees.

Testimony in support of this measure was received from the University of Hawaii.

Your Committee finds that there is sufficient justification for the payment of certain settlements and the miscellaneous claim submitted in the proposed measure. However, as your Committee on Finance previously determined, the \$800,000 estimated expenditure for waste minimization and pollution prevention in effect appropriates funding for repair, maintenance, and pollution prevention that would be within the University of Hawaii's operating budget.

Your Committee has amended this measure as follows:

- 1) By deleting the \$800,000 appropriation for estimated expenditures for waste minimization and pollution prevention; and
- 2) Changing the description of the "cash payment to the Department of Health and the Environmental Protection Agency for improper storage and disposal of hazardous materials", to "In the Matter of the University of Hawaii at Manoa Docket No. 99-HW-EA-02", and moving that appropriation to the category of Judgments Against the University of Hawaii and Settlements of Claims, from the category of Miscellaneous Claims.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2961, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2961, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Whalen.

SCRep. 948-00 Judiciary and Hawaiian Affairs on S.B. No. 2536

The purpose of this bill is to repeal the existing Uniform Principal and Income Act, chapter 557, Hawaii Revised Statutes, and adopt in its place the revised Uniform Principal and Income Act.

Testimony in support of this bill was provided by the Hawaii's Commission to Promote Uniform Legislation, the Hawaii Bankers Association, The Hawaii Society of Certified Public Accountants, Pacific Century Trust, and Central Pacific Bank.

Your Committee finds that the revised Uniform Principal and Income Act complements Hawaii's Uniform Prudent Investor Act by enabling the application of the modern portfolio theory of investing to trusts and estates.

Your Committee amended this bill by deleting a phrase in the second sentence of § -105(f) that does not appear in the uniform act.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Consumer Protection and Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2536, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2536, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Hiraki, Kaho'ohalahala, Menor, Yoshinaga, Halford, Rath and Whalen.

SCRep. 949-00 Judiciary and Hawaiian Affairs and Consumer Protection and Commerce on S.B. No. 2870

The purpose of this bill is to provide for distinct certification requirements for operators of water distribution systems and water treatment plants.

Testimony in support of this bill was provided by the Department of Health and a concerned individual.

Your Committee finds this measure will ensure continued federal funding contingent on compliance with federal guidelines.

Your Committee has amended this bill by: (1) providing a statutory definition of "public water systems," and (2) allowing for immediate violations.

As affirmed by the records of votes of the members of your Committees on Judiciary and Hawaiian Affairs and Consumer Protection and Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2870, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2870, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Hiraki, Kaho'ohalahala, Menor, Yoshinaga, Halford, Rath and Whalen.
(Representative Herkes voted no.)

SCRep. 950-00 Human Services and Housing on S.B. No. 2849

The purpose of this bill is to clearly define when the Department of Human Services (DHS) will begin to calculate the period that a child has been in out-of-home placement.

DHS testified in support of this measure.

The Adoption and Safe Families Act of 1997 requires the states to have legislation to initiate or join proceedings within a specified time to terminate parental rights for children under DHS' custody. This measure would result in more consistent application of the federal time requirements.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2849 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 951-00 Energy and Environmental Protection on S.B. No. 800

The purpose of this bill is to exempt from the excise tax amounts received by a wastewater reclamation facility from a county for processing wastewater and returning the treated water to the county.

The Department of Environmental Services (City and County of Honolulu), the Board of Water Supply, and U.S. Filter Operating Services, Inc. (USFOS) submitted testimony in support of the bill. The Tax Foundation of Hawaii submitted comments to the bill. The Department of Taxation submitted testimony in opposition to the bill.

This bill will benefit USFOS which was awarded a contract by the City and County of Honolulu to recycle secondary wastewater, and provide an incentive for developing joint county and private wastewater reuse projects.

Your Committee notes that a similar bill, H.B. No. 839, H.D. 1, passed the House earlier this session after hearings before your Committees on Energy and Environmental Protection, and Finance.

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

- (1) Conforming its substance to that of H.B. No. 339, H.D. 1., which uses language that is consistent with the provisions of Chapter 340B, Hawaii Revised Statutes, relating to wastewater treatment personnel;
- (2) Changing the effective date of the bill to July 1, 2000 from the date when it is approved; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 800, S.D. 2, as amended herein, and

recommends that it pass Second Reading in the form attached hereto as S.B. No. 800, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 952-00 Energy and Environmental Protection on S.B. No. 2880

The purpose of this bill is to expand the use of the Environmental Response Revolving Fund (Fund) to include:

- (1) Supporting environmental protection and natural resource protection programs; and
- (2) Addressing concerns related to air quality, global warming, clean water, polluted runoff, and solid and hazardous waste.

The Board of Land and Natural Resources, the Chamber of Commerce of Hawaii, and the Hawaii Association of Conservation Districts submitted testimony in support of the bill. The Department of Health and the Sierra Club, Hawaii Chapter submitted testimony in support of this bill and urged that the twenty-five cents per barrel tax that was deleted from an earlier draft of the bill be restored. The Airlines Committee of Hawaii, Matson Navigation Company, Tesoro Hawaii Corporation, the Hawaii Farm Bureau Federation, and the Hawaii Agricultural Research Center submitted testimony in opposition to this bill. Kauai Electric and the Gas Company submitted joint testimony in opposition to the bill. The Environmental Center of the University of Hawaii submitted testimony concurring with the intent of the bill. The Tax Foundation of Hawaii submitted comments criticizing this bill. The Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawaii Electric Light Company submitted joint testimony requesting that the bill be held.

Your Committee notes that a similar bill, H.B. No. 2539, H.D. 2, passed the House earlier this session after hearings before your Committees on Energy and Environmental Protection and Finance.

