

STANDING COMMITTEE REPORTS

SCRep. 1 Finance on H.B. No. 1

The purpose of this bill is to authorize funds for the expenses of the Legislature and the legislative support agencies.

Testimony in support of this measure was submitted by the Office of the Auditor, the Legislative Reference Bureau, the State Ethics Commission, and the Office of the Ombudsman.

Your Committee has amended this bill by:

- (1) Amending section 7 of Act 1, Session Laws of Hawaii 2001, by changing the lapsing date, from June 30, 2002, to June 30, 2003, for the appropriations made for the cost and expenses for *Felix v. Cayetano* consent decree studies; and
- (2) Inserting the appropriation amounts for the Legislature and the legislative agencies.

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

Signed by all members of the Committee.

SCRep. 2 Legislative Management on H.C.R. No. 7

The purpose of this measure is to continue the joint Senate-House Investigative Committee to investigate the State's efforts to comply with the Felix Consent Decree.

A concerned individual submitted testimony in support of this measure.

Your Committee has amended this measure by:

- (1) Recognizing the action taken by Judge Ezra in turning over the Committee's Report dated December 26, 2001, to the U.S. Attorney; 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 Legislative Management that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 7, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 7, H.D. 1.

Signed by all members of the Committee.

SCRep. 3 Transportation on H.B. No. 1722

The purpose of this bill is to reduce the motor vehicle safety inspection requirement for heavy commercial vehicles from every six months to once a year.

Testimony in support of this measure was received from the Department of Transportation, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and the Hawaii Transportation Association.

Your Committee notes that under federal and state motor vehicle safety regulations, detailed safety inspections of commercial vehicles are required on an annual basis.

Moreover, your Committee finds that commercial motor vehicles are also subjected to:

- (1) Daily inspections performed by the operators of commercial vehicles, both prior to and after the vehicle has been driven, which are required to be documented for possible inspection by federal and state motor carrier enforcement agencies;
- (2) Preventive maintenance, with specific services and inspections being performed on a periodic, systematic, basis; and
- (3) Roadside vehicle inspections.

Accordingly, your Committee feels that a reduction of the state-required safety inspections for commercial vehicles to once a year would not jeopardize safety and is prudent since stringent regulations are already in place to address any concerns.

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. 1722 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Rath.

SCRep. 4 Transportation on H.B. No. 1723

The purpose of this bill is to exempt a person involved in an accident during the normal course of their employment from the security and suspension requirements established under the Motor Vehicle Safety Responsibility Act (chapter 287, Hawaii Revised Statutes (HRS)).

Testimony in support of this measure was submitted by the Department of Customer Services of the City and County of Honolulu.

Under the existing law, if a vehicle used by the employee in the course of employment is owned by the employer, the employee is exempt from chapter 287, HRS. However, certain instances may require an employee to operate a vehicle not owned by the employer. In such a case, the employee is not exempt from chapter 287, HRS, even if the employee is covered under the employer's insurance policy. Your Committee feels that this measure corrects this inequity.

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. 1723 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Rath.

SCRep. 5 Transportation on H.B. No. 1725

The purpose of this bill is to improve the efficiency of driver license renewals by:

- (1) Allowing the renewal of a driver's license by mail;
- (2) Treating drivers applying for a license renewal ninety days after the expiration of the license, as an applicant for reactivation of an expired license; and
- (3) Allowing a driver's license to be renewed on the sixth birthday after issuance.

Testimony in support of this measure was received from the Department of Customer Services of the City and County of Honolulu. The Department of Transportation submitted testimony supporting the intent of the measure.

Your Committee notes that under current statute, only residents who are temporarily out of state can apply for the renewal of their license by mail. Since no residency restrictions for the initial issuance of a driver's license are currently in place, and since applicants for renewal by mail are presently required to take a physical examination as a prerequisite for renewal, your Committee concurs that driver license renewal by mail should be offered to all licensed drivers.

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. 1725 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 Representative Rath.

SCRep. 6 Transportation on H.B. No. 1727

The purpose of this bill is to allow an individual with a driver's license instruction permit to renew the permit 30 days prior to, and up to 90 days after, the expiration date of the existing permit.

Testimony in support of this measure was submitted by the Department of Customer Services of the City and County of Honolulu. Testimony supporting the intent of the measure was submitted by the Department of Transportation.

Your Committee understands that existing law does not establish a renewal period for driver's license instruction permits. This bill clarifies the renewal period during which persons are exempt from retaking the knowledge test. Moreover, this measure brings the driver's license instruction permit renewal process in line with the driver's license renewal process, which has a similar renewal period.

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. 1727 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 Representative Rath.

SCRep. 7 Transportation on H.B. No. 1724

The purpose of this bill is to allow military specialty license plates to be issued to more than one noncommercial passenger vehicle, motorcycle, or motor scooter.

Testimony in support of this measure was submitted by the Department of Customer Services of the City and County of Honolulu.

This bill will assist those veterans who have multiple vehicles registered in their name and who may also qualify for different categories of military specialty plates.

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. 1724 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Rath.

SCRep. 8 Transportation on H.B. No. 1726

The purpose of this bill is to allow the examiner of drivers to waive the ninety-day waiting period for the driver's license examination if the applicant obtained a new driver's license instruction permit within thirty days of the expiration date of the previously issued instruction permit.

Testimony in support of this measure was submitted by the Department of Transportation and the Department of Customer Services of the City and County of Honolulu.

Current law requires that a minor must hold a valid instruction permit no fewer than ninety days and must complete a certified driver's education course before the minor is allowed to take the road test. These requirements were initiated to ensure that minors receive some sort of driver training. It appears to your Committee that, if a minor meets these requirements, but inadvertently allows the one-year instruction permit to expire, an additional waiting period of ninety days would be unnecessary. Nevertheless, the Office of the Attorney General has ruled that if a minor allows the one-year permit to expire, a new ninety-day waiting period would be required upon the issuance of a new permit. Indeed, your Committee understands that this has been a problem for teen applicants seeking their first driver's license.

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. 1726 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 Representative Rath.

SCRep. 9 Transportation on H.B. No. 1782

The purpose of this bill is to allow a person who is legally blind to obtain a disabled parking permit, to be used by the person's driver.

Comments regarding this measure were submitted by the Disability and Communications Access Board.

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. 1782 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Rath.

SCRep. 10 Transportation on H.B. No. 1741

The purpose of this bill is to prohibit the use of a mobile telephone while operating a moving school vehicle except in the case of an emergency.

Testimony supporting the intent of this measure was submitted by the Department of Transportation (DOT). The Department of Education (DOE) commented on this measure. [*sic*]

Although all drivers, especially those driving vehicles with school children, should be concentrating on their driving, the DOE has received several complaints regarding the use of cellular phones on school buses during their operation. Driving a school vehicle with students aboard is difficult enough without the distraction of talking on a mobile phone. Your Committee feels that through the passage of this measure, the safety of children aboard school vehicles will be enhanced.

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. 1741 and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 11 Transportation on H.B. No. 1730

The purpose of this bill is to increase the drivers education fund underwriters fee from \$2 to \$3.50 so that:

- (1) The driver education and traffic safety education programs operated within the Department of Education (DOE) can be expanded;
- (2) The Department of Transportation (DOT) can continue to administer its driver education program; and

- (3) The Insurance Division of the Department of Commerce and Consumer Affairs (DCCA) can continue to operate its driving retraining program.

DOE and the Hawaii Association of Safety-Traffic Educators testified in support of this measure. DOT submitted testimony in opposition to this measure. DCCA commented on this measure.

Act 175, Session Laws of Hawaii 1999, made driver education training mandatory for any individual under the age of eighteen who applies for a class one, two, or three license. This requirement has greatly increased the demand for driver education programs throughout the state, especially the inexpensive programs offered by DOE. To meet these demands, the programs must be expanded. This can be accomplished with the additional funding established by 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 H.B. No. 1730 and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee.
(Representatives Moses, Pendleton and Rath voted no.)

SCRep. 12 Transportation on H.B. No. 1731

The purpose of this bill is to:

- (1) Transfer authority of fees deposited into the Special Drivers Education Fund Account for motorcycles and motor scooters from the University of Hawaii (UH) Community Colleges to the Department of Transportation (DOT); and
- (2) Increase the Drivers Education Fund Underwriters Fee from \$2 to \$5.

UH and the Provost of Leeward Community College testified in support of this bill. DOT submitted testimony supporting the intent of the measure, but requested that the increase in the fee paid by each insurer or self insurer be eliminated.

The Hawaii Motorcycle Dealers Association testified in opposition to this measure. The Department of Commerce and Consumer Affairs submitted comments on this bill.

On January 1, 2002, DOT canceled the agreement made between DOT and the UH Community Colleges to coordinate and operate the state's motorcycle and motor scooter education classes. DOT has taken over the responsibility for administering the statewide rider education courses. Accordingly, funding previously provided to the UH Community Colleges to administer the motorcycle and motor scooter education program should be transferred to DOT.

However, your Committee feels that the fee increase is unnecessary at this time and has amended this measure by eliminating the fee increase.

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. 1731, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1731, H.D. 1, and be referred to the Committee on Higher Education.

Signed by all members of the Committee.

SCRep. 13 Transportation on H.B. No. 1768

The purpose of this bill is to clarify Hawaii's Highway Safety Law to allow custom-made motorcycles to be registered with the Department of Motor Vehicles by:

- (1) Clarifying the definition of "vehicle identification number"; and
- (2) Allowing the county director of finance to identify and register a reconstructed vehicle by assigning it an identification number other than the federal vehicle identification number.

Testimony in support of this measure was submitted by the Hawaii County Council, the County of Hawaii Finance Department, Carrs Insurance Agency, Street Bikers United, and various motorcycle clubs, owners, retailers, and repair shops. Numerous signatures were also submitted in support of this bill. The Department of Transportation (DOT) stated their support of the intent of this measure but had some concerns regarding safety issues and the confusion that differing standards among the four counties may cause in the registration process. The Honolulu Police Department submitted testimony in opposition to this bill.

Ambiguities in Chapter 286, Hawaii Revised Statutes (HRS), specifically with the term "vehicle identification number" in Chapter 286-45, HRS, has disrupted the registration and taxing of custom motorcycles on the island of Hawaii creating financial difficulties for motorcycle owners and some small businesses. These problems began to occur when attempts were made by the county to comply with a DOT memo that interpreted the term "vehicle identification number" to mean the federal vehicle identification number. However, no such requirement is present in the current law.

Although the Honolulu Police Department raised concerns regarding safety and theft issues, your Committee feels that utilization of unique Manufacturer's Statement of Origin (MSO) identification numbers for custom motorcycle frames, engines, and transmissions would be sufficient for vehicle registration.

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. 1768 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 14 Transportation on H.B. No. 1746

The purpose of this bill is to require that all tow away zones have notices that are clearly visible to potential parkers at all times.

The Department of Commerce and Consumer Affairs (DCCA) and a private citizen testified in support of this measure.

Concerns were voiced by both the private citizen and DCCA about the failure to post adequate or conspicuous signage near tow away zones, with unwary vehicle owners having their vehicle towed away. Your Committee finds that this measure should address the possible impropriety of property owners and the creation of so-called "tow traps."

However, a more specific regulation for the posting of tow away signs that allows the driver of a vehicle to clearly observe the tow away sign needs to be inserted into the bill. Accordingly, your Committee has amended this bill to require that tow away notices are clearly visible to the driver approaching the parking space, or within any marked or unmarked parking space, where the vehicle is subject to being towed.