Your Committee recognizes:

- (1) The need to identify an equitable means to require the polluter to pay to protect the environment. Because this measure may be critical to the development of the supplemental biennium budget, it is your Committee's intent that discussion continue on this issue; and
- (2) That taxing jet fuel unfairly and inequitably singles out domestic carriers since bonded fuel cannot be taxed due to bilateral treaties with foreign nations. The bonded fuel retains its custom duty-free status while in the United States.

After careful consideration, your Committee has amended this bill by conforming its substance to that of H.B. No. 2539, H.D. 2. Specifically, this bill has been amended by:

- (1) Adding a findings and purpose section to address the relationship between petroleum, the environment, the Fund, and the use of the Fund; and
- (2) Adding an amendment to section 243-3.5, Hawaii Revised Statutes, that:
 - (A) Increases the State Environmental Response Tax from 5 cents per barrel of petroleum product to an unspecified amount; and
 - (B) Deletes that portion of the subsection that provides an unspecified amount of the tax that would be used to address concerns relating to drinking water;
- (3) Changing the effective date of the bill to July 1, 2000; and
- (4) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2880, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2880, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Thielen.

SCRep. 953-00 Health on S.B. No. 3179

The purpose of this bill is to prohibit the sale of export cigarettes, which are intended for foreign purchase and consumption in Hawaii.

Legislative Information Services of Hawaii testified in support of this bill. The Office of Information Practices did not take a position on this bill but offered suggestions.

Your Committee finds that cigarettes designated for export sale and not subject to tobacco taxes are being sold in Hawaii for below market prices. This measure will make it illegal to conduct sales transactions for export cigarettes. Furthermore, the measure will:

- (1) Protect local cigarette retailers;
- (2) Protect consumers against inadequate package warnings and labels; and
- (3) Reduce the loss of tobacco tax revenues.

Your Committee has amended this bill by making technical, nonsubstantive changes for clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3179, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3179, H.D. 1, and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

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

SCRep. 954-00 Energy and Environmental Protection on S.B. No. 2885

The purpose of this bill is to repeal statutes dealing with Department of Health (DOH) responsibilities as to:

- (1) The location and sanitary conditions of businesses; and
- (2) Dwellings and lodging houses.

The DOH testified in support of this measure.

Your Committee finds that the laws to be repealed are not used by the DOH as other sections of the Hawaii Revised Statutes provide adequate authority for the DOH to carry out its necessary functions in protecting the public's health interests.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2885 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Cachola, Meyer and Thielen.

SCRep. 955-00 Consumer Protection and Commerce on S.B. No. 2186

The purpose of this measure is to subject independent bill reviewers (IBRs) to regulatory oversight by the Insurance Commissioner (Commissioner) of the Department of Commerce and Consumer Affairs. The bill defines IBRs as persons who review or audit billings for medical services on behalf of insurers, and as independent contractors. Under the bill IBRs are:

- (1) Prohibited from being paid on a contingency basis; and
- (2) Subject to regulation by the Commissioner and must:
 - (A) Be licensed by the State;
 - (B) Meet specified qualifications for licensure;
 - (C) Keep records of each bill reviewed and of fees and commissions for each review performed; and
 - (D) Make records available for inspection by the Commissioner.

The bill also provides the Commissioner with the authority needed to regulate IBRs and impose fees to pay for the costs of regulation.

Your Committee received testimony in support of this measure from the Commissioner, Hawaii State Chiropractic Association, State Farm Insurance Companies, Consumer Lawyers of Hawaii, Hawaii Medical Association, Hawaii Chapter American Physical Therapy Association, Massage Therapists Association of Hawaii, and a physician. A private individual expressed support with reservations. Testimony in opposition was provided by the Hawaii Insurers Council.

Your Committee finds that reviews performed by the currently unregulated IBRs serve as the basis for an insurer's payment or denial of reimbursement for medical care and may thus have a significant effect on businesses, the consumer, and the delivery of health care services in this community. As IBRs are paid by insurers contingent on their denial of reimbursement and no

mechanism other than costly litigation exists to contest individual billing reductions supported by IBRs reviews, your Committee finds that State oversight of IBRs is needed to guard against abuse of the system and underpayment of medical claims.

This measure has been amended as requested by the Commissioner, to provide for an appropriation of \$96,508 out of the Insurance Regulation Fund for 2000-2002, for the purposes of this bill. Your Committee notes that the time period of the appropriation straddles fiscal bienniums, and requests that any corrections necessary be made by the Committee on Finance.

The Commissioner also stated that there was presently insufficient information to evaluate the option added by the Senate Commerce and Consumer Protection Committee, that would allow an applicant for an IBR license to qualify if the applicant holds the certified professional coder credential granted by the American Academy of Professional Coders (AAPC). Your Committee requests that this option be reviewed when AAPC testing and credentialing criteria is received and evaluated by the Commissioner.

A technical, nonsubstantive amendment to the AAPC's name has been made as suggested by the Commissioner, for purposes of accuracy. Other technical, nonsubstantive amendments have been made for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2186, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2186, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 956-00 Transportation on S.B. No. 2316

The purpose of this bill is to permit the use of foreign language exams by the examiner of drivers.

Your Committee finds that a considerable number of people are proficient at driving but do not read or write English fluently. These people are thus capable of driving but cannot obtain a Hawaii State driver's license. Your Committee further finds that other states such as California have offered translated examinations which have proven successful.

This bill would permit the use of a foreign language exam by the examiner of drivers, if the applicant is able to read and understand simple English.

Testimonies in support of this bill were received from the Trinity United Methodist Church, Faith Action for Community Equity, and a concerned citizen. The Department of Transportation supported the intent of this bill. Testimony in opposition to this bill was received from the Department of Customer Services of the City and County of Honolulu.