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. 1746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1746, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 15 Public Safety & Military Affairs and Labor & Public Employment on H.B. No. 712

The purpose of this bill is to:

- (1) Transfer from the Department of Public Safety (PSD) to the Hawaii Health Systems Corporation (HHSC), the functions and authority relating to uniformed security employees and security contracts of health facilities under the control of HHSC;
- (2) Provide that all positions transferred by this measure be eliminated immediately after the transfer; and
- (3) Allow HHSC to privatize these security functions.

PSD submitted testimony in support of this bill with suggested amendments.

HHSC, the United Public Workers, Hawaii Government Employees Association, and a concerned individual opposed this bill.

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

- (1) Clarifying that the functions and authority relating to uniformed security employees and security contracts for the Hawaii State Hospital under the Department of Health, and the Maui Memorial Hospital under HHSC, be transferred from PSD to HHSC;
- (2) Deleting the provision eliminating employee positions immediately after the transfer;
- (3) Deleting the section allowing HHSC to privatize security functions;
- (4) Changing the effective date to July 1, 2002; and
- (5) Making other technical, nonsubstantive amendments for style and clarity.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 712, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 712, H.D. 1, and be referred to the Committee on Health.

Signed by all members of the Committee except Representatives Souki, Yoshinaga and Pendleton.

SCRep. 16 Transportation on H.B. No. 2028

The purpose of this bill is to allow the counties to assess a county rental motor vehicle surcharge of up to \$5 per day on all rental motor vehicles rented or leased.

The Mayor of the County of Maui and the Maui Hotel Association submitted testimony in support of this measure. The Department of Taxation, Avis Rent-a-Car Systems, Inc., The Hertz Corporation, Enterprise Rent-a-Car, and Dollar Rent A Car Systems, Inc. testified in opposition to this measure. The Department of Transportation and The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee understands that roads throughout our state, especially some of the roads on the Neighbor Islands, are in dire need of repairs. In fact, some of these roads become treacherous and impassable during heavy rainfalls, storms, and brush fires, oftentimes stranding motorists. This measure attempts to address this situation through an innovative solution of placing an additional surcharge on rental vehicles, which at times, make up to 40 percent of the cars on our roadways, especially on the Neighbor Islands. Your Committee feels that through the revenues generated by this surcharge, road repairs and maintenance can be accomplished in a more timely manner.

Although there were some concerns regarding the impact this measure may have on the tourism industry and questions of equity among all users of the roadways, your Committee feels that further discussion is warranted and that the measure should continue to move through the legislative process.

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. 2028 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 17 Economic Development & Business Concerns on H.B. No. 1794

The purpose of this bill is to establish a three-day general excise tax exemption on the sale of footwear and clothing valued at under \$100, provided that:

- (1) Businesses pass the savings on to consumers; and
- (2) Federal legislation fully reimburses the State for taxes that are not collected under this bill.

Testimony in support of this measure was received from Retail Merchants of Hawaii. The Department of Budget and Finance and the Department of Taxation opposed this measure. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Adding a provision requiring that this bill meet all federal criteria and standards to qualify for full federal reimbursement of State taxes that are not collected under this measure; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1794, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1794, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Cabrerros and Takumi.
(Representative Case voted no.)

SCRep. 18 Economic Development & Business Concerns on H.B. No. 1740

The purpose of this bill is to expand coverage of the enterprise zone law by adding health care providers to the list of clients that are served by call centers in an enterprise zone.

Testimony in support of this measure was submitted by a representative from Kapolei Property Development and American Healthways. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Department of Taxation offered comments.

Your Committee has amended this measure by:

- (1) Narrowing its scope by replacing references to "health care providers" with "disease management services";
- (2) Defining "disease management services"; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee believes that these amendments reflect a more clearly defined and concise description of the services that are to be covered under the enterprise zone law.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1740, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Cabrerros and Takumi.

SCRep. 19 Transportation on H.B. No. 2579

The purpose of this bill is strengthen the current law regarding the use of intoxicants while operating a motor vehicle by specifying that persons refusing to be tested for intoxicants will be ineligible for a conditional driving permit.

The Department of Transportation, the Department of the Prosecuting Attorney of the City and County of Honolulu, and the Honolulu Police Department testified in support of this measure.

The Driving Under the Influence (DUI) Consolidation Bill (Act 157, Session Laws of Hawaii, 2001) inadvertently omitted language which prohibited an individual who refuses to take a test for suspected use of intoxicants to obtain a conditional driving permit. This created a loophole for these persons to continue to drive. Your Committee feels that clarification of this situation is in order so that safety of our roads can be improved by keeping intoxicated drivers off the streets.

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. 2579 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 Representative Pendleton.

SCRep. 20 Transportation on H.B. No. 2580

The purpose of this bill is to distinguish the examination, licensing, and operation of mopeds from that of motor scooters and motorcycles.

The Department of Transportation submitted testimony supporting this measure.

Your Committee finds that this bill clarifies what type of vehicle can be used for the skills test in obtaining a class 1 or 2 driver's license. This measure clarifies driver licensing and enforcement requirements by separating the examination, licensing, and operation of mopeds from that of motor scooters and motorcycles.

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. 2580 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 Representative Pendleton.

SCRep. 21 Transportation on H.B. No. 2581

The purpose of this bill is to allow persons with a valid commercial driver's license (CDL) issued by another state or a Canadian province to obtain a CDL in Hawaii without having to take the CDL knowledge or skills test.

The Department of Transportation testified in support of this measure.

Currently, all states require that drivers with a CDL meet minimum federal requirements. As such, drivers with a CDL have already been tested, in both skill and knowledge, in accordance with federal standards. In fact, even the Federal Highway Administration expects states to accept Canadian CDLs because it has determined that Canada tests drivers and issues CDLs in accordance with federal standards. Therefore, the extension of this reciprocity regarding CDL licensing will have no effect upon the safety of our roadways.

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. 2581 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 Representative Pendleton.

SCRep. 22 Transportation on H.B. No. 2582

The purpose of this bill is to modify current Commercial Driver Licensing laws so that they conform to new federal standards, regulations, and penalties pertaining to railroad-highway grade crossings for commercial motor vehicles.

The Department of Transportation testified in favor of this measure.

Through ensuring that drivers of large trucks and buses are qualified to operate those vehicles, and by removing unsafe and unqualified drivers from the highways, the federal Commercial Motor Vehicle Safety Act (Safety Act) improves highway safety. Recent amendments to the Safety Act seek to strengthen commercial driver licensing laws and further improve highway safety. This bill conforms Hawaii's Commercial Driver Licensing laws to new standards.

Your Committee finds that the State will lose federal highway funds if this bill is not enacted by October 4, 2002.

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. 2582 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 Representative Pendleton.

SCRep. 23 Transportation on H.B. No. 2030

The purpose of this bill is to allow towing companies to defray costs incurred through storage of towed vehicles by:

- (1) Allowing an increase in storage fees from \$15 to \$25 per day to store a vehicle for the first seven days; and
- (2) Allowing an increase in storage fees from \$10 to \$20 per day to store a vehicle each day after the initial seven days.

The Hawaii State Towing Association submitted testimony in favor of this measure. The Department of Commerce and Consumer Affairs and the Hawaii Insurers Council testified in opposition to this bill.

Towing companies provide a valuable public service for Hawaii's motorists. However, increased costs in operating a towing service, along with increased storage costs and "scrapping" costs for the disposal of unclaimed or derelict vehicles, has caused tow operators to incur financial hardships. This measure would allow tow companies to recoup costs through an increase in storage fees to a fee analogous to that charged by other, similar businesses.

Although the legality of this measure has been questioned and concerns regarding increased costs of having a vehicle towed for the average consumer through this fee increase, your Committee feels that further discussion of this measure is warranted.

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. 2030 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 Representative Pendleton.
(Representatives Moses and Rath voted no.)

SCRep. 24 Transportation on H.B. No. 2027

The purpose of this bill is to provide equitable treatment to all users of state wharves and aid local businesses by eliminating wharfage fees at the intermediate port for interstate and intrastate cargo destined for the Neighbor Islands.

Testimony in favor of this measure was submitted by Young Brothers, Ltd. The Department of Transportation (DOT) and Matson Navigation Company testified in opposition to this bill.

Current law provides for an exemption of wharfage fees of domestic overseas or foreign cargo, transshipped to the Neighbor Islands via Honolulu, from wharfage fees at intermediate ports. However, cargo, bound for the neighbor islands, which must be stored, repacked, or processed in Honolulu before being shipped to its ultimate destination, is subject to wharfage fees at the intermediate port. This is also true for cargo being shipped between Neighbor Islands. Your Committee feels that this fee makes it difficult for local companies to compete with mainland concerns who can ship their goods directly to the neighbor islands on through bills of lading. This bill will correct this inequity and level the playing field among shipping companies throughout Hawaii.

Although DOT felt that this inequity could be dealt with through their administrative rules, it was pointed out by your Committee that attempts to solve this problem via administrative rules have failed over the last three years and that legislative action was necessary to address the concerns of equitable shipping practices.

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. 2027 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Pendleton.

SCRep. 25 Transportation on H.B. No. 1791

The purpose of this bill is to provide a tax credit for child booster seats.

Your Committee finds that despite the efforts by the automobile industry to protect infants and toddlers from injury while traveling in an automobile, preschoolers and young children between four and eight years of age still remain at high risk. These children are often placed in standard adult-sized seat belts that were not designed for children and have the potential of causing serious injury or death.

Children who are at least four years of age but who are not yet eight years old who weigh less than eighty pounds should be secured in a booster seat. Booster seats provide the security of an infant seat but allow the child to ride comfortably while harnessed in the safety of a seat belt.

Your Committee has amended the bill by requiring all children who are between the ages of four and eight who weigh less than eighty pounds to be secured in a booster seat while traveling in an automobile. The bill was also amended to provide a \$25 income tax credit to offset the purchase price of a booster seat.

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. 1791, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1791, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 26 Transportation and Public Safety & Military Affairs on H.B. No. 1750

The purpose of this bill is to allow veterans the option of indicating, through the use of a decal sticker, involvement of up to four different war or military campaigns on a single license plate.

A retired veteran testified in favor of this measure. The Office of Veterans Services supported the intent of this measure. The City and County of Honolulu testified in opposition to this bill.

Veterans are very proud of the service they have provided this nation, especially in times of conflict. Currently, a veteran of multiple conflicts is required to choose only one war or campaign to be reflected on a license plate because it is permanently imprinted on the plate, and there is not enough space for the listing of multiple conflict participation. Allowing veterans the option of listing their service in these military campaigns appears to be a fitting tribute to those who gave so much for the people of this nation.

Your Committees understand the concerns voiced by the City and County of Honolulu as to possible identification problems with these multiple combination license plates by police officers in actual traffic conditions. Therefore, your Committees feel that the recommendation by the City and County of Honolulu to allow these multiple combination plates under the law dealing with organizational license plates will make these plates easier to identify because of their unique numbering system. Your Committees feel that Congressional Medal of Honor recipients should also be allowed to show their status on these special license plates.

Accordingly, this measure has been amended by:

- (1) Allowing for the issuance of decals of up to four category designations to veterans in section 249-9.3, Hawaii Revised Statutes;
- (2) Allowing Congressional Medal of Honor recipients to be included as a category designation for decals issued to veterans; and
- (3) Making 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 Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1750, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1750, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 27 Legislative Management on H.B. No. 2606

The purpose of this bill is to provide for the recall and removal of state legislators.