Your Committee has amended this bill by inserting language stipulating that the foreign language examination be provided when the Director of Transportation determines that there is a need for such examinations and when funds are available. Your Committee encourages volunteers from the community to offer their services in translating examinations to expedite the readiness of exams and to defray translation costs. Technical, nonsubstantive amendments were also made to the bill for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2316, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2316, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 957-00 Transportation on S.B. No. 3201

The purpose of this bill, as received, is to establish a scenic byways system to be identified by the Department of Transportation.

Testimonies in support of this bill were received from Na Leo Pohai and Hawaii's Thousand Friends. The Department of Transportation submitted testimony that supported the intent of this bill.

Your Committee finds that aesthetic, scenic, historic, cultural, and natural resources of an area are important factors that create a sense of place and provide communities with an identity. Your Committee further finds that many of these places are threatened by development that does not take into consideration their special qualities.

Your Committee has amended this bill by deleting its substance and inserting the contents of H.B. 2721, H.D. 2, which passed the House after public hearings before this Committee and your Committee on Finance earlier this session.

As amended this measure requires the Director of Transportation shall establish new design guidelines on or before June 30, 2003. The design guidelines will direct the construction, reconstruction, resurfacing, restoration, or rehabilitation of bridges, principal and minor arterial roads, collector and local roads, and streets.

The bill further provides guidelines that will take into account:

- (1) Safety, durability, and economy of maintenance;
- (2) The constructed and natural environment of the area;
- (3) The potential effects on the local and state economies;
- (4) The community development plans as reflected in county ordinances;
- (5) The environmental, scenic, aesthetic, historic, community, and preservation impacts of the activity;
- (6) Access for other modes of transportation; and
- (7) Access to and integration of sites deemed culturally and historically significant to communities affected.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3201, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3201, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 958-00 Transportation on S.B. No. 2725

The purpose of this bill is to require all towing companies to have the proper identifications on the doors of their tow trucks at all times.

Your Committee finds, that currently, tow trucks are required to have signs with their business address and telephone number only when conducting business. Your Committee further finds that unmarked tow trucks have been used to steal vehicles.

This bill requires towing companies to have signage on both doors, with the name and telephone number of the tow business, on all of their tow trucks, at all times.

Testimonies in support of this bill were received from the Hawaii State Towing Association, Affordable Towing and Recovery Service, a council member of the Honolulu City Council, and Island Wide Towing. Testimony in opposition to this bill was received from the Department of Commerce and Consumer Affairs.

Your Committee has amended this bill by deleting its substance and inserting the contents of H.B. No. 2906, H.D. 1, a similar bill which passed the House after public hearings before this Committee and your Committee on Consumer Protection and Commerce. As amended, this bill requires all commercial tow trucks to have permanently affixed signs pursuant to the Statewide Traffic Code, Chapter 291C, HRS.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2725, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2725, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 959-00 Transportation on S.B. No. 2643

The purpose of this bill is to replace the term traffic "accident" with the term traffic "collision" in part II of Chapter 291C, Hawaii Revised Statutes (HRS), which relates to accidents and accident reports.

This bill replaces the term "accident" with the term "collision" which denotes that a vehicle contacted or struck another object.

Your Committee finds that the current use of the term "accident" in part II of Chapter 291C, HRS, implies that motor vehicle crashes are unpredictable or unpreventable events. However, most crashes are predictable or preventable, because they occur due to human error. In addition, since the term "accident" implies lack of intent so crashes involving intentional behavior are not covered.

Testimonies in support of this measure were received from the Department of Transportation, the Honolulu Police Department, and Mothers Against Drunk Driving. The Department of the Prosecuting Attorney of the City and County of Honolulu supports the intent of this bill.

Your Committee notes that it passed a similar bill, H.B. No. 2687, H.D. 1, earlier this session. This bill also deleted the requirement in section 291C-13, HRS, that motor vehicle collision result only in damage to a vehicle or other property, before requiring the driver to give information or render aid.

Your Committee has amended this bill by:

- (1) Deleting the requirement that a motor vehicle collision result only in damage to a vehicle or other property before requiring the driver to give information or render aid; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2643, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2643, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Catalani, Okamura and Yoshinaga.

SCRep. 960-00 Tourism and Water and Land Use on S.B. No. 2005

The purpose of this bill is to stimulate tourism in east Hawaii by creating incentives for reinvestment in the resort and other infrastructure of the Banyan Drive resort area in Hilo, Hawaii.

Specifically, this bill permits the Department of Land Natural Resources (DLNR) to issue new long term leases to existing lessees of the Banyan Drive resort area, subject to certain conditions.

Testimony in support of the measure was received from the Department of Land and Natural Resources, the Chamber of Commerce of Hawaii, and the Hawaii Association of Realtors. The Office of Hawaiian Affairs opposed the passage of the measure.

Your Committees find that the measure would affect fifteen total leases in the Banyan Drive resort area. Of these fifteen leases, there are ten leases covering three resort facilities (Nanihoa, Hilo Bay, and Hilo Hawaiian), three leases for each of three apartment/condominium facilities (Country Club, Bayview Banyan, and Reed's Bay), one golf course lease, and one restaurant lease.

With the majority of the leases in the Banyan Drive resort area expiring in 2015, these affected lessees are faced with the uncertainty of continued tenancy. As the end of the lease term nears, these lessees will have less and less incentive to make major investments to improve their resort infrastructure and ensure long-term maintenance of their resorts. It is your Committees' belief that this bill provides a necessary incentive to ensure the continued reinvestment in the Banyan Drive resort area.