Common Cause Hawaii and a concerned individual testified in support of the measure.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2606 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 28 Legislative Management on H.B. No. 1739

The purpose of this bill is to ensure that each county is adequately represented on the Reapportionment Commission (Commission) by amending the State Constitution to require each county to have a representative on the Commission

Common Cause Hawaii submitted testimony in support of this measure. The League of Women Voters of Hawaii supported the intent of this measure.

Your Committee finds that it is important that residents on the Neighbor Islands are adequately represented on the Commission. However, during the hearing, concerns were raised regarding the composition of the county representatives on the Commission.

Although your Committee has not amended this bill, your Committee believes that your Committee on Judiciary and Hawaiian Affairs needs to further examine and clarify the ratio of county representatives on the Neighbor Islands to Honolulu county representatives appointed to the Commission. The question proposing the Constitutional amendment on the ballots will also need to be amended to clarify the composition of county representatives.

Another concern raised was how the proposed requirement regarding county representation on the Commission will impact the current appointment process of the Commissioners. The bill does not specify who among all those with appointive authority is to appoint the county representatives. Is it first come, first serve? It was suggested that Apportionment Advisory Councils may be better

able to address the issue of county representation on the Commission. Nevertheless, this issue will also need to be addressed by your Committee on Judiciary and Hawaiian Affairs.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1739 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.
(Representative Gomes voted no.)

SCRep. 29 Higher Education on H.B. No. 2586

The purpose of this bill is to appropriate \$138,162.50 to fund the settlement of *Tammy Silva v. University of Hawaii*.

The University of Hawaii (UH) submitted testimony in support of the bill.

Your Committee finds that the factual evidence in the lawsuit *Tammy Silva v. University of Hawaii* does not support UH's decision to settle out-of-court for such an amount. Your Committee further believes that since UH is an autonomous entity, future settlement of any claims concerning UH should be funded by UH.

Nevertheless, your Committee believes that it would be more appropriate for the Committee on Judiciary and Hawaiian Affairs to consider the legal issues raised by this measure. Therefore, your Committee made no amendments 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 H.B. No. 2586 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Schatz, Halford and Stonebraker.

SCRep. 30 Higher Education on H.B. No. 2798

The purpose of this bill is to appropriate funds for scholarships for students at the University of Hawaii (UH) who qualify for tuition waivers to enable them to take advantage of the federal HOPE Scholarship tax credit.

UH submitted testimony in support of this bill.

Your Committee finds that the HOPE Scholarship tax credit provides needed economic relief to college students throughout the country. To take advantage of this opportunity, a student must have qualified educational expenses upon which to claim the tax credit, and tuition paid through scholarships is one type of qualified expense. Because UH grants tuition waivers rather than scholarships, students who receive these tuition waivers do not have any educational expenses to claim, and cannot take advantage of the tax credit.

Your Committee further finds that appropriating funds to UH for scholarships that can be granted in lieu of tuition waivers would allow these students to take advantage of the HOPE Scholarship tax credit, while keeping these funds within the State, as they would be returned to UH in the form of tuition payments.

Upon further consideration, your Committee has amended this bill by deleting the appropriation amount and replacing it with an unspecified amount to facilitate further discussion.

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. 2798, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2798, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford and Stonebraker.

SCRep. 31 Human Services and Housing and Health on H.B. No. 1862

The purpose of this bill is to establish the Hawaii Respite Services Trust Fund (Trust Fund) and advisory board to provide a dedicated source of funding to provide grants to caregivers for respite services.

More specifically, this bill provides that:

- (1) The Hawaii Community Foundation (Foundation) is responsible for expending the moneys from the Trust Fund;
- (2) Moneys may be received from various public and private sources; and
- (3) The advisory board is to assist the Foundation in determining the expenditure of funds for grants.

The Arc in Hawaii, Blueprint for Change, Child and Family Service, the Hawaii Respite Coalition, and several family members of disabled individuals submitted testimony in support of this measure. The Department of Health and the State Planning Council on Developmental Disabilities supported the intent of this measure.

Your Committees find that respite care provides temporary relief for families and caregivers, allowing a family to engage in daily activities and decrease their feelings of isolation. The establishment of the Trust Fund would provide a mechanism for a reliable source of funding for caregivers to access in their time of need.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1862 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 32 Human Services and Housing and Health on H.B. No. 2059

The purpose of this bill is to establish the Food Security Commission (Commission) to help alleviate hunger in Hawaii and to appropriate funds for the Commission. The Commission's responsibilities would include:

- (1) Assisting with the coordination of federally-funded food and nutrition assistance programs;
- (2) Facilitating collaboration between various food-related organizations and programs;
- (3) Providing a biennial report to the Legislature;
- (4) Providing and disseminating information about food security and food assistance resources;
- (5) Participating in efforts to increase local food production and planning efforts;
- (6) Facilitating funding to eliminate food insecurity; and
- (7) Submitting legislation to address food security.

Aloha Harvest and a nutrition consultant supported the intent of this measure. The Department of Human Services and Full Plate, Inc., submitted comments.

Your Committees find that food insecurity affects many households that are not eligible for federal assistance programs. Estimates show that one of every five Hawaii residents lived in a food insecure household in 1999-2000, and that high-risk areas exist throughout the State. Your Committees believe that this measure is a good first step to ending hunger and food insecurity in Hawaii.

Your Committees have amended this bill by deleting its substance and inserting the substance of a similar bill, S.B. No. 2435. As amended, the bill:

- (1) Places the Commission within the Office of Planning instead of the Department of Health;
- (2) Increases the number of Commission members to 17 and is more specific in describing the organizations that should be represented in the Commission;
- (3) Establishes the Food Security Commission Special Fund (Special Fund); and
- (4) Appropriates funds for the Special Fund.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2059, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2059, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 33 Legislative Management on H.B. No. 2231

The purpose of this bill is to:

- (1) Clarify the access of the Office of the Auditor (Auditor) in obtaining confidential student or other records that may be necessary in connection with any audit or evaluation of any federal or state supported educational program, or in connection with the enforcement of the federal or state legal requirements which relate to the educational program; and
- (2) Designate the Auditor as the authorized representative of the Department of Education (DOE) and Department of Health (DOH), a state educational authority, or a state educational official.

The Auditor and the Office of Information Practices (OIP) testified in support of this measure. The Superintendent of Education and the DOH testified in opposition to this measure. The Department of the Attorney General (AG) and the Hawaii State Teachers Association commented on this bill.

Your Committee finds that the issue of confidentiality has prevented the Auditor from conducting a thorough review of concerns regarding the provision of mental health services to Felix class students. During the Joint Senate-House Investigation of the State's

compliance with the Felix Consent Decree, the Auditor faced a number of obstacles that prevented her from reviewing confidential student records.

The DOE and DOH, acting on advice of the AG, cited federal laws, such as the Family Educational Rights and Privacy Act (FERPA) and Medicaid statutes to quash the Auditor's request to review student records. Therefore, the Auditor was forced to enter into an agreement that required her to obtain written parental consent to obtain student records. However, many parents refused to grant their permission. As a result, the Auditor was not able to independently verify allegations of fraudulent billing by service providers, including whether the State was being billed accurately for services for specific students at specific times.

Your Committee learned that in 1998 the Auditor did not have any problems obtaining student records from the DOE and DOH. Subsequently, the AG prevented the Auditor from obtaining the records because of the AG's interpretation of federal law. The Auditor also noted that the FERPA law did not change any time since 1998. Further, the Auditor testified that a similar type of investigation in Colorado was not hindered by FERPA.

The AG submitted testimony that this bill raises conflict of interest problems arising from the separation of powers between the Legislature and the Executive Branch since the Auditor would be the authorized representative of the agency from whom the confidential records would be obtained. However, the AG fails to understand that statutory and constitutional authority allows the Auditor to have access to records to perform her auditing function. Your Committee further finds that the Auditor already follows established rules regarding the confidentiality of records with respect to other departments.

Another issue that was raised during the hearing pertained to physical security of the student records. The Auditor testified that all documents are kept in a locked room and shredded when no longer needed. In addition, section 23-9.5, Hawaii Revised Statutes, prevents the disclosure of any working papers, which ensures that confidential materials are only reviewed and handled by audit staff directly involved with the particular audit or study. Therefore, your Committee does not find that physical security is an issue.

Further, OIP assisted your Committee in understanding the issue of privacy. According to OIP, the rights of privacy are "tapped down" considering the scope of the audit and the purpose for which the Auditor obtains records to determine whether services are being delivered pursuant to what has been represented by DOE and DOH. The only way the Auditor can determine that is to actually review those records and perform her sample selection without any hindrance or without having to obtain consents from the subjects of the sample. OIP testified that the rights of these individuals are "tapped down" in that type of situation. Your Committee finds that the Auditor's possession of intimate knowledge does not adversely affect her independence.

Your Committee further finds that the concerns regarding this bill were adequately addressed by the Auditor and that this bill satisfies the federal requirements as interpreted by the AG.

The AG was not present to respond to questions by your Committee. Therefore, your Committee would like to leave it up to your Committee on Judiciary and Hawaiian Affairs to pursue questioning of the AG regarding its objections to this bill.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2231 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 34 Higher Education on H.B. No. 2585

The purpose of this bill is to provide authority for the University of Hawaii Board of Regents to indemnify a person, corporation, or entity when indemnity is required as a condition for obtaining research grants, benefits, services, interest in or right to use property, and other contractual benefits.

The University of Hawaii (UH) gave testimony in support of this bill.

Your Committee recognizes that research is one of the primary functions of the UH and allowing UH to participate in research opportunities greatly benefits UH.

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. 2585 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Schatz, Halford, McDermott and Stonebraker.

SCRep. 35 Higher Education on H.B. No. 2164

The purpose of this bill is to amend the Hawaii Educator Loan Program (Program) and Special Fund (Fund) by:

- (1) Reducing the loan forgiveness period from ten to six years;
- (2) Specifying that ten percent of the loan amount is forgiven in each of the first five years of service, and the remaining amount is forgiven after the sixth year;
- (3) Establishing an appropriation ceiling for the Fund, provided that moneys remaining in the Fund at the end of each fiscal year shall remain in the Fund;

- (4) Authorizing the expenditure of up to five percent of the amount of outstanding loans for administrative costs of the Fund;
- (5) Appropriating \$200,000 to the Program; and
- (6) Exempting the University of Hawaii (UH) from public notice and hearing requirements in adopting rules for the implementation of the Program.

The Department of Education, UH, Lieutenant Governor, Hawaii Teacher Standards Board, Hawaii Association of Independent Schools, and the Hawaii Business Roundtable submitted testimony in support of this bill.

Your Committee finds that this bill makes several amendments to this worthy loan program to improve its administration and make it more attractive to future teachers. With the shortage of teachers throughout the State, the Legislature should make every attempt possible to ensure that there is a reliable source of teachers, trained locally, who will stay to teach. This Program and the changes proposed in this bill will go a long way toward fulfilling that goal.

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

- (1) Allowing collection agencies who enter into contracts with UH to collect delinquent loans from students to pass its fees on to the debtors;
- (2) Replacing the amount of the appropriation with an unspecified amount to facilitate further discussion; and
- (3) Making other technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2164, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford and Stonebraker.