As affirmed by the records of votes of the members of your Committees on Tourism and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2005 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Herkes, Ito, Kanoho, Morihara, Morita, Halford and Meyer.

SCRep. 961-00 Judiciary and Hawaiian Affairs on S.B. No. 2941

The purpose of this bill is to propose a constitutional amendment that would extend the interval between convening Tax Review Commissions from five years to ten years.

Your Committee finds that ten year intervals between convening Tax Review Commissions is appropriate and sufficient for examination of the State's tax structure.

Testimony in support of this measure was submitted by the State Department of Taxation and Hawaii Society of Certified Public Accountants.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2941 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 962-00 Judiciary and Hawaiian Affairs on S.B. No. 2869

The purpose of this bill is to modify Hawaii's Safe Drinking Water Act by imposing penalties for each violation rather than for each day of violations.

Testimony in support of this bill was provided by the Department of Health and the Hawaii Chapter of the Sierra Club.

Your Committee finds that this measure will enhance enforcement efforts, by penalizing more severely those who violate multiple sections of the law. Your Committee further finds that conformity with corresponding federal law should ensure continued federal funding.

Your Committee has amended this bill by:

- (1) inserting a savings clause that renders unaffected rights and duties that matured, penalties incurred, and proceedings begun before the effective date of this measure; and
- (2) making technical, non-substantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2869, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2869, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Garcia, Hiraki, Kaho'ohalahala, Yoshinaga and Whalen.

SCRep. 963-00 Human Services and Housing on S.B. No. 2456

The purpose of this bill is to prevent child abuse and neglect by appropriating an unspecified amount to the Department of Human Services (DHS) for the delivery of diversion services and child protective services to target families, provided that the funds are matched by private or federal sources.

The Blueprint for Change testified in support of this measure. DHS testified in support of this measure, as long as it does not replace the priorities as established in the Supplemental Executive Budget request.

Your Committee finds that without funding for the Blueprint for Change or the two Neighborhood Place pilot projects, Blueprint for Change will be unable to pursue additional federal funding, and will risk losing the funding support of private partners that have been so heavily relied upon for the past four years.

Your Committee has amended this measure by:

- (1) Appropriating \$1 each for administrative services and programs for the Blueprint for Change, the Neighborhood Place of Kona, and the Neighborhood Place of Waipahu for purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2456, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2456, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 964-00 Higher Education on S.B. No. 2964

The purpose of this bill is to allow the University of Hawaii (UH) to develop its own position classification system that appropriately recognizes the scope and subject matter of work, scope and degree of responsibility, and qualification requirements.

UH supported this bill. Hawaii Government Employees Association supported the intent of this bill.

Your Committee finds that this bill will further the efforts to achieve autonomy for UH. By allowing UH greater control over their classification system, they will be able to more effectively and flexibly attract and retain high-quality faculty and staff. This flexibility will directly affect UH's ability to recruit the best teachers and, consequently, produce higher-quality graduates.

Upon further consideration, your Committee has amended this bill by changing the effective date to July 1, 2010, to ensure further discussion of this bill.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2964, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2964, H.D. 1, and be referred to the Committees on Labor and Public Employment and Finance.

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

SCRep. 965-00 Health on S.B. No. 2142

The purpose of this bill is to ensure that victims, whose criminal perpetrator is acquitted or found unfit to proceed, maintain their notification rights by:

- (1) Including in the definition of "major development", the defendant's:
 - (A) Unfitness to stand trial;
 - (B) Transfer to the State Hospital or other psychiatric facility; or
 - (C) Regaining fitness to proceed;
- (2) Requiring notice to be given to state or county law enforcement agencies when a former criminal defendant, under the supervision of the mental health system, petitions or is otherwise considered for release; and
- (3) Making more difficult and less automatic the release of a former criminal defendant who is involuntarily committed to a psychiatric facility.

The Department of the Prosecuting Attorney of the City and County of Honolulu and an individual testified in support of this measure. The Department of Health, the Office of the Public Defender, and the Mental Health Association of Hawaii opposed this measure.

Your Committee finds that the rights of individuals with mental illness must be balanced with the need to treat the victims of crime with dignity and respect. While this measure prepares victims for their perpetrator's release, it infringes upon the rights of the mentally ill, specifically, the confidentiality of treatment services.

Your Committee is sensitive to this concern, and respectfully requests the Committee on Judiciary and Hawaiian Affairs to discuss this issue.

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

- (1) Deleting the requirement that notice be given to state or county law enforcement agencies when a former criminal defendant, under the supervision of the mental health system, petitions or is otherwise considered for release;
- (2) Deleting the requirement that makes the release of a former criminal defendant who is involuntarily committed to a psychiatric facility more difficult and less automatic;
- (3) Giving victims the choice to receive notification or not; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2142, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2142, S.D. 1, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 966-00 Health on S.B. No. 2489

The purpose of this bill is to assist the traumatic brain injury population by:

- (1) Establishing a task force to identify and eliminate public policy barriers to neurotraining services; and
- (2) Appropriating funds to establish a community-based neurotraining research, education, and training infrastructure.

The Hawaii State Commission on the Status of Women, Art Calendar Hawaii Database, the Craine Institute of Neuropsychology Community-based Healthcare, and several individuals testified in support of this measure. The Departments of Health and Education opposed this measure. The Department of Business, Economic Development, and Tourism (DBEDT) opposed placing the task force and its funding in DBEDT.

Your Committee has amended this measure by:

- (1) Deleting the appropriation to establish a community-based neurotraining research, education, and training infrastructure;

- (2) Effectuating the Act upon its approval; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2489, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2489, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 967-00 Judiciary and Hawaiian Affairs on S.B. No. 2668

The purpose of this bill is to revise provisions concerning removal of inactive voters from the list of registered voters for consistency with federal statutes.