SCRep. 36 Higher Education and Human Services and Housing on H.B. No. 2256

The purpose of this bill is to authorize the Housing and Community Development Corporation of Hawaii to issue revenue bonds in the amount of \$15,000,000 for a student housing and mixed use project at the site of the Atherton Young Men's Christian Association (YMCA) building on University Avenue.

The University of Hawaii (UH) and the YMCA Charles H. Atherton Branch submitted testimony in support of this measure. The Department of Budget and Finance recommended specifying the general law under which the bonds are to be issued. The Office of the Governor suggested that it may be appropriate for UH to issue the private activity bonds.

As affirmed by the records of votes of the members of your Committees on Higher Education and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2256 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Halford and Stonebraker.

SCRep. 37 Agriculture on H.B. No. 2631

The purpose of this bill is to clarify and simplify the provisions with respect to meat grading by:

- (1) Specifying the meat products for which grade standards may be developed and for which grading services may be offered; and
- (2) Providing that the fees for grading services are deposited into a special fund established by the Department of Agriculture instead of the Division of Animal Industry.

Testimony in support of this measure was provided by the Department of Agriculture.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2631 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, Case, Takumi, Halford and Whalen.

SCRep. 38 Agriculture on H.B. No. 2272

The purpose of this bill is to include goats as a species of livestock for which the theft of such species is an offense under the penal code.

The Department of Agriculture supported the intent of this measure but requested additional amendments.

Your Committee has amended this measure by:

- (1) Including, in addition to goats, all species farmed for household or commercial use including poultry, bison, and elk, in the penal code with respect to theft of livestock; and
- (2) Making technical, nonsubstantive amendments for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2272, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2272, 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, Case, Takumi, Halford and Whalen.

SCRep. 39 Agriculture on H.B. No. 2176

The purpose of this bill is to establish a temporary agricultural cooperative under the Agribusiness Development Corporation (ADC) to assist farmers in the county of Maui with the marketing of their products.

Testimony in support of this measure was received from a concerned citizen. The Hawaii Farm Bureau Federation and the Maui County Farm Bureau supported the intent of this bill. The ADC offered comments on this measure.

Your Committee has amended this bill by changing the termination date of the temporary agricultural cooperative from December 31, 2007, to June 30, 2005. Other technical, nonsubstantive amendments were made for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2176, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2176, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Takumi, Halford and Whalen.

SCRep. 40 Agriculture on H.B. No. 2708

The purpose of this bill is to:

- (1) Provide the Department of Agriculture (DOA) the authority to quarantine or destroy animals that are susceptible to contagious, infectious, or communicable diseases; and
- (2) Clarify provisions with respect to the DOA's authority to require the disinfection of premises and materials contaminated or exposed to disease.

The DOA supported the intent of this measure but requested additional amendments.

Your Committee has amended this measure by clarifying provisions with respect to the DOA's authority to provide for the proper disposition of animal hides and carcasses. Other technical, nonsubstantive amendments were made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2708, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Takumi, Halford and Whalen.

SCRep. 41 Education and Higher Education on H.B. No. 2166

The purpose of this bill is to allow the issuance of special purpose revenue bonds for the benefit of not-for-profit private and sectarian elementary schools, secondary schools, colleges, and universities that serve the general public.

The Hawaii Catholic Conference submitted testimony in support of this bill. The Department of Budget and Finance and Hawaii State Teachers Association submitted testimony in opposition to this bill. The Department of Education submitted comments on this bill.

Your Committees find that all schools, public and private, should be supported in their efforts to provide the best education possible to students in the State. Many private schools in the State are small and have difficulty financing needed repair and construction work on their campuses. Allowing these schools to utilize special purpose revenue bonds would significantly increase their ability to improve their facilities and quality of education, at no cost to the State.

Your Committees would like to note, however, that some questions were raised regarding the provisions in this bill allowing "bond pooling" among multiple institutions. The mechanisms for this process will likely have to be further delineated as this bill proceeds through the Committees on Judiciary and Hawaiian Affairs and Finance.

As affirmed by the records of votes of the members of your Committees on Education and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2166 and recommend that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 42 Education on H.B. No. 1874

The purpose of this bill is to propose a constitutional amendment to allow the student member of the Board of Education (BOE) to be a voting member, except on matters directly related to either fiscal or personnel matters. The question to be printed on the ballot is: "Shall the student member of the board of education be allowed to vote on all matters except on issues directly pertaining to either fiscal or personnel matters?"

The BOE, a representative of the Hawaii State Student Council, a representative of the Student Conference Planning Committee, the BOE student member, two public school graduates, and eight public school students testified in support of this measure. The Hawaii State Teachers Association submitted comments.

Your Committee recognizes that today's students will be tomorrow's leaders, and believes that providing the BOE student member with voting privileges is a reflection of our commitment to student empowerment. Further, it is a demonstration of our confidence in our youth to make responsible decisions.

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. 1874 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 Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 43 Education on H.B. No. 1873

The purpose of this bill is to create a public-private technology development working group to increase greater private sector involvement in future initiatives to expand technology development in the State.

The Chamber of Commerce of Hawaii and two students submitted testimony in support of this bill. The Department of Business, Economic Development, and Tourism and the Hawaii Technology Trade Association (HTTA) submitted comments.

Your Committee finds that HTTA has worked diligently on public-private collaborations such as those created in this bill. Your Committee would like to further note that efforts to reach out to the future workforce of the State and promote the high technology economy to all age groups, including students in all grade levels, is critical.

Because HTTA has already worked closely with the organizations identified in this bill as members of the technology working group, your Committee finds that it is not necessary to convene the working group. However, it would be of benefit to the Legislature to remain apprised of HTTA's continuing efforts in this area.

Accordingly, your Committee has amended this bill by deleting its substance and inserting provisions requiring HTTA to report to the Governor and the Legislature prior to the Regular Sessions of 2003 and 2004 on the progress of its public-private efforts to foster the growth of the technology industry in Hawaii.