Testimony in support of this bill was provided by the Office of Elections.

Your Committee intends this measure to reflect National Voter Registration Act of 1993 procedures designed to enhance participation of eligible citizens in the voting process, while ensuring that accurate and current voter registration rolls are maintained.

Your Committee amended this bill by

- (1) deleting the specific reference to title 42 United States code sections 1973gg *et seq.*;
- (2) adding to section 11-17(a), Hawaii Revised Statutes, a new subsection (3) that provides the clerk will not remove names of registered voters who respond to list maintenance processes;
- (3) creating numbered subsections within section 11-17(b), Hawaii Revised Statutes, including a new section (2) that provides for removal of the name of a registered voter if the clerk, having mailed a notice of removal, receives the notice of removal as return mail with a postal notation that the notice was not deliverable; and
- (4) making technical, non-substantive changes for conformity with legislative drafting conventions.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2668, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2668, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala, Yoshinaga and Whalen.

SCRep. 968-00 Judiciary and Hawaiian Affairs on S.B. No. 2758

The purpose of this bill is to amend the child support enforcement laws in order to comply with Title IV-D of the Social Security Act.

Testimony in support of this measure was received from the State Attorney General.

Your Committee finds that the proposed amendments will improve customer service and efficiency at the Child Support Enforcement Agency, and that the adoption of standard forms will eliminate confusion.

Your Committee has amended this measure by deleting the reference to Section 576E-16, Hawaii Revised Statutes, at page 6, line 21.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2758, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2758, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 969-00 Judiciary and Hawaiian Affairs on S.B. No. 2863

The purpose of this measure is to allow an individual's driver's license and civil identification card to display a symbol indicating the existence of an advance health care directive.

Testimony in support of this bill was provided by the Executive Office on Aging, the Hawaii Medical Association, the Healthcare Association of Hawaii, and a concerned individual. The State Attorney General testified in support of this bill as it relates to the issuance of state identification cards, subject to an amendment to cover costs. The Department of Transportation provided testimony in support of the intent of this bill.

Your Committee finds that a designation on a driver's license or a state identification that the individual has executed an advance health care directive will assist health care facility staff to ascertain patients' treatment wishes in emergency situations. Your Committee further finds that this measure will foster public awareness of advance directives.

Your Committee has amended this bill by:

- (1) changing the term "motor vehicle license" to "driver's license";
- (2) including the word "decisions" in the term "durable power of attorney for health care decisions";
- (3) including a \$6,000 appropriation out of the state identification revolving fund to be expended by the department of the attorney general; and
- (4) making technical, non-substantive changes for clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2863, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2863, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hiraki, Kaho'ohalahala Yoshinaga and Whalen.

SCRep. 970-00 Judiciary and Hawaiian Affairs on S.B. No. 3125

The purpose of this bill as received by your Committee is to require the Directors of Finance of the counties to determine publications to use for all notices published in their respective counties.

Testimony in support of this measure was received from the State Department of Accounting and General Services, County of Maui Office of the Mayor, County of Hawaii Office of the County Clerk, County of Hawaii Department of Finance, Hawaii Newspaper Agency, Common Cause Hawaii, and an individual council member from the County Council, County of Maui.

Your Committee finds that allowing the counties to determine which publications to place their public notices in will fulfill the intent and spirit of notice law.

Your Committee has amended this measure by:

- (1) Deleting Section 1;
- (2) Deleting all proposed language in Section 2; and
- (3) Inserting language clarifying that counties are not included in the definition of "government agency" for whom the comptroller determines sources of publication, referred to in Section 1-28.5, Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3125, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3125, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 971-00 Judiciary and Hawaiian Affairs on S.B. No. 2856

The purpose of this bill is to clarify the law governing Department of Human Services liens under section 346-29.5, Hawaii Revised Statutes.

Testimony in support of this bill was provided by the Department of Human Services.

The intended effect of this measure is to:

- (1) clarify that the duty to "update" refers to the department's internal accounting and tracking procedures, rather than to recordation or filing in the Bureau of Conveyances or Land Court;
- (2) eliminate doubt as to the authority of the department, as creditor, to initiate probate proceedings; and
- (3) indicate that sections (c) and (d) of HRS §346-29.5 apply both to liens that arise by agreement between the department and an applicant for assistance pursuant to HRS §346-29.5(a) and to liens based on department initiatives pursuant to HRS §346-29.5(b).

Your Committee has amended this bill by referring to "liens" in sections (c) and (d) of HRS §346-29.5. The reference to "liens" rather than "lien" is intended to clarify that the provisions of HRS §346-29.5(c) and (d) apply, whether the lien arose under section (a) and (b) of HRS §346-29.5. The bill as drafted would have added "agreement or" to "the lien shall attach" and "priority of the lien," resulting in such language as "the agreement or lien shall attach" and "priority of the agreement or lien."

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2856, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as S.B. No. 2856, S.D. 1, H.D. 1.

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

SCRep. 972-00 Education on S.B. No. 3079

The purpose of this bill is to repeal the requirement that, prior to arresting a person for criminal trespass in the first degree, school authorities and police officers first warn or request a person to leave the school premises, if the person enters or remains unlawfully in or on the school premises.

The bill also makes a technical amendment, by changing the cross reference to the definition of public school to the more appropriate definitional section of chapter 302A, Hawaii Revised Statutes.

Testimony in support of the measure was received from the Department of Education, the Honolulu Police Department, and the Hawaii Association of Independent Schools. The Public Defender submitted comments.

Your Committee finds that under present law, prior to arresting a person on school premises for criminal trespass in the first degree, school authorities or the police must warn or request the person to leave the premises. Only after the warning is given and the trespasser refuses to leave can the authorities arrest the person for criminal trespass. Your Committee is concerned about the potential for criminal activity being committed on school grounds by persons who have no lawful business on such property. Moreover, your Committee notes the recent spate of vandalism that wreaked severe havoc on several public schools. Accordingly, your Committee further finds that this bill, by repealing the pre-arrest requirement, will help to ensure students a safe school environment and will enhance the protection of school property.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3079 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 973-00 Education on S.B. No. 2996

The purpose of this bill is to require the Family Court to provide information on a timely basis regarding the adjudication of a given minor upon written request from the Department of Education (DOE). Under the provisions of this bill, upon a written inquiry by DOE, the Family Court must provide DOE certain legal records within ten days of the request.

The DOE and an individual supported this bill. The Hawaii State Teachers Association supported the intent of this bill. The Office of Youth Services, Hawaii Association of Independent Schools, and the Office of the Public Defender commented on this bill. The Judiciary, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the American Civil Liberties Union of Hawaii opposed this bill.

Your Committee finds that providing timely access to the court records of students for schools would be very helpful to school administrators. Full knowledge of a student's adjudication for serious offenses would allow school officials to better supervise and provide services to that student.

Upon further consideration, your Committee has amended this bill by deleting its contents and inserting the substantive provisions of H.B. 2087, H.D. 2. As amended, the bill provides a system for the dissemination of legal records related to offenses committed by a minor to public and private school officials. Specifically, the bill:

- (1) Requires the Family Court to notify school officials when a minor student has been adjudicated of a felony or misdemeanor offense;

- (2) Provides a system for the dissemination of such information to affected public and private school faculty members and staff; and
- (3) Provides civil penalties for the release of confidential material related to student offenses.

Your Committee finds that these provisions are preferable as they:

- (1) Provide access to more information, including information that is not already publicly available;
- (2) Include private schools;
- (3) More thoroughly delineate the mechanisms by which material is to be disseminated; and
- (4) Require the Family Court to actively contact schools regarding student offenses, therefore providing information that schools would not otherwise know to pursue.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2996, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2996, S.D. 2, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 974-00 Education on S.B. No. 2138

The purpose of this bill is to require the Department of Education to install roofing insulation with a value rating of R-19 in public school buildings.

Your Committee finds that students learn best when the environmental conditions under which they study are comfortable and clean. School buildings can be cooled with roofing insulation and this lowers demands on air conditioning units and electricity. Thus, students and teachers benefit, and the state budget, in the long run, also benefits. Your Committee finds that this is a win-win situation deserving of support.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2138, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 975-00 Education on S.B. No. 3026

The purpose of this bill is to improve public school facilities by:

- (1) Establishing the State Educational Facilities Repair and Maintenance Special Fund to eliminate the backlog of school repair and maintenance projects existing on June 30, 2000;
- (2) Establishing the School Physical Plant Operations and Maintenance Special Fund to pay for school repairs and cyclical maintenance projects scheduled after June 30, 2000;
- (3) Specifying how school repair and maintenance moneys are to be prioritized and allocated;
- (4) Establishing departmental school district business and fiscal officers to oversee school facilities planning; and
- (5) Authorizing the issuance of general obligation bonds for these special funds.

The Hawaii Association of Realtors supported this bill. The Department of Education, Hawaii Government Employees Association, the Department of Accounting and General Services, and the Department of Budget and Finance supported the intent of this bill.

Your Committee finds that there currently exists a four-year backlog of school maintenance projects that need funding. This bill is a very positive effort to provide funds for these much needed projects. Schools need to be properly maintained in order to be safe, productive places of learning. Both major and aesthetic repairs promote greater productivity and school morale. For these reasons, your Committee supports this bill.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3026, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Okamura and Santiago.

SCRep. 976-00 Education on S.B. No. 2722

The purpose of this bill is to statutorily establish a Hawaiian language immersion program within the Department of Education and enable its full implementation.

Your Committee finds that there has been a Hawaiian immersion component of the public schools for over thirteen years. The first class of seniors was graduated last year. The Hawaiian immersion program has proved itself as a viable alternative to the regular Department of Education curriculum. The program has been underfunded as compared to the regular public schools, as the budget for the immersion program received little or no increase for years even as the student population increased.

Your Committee finds that this bill, by establishing a full-fledged Hawaiian immersion program in the Department of Education, will provide the kind of support necessary to allow the program to reach its full potential and provide a quality immersion education.

Your Committee has amended the bill by clarifying that the charter and lab schools referred to in the bill are Hawaiian immersion charter and lab schools, and by specifying by name the operational and financial plan of the immersion program.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2722, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2722, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Okamura and Santiago.

SCRep. 977-00 Education on S.B. No. 2218

The purpose of this bill is to:

- (1) Provide legal protection to charter school boards;
- (2) Require the Auditor to consider the recommendations of local school boards in determining the allocations for New Century Charter Schools;
- (3) Require the Auditor to develop fund allocation methodology that can be applied to various alternative forms of schools, including New Century Charter Schools;
- (4) Appropriate funds for the establishment of additional New Century Charter Schools; and
- (5) Allow groups of teachers to form a New Century Charter School.

The Hawaii State Teachers Association supported this bill. The Department of Education supported this bill with amendments. The Hawaii State Government Employees Association supported the intent of this bill with reservations. The State Auditor commented on this bill.

Your Committee finds that New Century Charter Schools are a dynamic new component of Hawaii's educational system and should be supported. Your Committee further finds that the provisions of this bill will help to ensure the viability of charter schools and will further the process of refining the charter school law.

Upon further consideration, your Committee has amended this bill by clarifying that the allocation methodology established by the Auditor should only be applicable to alternative forms of public schools. The language could previously have been construed to apply to private schools as well.

Other technical, nonsubstantive amendments were also made for purposes of style and clarity

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2218, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2218, S.D. 1, H.D. 1, and be referred to the Committees on Labor and Public Employment and Finance.

Signed by all members of the Committee except Representatives Arakaki, Okamura and Santiago.

SCRep. 978-00 Education on S.B. No. 2837

The purpose of this bill is to implement the educational accountability law by:

- (1) Requiring the development of consequences for student, school, and system performance;

- (2) Requiring teachers and administrators to undergo continuous professional development;
- (3) Requiring the Department of Education (DOE) to develop a collaborative process with stakeholders and students in the development of accountability policies; and
- (4) Requiring annual statewide student assessment at each grade level.

The Hawaii Business Roundtable, the Chamber of Commerce of Hawaii, Hawaii Association of Realtors, Board of Education, Hawaii Congress of Parents, Teachers, and Students, Hawaii School-to-Work Executive Council, and numerous individuals and students supported this bill. The Governor supported the bill but was opposed to the sunset provision that waives the exemption from collective bargaining in 2003. The DOE supported the bill with reservations regarding the sunset provision and annual student assessment at each grade level. The Hawaii State Teachers Association commented on the bill. Hawaii Government Employees Association and an individual opposed this bill.

Your Committee finds that educational accountability reform is essential to improving Hawaii's educational system on the whole. However, there are concerns regarding specific provisions in this bill that need to be addressed. Therefore, upon further consideration, your Committee has amended this bill by deleting its contents and inserting the substantive provisions reflected in H.B. 1874, H.D. 1, and H.B. 1875, H.D. 1. These two bills were reported to the Senate after public hearings earlier this session.

As amended, this bill requires the implementation of an educational accountability system that:

- (1) Involves students, schools, teachers, and administrators, and other significant partners in the educational process;
- (2) Invokes rewards and consequences for observed performance;
- (3) Assesses students annually at certain benchmark grade levels;
- (4) Requires teachers and administrators to undergo continuous professional development;
- (5) Establishes an explicit link between professional evaluation results and individual accountability;
- (6) Making provisions of this bill exempt from collective bargaining; and
- (7) Establishing an interagency educational accountability working group.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2837, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2837, S.D. 1, H.D. 1, and be referred to the Committees on Labor and Public Employment and Finance.

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

SCRep. 979-00 Public Safety and Military Affairs and Judiciary and Hawaiian Affairs on S.B. No. 2426

The purpose of this bill is to authorize the Crime Victim Compensation Commission to pay for mental health counseling for witnesses and individuals at the scene of mass tragedies and for the relatives of persons killed in mass tragedies.

Your Committees received testimony in support of this measure from the Crime Victim Compensation Commission and the Department of the Prosecuting Attorney for the City and County of Honolulu. The Department of Health submitted testimony in support of the intent of this measure.

Your Committees find that this bill will provide the necessary authority to obtain federal monies available to address the aftermath of mass casualty criminal events. Your Committees also find that the incident last year revealed a need for better interagency cooperation and training to ensure a more efficient response should another such incident befall us. Your Committees are informed that planning is under way and thus, at this time, no further legislation is needed in that regard.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2426, S.D. 1 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Cachola, Hamakawa, Hiraki, Morita, Takumi, Yoshinaga and Whalen.

SCRep. 980-00 Public Safety and Military Affairs and Judiciary and Hawaiian Affairs on S.B. No. 2533

The purpose of this bill is to require payment of a compensation fee for deposit into the crime victim compensation special fund, as a condition of a deferred acceptance of a guilty plea or a nolo contendere plea under section 853-1, Hawaii Revised Statutes.

Your Committees received testimony in support of this measure from the Crime Victim Compensation Commission, the Sex Abuse Treatment Center, and the Department of the Prosecuting Attorney for the City and County of Honolulu. The Office of the Public Defender submitted testimony in opposition to this measure.

Your Committees find that persons entering a deferred plea under section 853-1 are receiving a substantial benefit, and therefore, they should not be excluded from the requirement to make payments that are intended to compensate victims of crime. Your Committees also note that amount of compensation fee charged for such defendants will be modest and that current law provides exceptions for those persons unable to pay.

Your Committees have amended this measure by deleting its contents and inserting the contents of H.B. 2533, H.D. 1.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2533, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2533, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Cachola, Hamakawa, Hiraki, Morita, Takumi, Yoshinaga and Whalen.

SCRep. 981-00 Public Safety and Military Affairs and Judiciary and Hawaiian Affairs on S.B. No. 2152

The purpose of this bill is to authorize Hawaii's participation in the Interstate Compact for the Supervision of Adult Offenders.

Your Committees received testimony in support of this measure from the Hawaii Paroling Authority and the Department of the Prosecuting Attorney of the City and County of Honolulu. The Judiciary submitted testimony in support of the intent of this measure and suggested technical amendments. E Ho'opakele (Project Rescue) submitted testimony in opposition to this measure.

Your Committees have amended this measure by incorporating the technical amendments suggested by the Judiciary to correct references to the "contract administrator" to read "compact administrator."

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Judiciary and Hawaiian Affairs that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2152, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2152, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Cachola, Hamakawa,

SCRep. 982-00 Human Services and Housing and Labor and Public Employment on S.B. No. 3123

The purpose of this bill is to support the successful transition from public assistance to self-sufficiency by establishing a transitional benefits program, the Bridge-to-Hope Program, to encourage public assistance recipients to pursue and successfully complete higher education.

The Hawaii State Commission on the Status of Women, the National Association of Social Workers, the Welfare and Employment Rights Coalition, the Hawaii Area Program of the American Friends Service Committee, the University of Hawaii, Kokua Council, and several individuals testified in support of this measure. The Department of Human Services testified in support of a revised education policy, but opposed the current bill and an appropriation as it is outside the Executive Budget request.

After careful consideration, your Committees have amended this measure by deleting its substance and inserting language reflected in a similar bill, H.B. No. 2367, H.D. 1. This bill was reported earlier from your Committees on Human Services and Housing and Finance. In addition, the bill has been amended to:

- (1) Appropriate \$300,000 to expand internship and work study programs to meet the Temporary Assistance to Needy Families program work requirements; and
- (2) Make technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3123, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3123, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committees except Representatives Hiraki, Okamura, Saiki, Santiago and Takai.

SCRep. 983-00 Consumer Protection and Commerce on S.B. No. 2808

The purpose of this bill is to provide for greater stability in the legal workforce representing consumers before the Public Utilities Commission (PUC) and better protection of the interests of consumers in PUC regulation, by:

- (1) Authorizing the Division of Consumer Advocacy (DCA) of the Department of Commerce and Consumer Affairs to retain its own legal counsel; and
- (2) Appropriating funds for two DCA staff attorney positions.

The DCA, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Ltd., Kauai Electric, The Gas Company, GTE Hawaiian Tel, and a private individual provided testimony in support of this measure. The PUC supported the measure to the extent that the DCA felt it would improve its general duty of representing consumers.

Upon consideration of this measure, your Committee has amended this bill by replacing its contents with the substantive provisions of H.B. No. 2467, H.D. 1, a similar bill that passed Third Reading in the House earlier in this session.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2808, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Cachola, Garcia, Hiraki, Kaho'ohalahala and Yoshinaga.

SCRep. 984-00 Consumer Protection and Commerce on S.B. No. 2657

The purpose of this measure is to require all individual accident and sickness health care policies providing health care coverage, and all group health care contracts issued by health maintenance organizations and mutual benefit societies, to cover outpatient diabetes self-management training, education, equipment, and supplies, if it is found to be medically necessary and prescribed by an authorized health care professional.

Diabetes is a serious disease that affects many people in Hawaii. Your Committee believes that providing education and supplies to those who need it will help to prevent complications of the disease and reduce the costs of care.

Testimony was received in support of this measure from the Office of Hawaiian Affairs, Diabetes Advocacy Alliance of Hawaii, American Diabetes Association, Hawaii Nurses' Association, many diabetes educators, and concerned diabetics.

The Hawaii Association of Diabetes Educators, Queen's Health Management, Department of Health, and Hawaii Medical Service Association (HMSA) support the intent of this bill and have suggested amendments.

Kaiser Permanente provided comments and suggestions for amendments to this bill. The Chamber of Commerce of Hawaii and State Farm Insurance Companies both opposed this measure.

Your Committee has amended this bill by:

- (1) Adopting the amendments recommended by HMSA to allow an insurer the ability to develop and manage its own programs to best meet the needs of its members. Accordingly, your Committee has amended this measure by deleting subsections (a)(3), (b), (c), and (d) of Section 2;
- (2) Deleting Section 5, to address the concerns stated by the Chamber of Commerce of Hawaii, which would have exempted this bill from the requirement of passing a concurrent resolution requesting the auditor to prepare an impact assessment report; and
- (3) Deleting reference to "individual" health care contracts so that this measure only applies to "group" health care contracts.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2657, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2657, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 985-00 Consumer Protection and Commerce on S.B. No. 2729

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

Your Committee believes service contract legislation can benefit both consumers and the service contract industry. Regulation of service contracts will protect consumers and address consumer complaints arising from service contract agreements.

Testimony was received in support of this measure by the Service Contract Industry Council. The Department of Commerce and Consumer Affairs supports the intent of this bill although they feel that certain provisions need to be strengthened.

Your Committee has amended this measure by changing the effective date to July 1, 2050 to ensure further discussions.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2729, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2729, S.D. 1, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 986-00 Consumer Protection and Commerce on S.B. No. 3043

The purpose of this measure is to grant the Comptroller authority to establish a captive insurance company, that will be owned by the State, to insure the general liabilities of state agencies pursuant to chapter 41D, Hawaii Revised Statutes, the State Risk Management and Insurance Administration Law.

Testimony in support of this measure was submitted by the Department of Accounting and General Services.

Testimony commenting on this measure, with proposed amendments, was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs.

Upon consideration of this measure, your Committee has amended this bill by replacing its contents with the substantive provisions of H.B. No. 2986, H.D. 2, a similar bill that was reported from your Committee on Finance earlier this session.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3043, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3043, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 987-00 Consumer Protection and Commerce on S.B. No. 3193

The purpose of this measure is to provide for improved, cost-effective administration of current and future public employee benefit obligations, by transferring administration of these obligations from the Hawaii Public Employees Health Fund, to a newly established captive insurance company to be known as the Hawaii Insurance Exchange.

Testimony in support of this measure was submitted by the Insurance Division of the Department of Commerce and Consumer Affairs.

The Hawaii Public Employees Health Fund had "no position" on this measure. The Office of Information Practices also testified that they had "no position" on the measure, however, expressed concerns regarding exceptions to the Public Agency Meeting and Records law of Hawaii Revised Statutes chapter 92.

The Department of Budget and Finance submitted testimony which indicated that they had concerns with this measure.

Upon consideration of this measure, your Committee has amended this bill by replacing its contents with the substantive provisions of H.B. No. 3009, H.D. 1, a similar bill that was reported from your Committee on Consumer Protection and Commerce earlier in this session.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3193, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3193, S.D. 1, H.D. 1, and be referred to the Committees on Labor and Public Employment and Finance.

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