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. 1873, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1873, H.D. 1, and be referred to the Committee on Economic Development and Business Concerns.

Signed by all members of the Committee except Representatives Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 44 Education on H.B. No. 1876

The purpose of this bill is to prohibit the Department of Education (DOE) from requiring or allowing a teacher without knowledge or competence in a particular subject area to teach that subject.

The Hawaii State Teachers Association and several individuals submitted testimony in support of this bill. DOE, the Hawaii Teacher Standards Board, and an individual submitted testimony in support of the intent of this bill.

Your Committee finds that many DOE teachers are often required to teach outside their area of training or expertise. Students deserve to have a qualified teacher in every classroom, and the current situation makes it difficult to ensure that they are receiving the best education possible. However, your Committee also notes that DOE is faced with a difficult teacher shortage, which is expected to increase in the near future.

Accordingly, your Committee has amended this bill by changing the effective date to July 1, 2004, to allow DOE time to address its teacher shortage and ensure that only qualified teachers are allowed to teach in that subject 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 H.B. No. 1876, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1876, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 45 Education on H.B. No. 1879

The purpose of this bill is to improve the conditions of Hawaii's public schools by appropriating funds to the Department of Education for classroom materials, building upkeep, and maintenance.

The Superintendent of Education, the Hawaii State Teachers Association, and several individuals submitted testimony in support of this measure. The Department of Accounting and General Services supported the intent of the measure.

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. 1879 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 46 Education on H.B. No. 1880

The purpose of this bill is to appropriate funds for hiring regular and college counselors at public schools based on the size of the student population.

A concerned citizen supported the bill. The Superintendent of Education, the Hawaii State Teachers Association, and an individual submitted testimony supporting the intent of the measure.

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. 1880 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 47 Higher Education and Health on H.B. No. 2026

The purpose of the bill is to attract more students to the nursing profession and to staff adequately the nursing program by: (1) providing funding for two full-time nursing faculty positions and (2) creating the Nursing Scholarship Program (Program) for the University of Hawaii at Manoa (UH-Manoa) and the University of Hawaii at Hilo.

The School of Nursing and Dental Hygiene at UH-Manoa and the Hawaii Government Employees Association strongly supported the measure. The Healthcare Association of Hawaii and the Hawaii Nurses' Association submitted testimony in support of the bill.

Your Committees believe that the Program will provide a valuable opportunity for students as well as help alleviate the impending nursing shortage. However, your Committees recommend that an effort be made to try to find potential private donors to fund the Program.

As affirmed by the records of votes of the members of your Committees on Higher Education and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2026 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Halford and Stonebraker.

SCRep. 48 Agriculture on H.B. No. 2630

The purpose of this bill is to:

- (1) Establish a Seal of Quality Program (Program) for agricultural products produced in Hawaii;
- (2) Establish the Hawaii Marketing Alliance to develop and market a Seal of Quality Branding Program; and
- (3) Establish the Seal of Quality Special Fund (Special Fund) for use by the Department of Agriculture to administer and operate the Program.

Testimony in support of this measure was submitted by Meadow Gold Dairies, Floral Resources/Hawaii, Commodity Advisory Group, Kilauea Agronomics, Del Monte Fresh Produce (Hawaii), Pineapple Growers Association of Hawaii, Hawaii Farm Bureau, and the Maui County Farm Bureau. The Board of Agriculture and the Agribusiness Development Corporation supported the intent of this bill.

Your Committee finds that start-up funds needed for the Special Fund will be available through a grant from the United States Department of Agriculture. Your committee supports future legislative efforts to deposit such federal funds into the Special Fund.

Your Committee further supports future legislative efforts to include an appropriation section in this bill to:

- (1) Appropriate funds into the Special Fund; and
- (2) Authorize the Hawaii Marketing Alliance to withdraw funds from the Special Fund.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2630 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 and Takumi.

SCRep. 49 Education and Higher Education on H.B. No. 2848

The purpose of this bill is to propose constitutional amendments authorizing the State to issue special purpose revenue bonds and use the proceeds to assist not-for-profit private elementary schools, secondary schools, universities, and colleges.

The Hawaii Association of Independent Schools, Chaminade University, and Hawaii Catholic Conference submitted testimony in support of this bill. The Department of Budget and Finance and Hawaii State Teachers Association submitted testimony in opposition to this bill. The Department of Education submitted comments on this bill.

Your Committees find that all schools, public and private, should be supported in their efforts to provide the best education possible to students in the State. Many private schools in the State are small and have difficulty financing needed repair and construction work on their campuses. Allowing these schools to utilize special purpose revenue bonds would significantly increase their ability to improve their facilities and quality of education, at no cost to the State.

As affirmed by the records of votes of the members of your Committees on Education and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2848 and recommend that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 50 Labor & Public Employment on H.B. No. 2526

The purpose of this bill is to provide employers more time to file their year-end workers' compensation payment reports with the Director of Labor and Industrial Relations (Director).

The Department of Labor and Industrial Relations testified in support of this measure.

Currently, employers are required to file year-end workers' compensation reports with the Director on December 31st of each year. This bill will allow an employer to file this report with the Director by January 31st of the subsequent year, thus streamlining the reporting process and making the reports more accurate and complete.

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. 2526 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 51 Education on H.B. No. 2021

The purpose of this bill is to allow the Department of Education (DOE) to provide suitable transportation to and from school for students attending not-for-profit private and sectarian elementary and secondary schools, provided that eligibility for such transportation has been determined in a nondiscriminatory manner on the basis of neutral, secular criteria.

The Roman Catholic Diocese of Honolulu and an individual submitted testimony in support of this bill. The Hawaii State Teachers Association submitted testimony in opposition to this bill. DOE and the Department of Accounting and General Services submitted comments on this bill.

Your Committee finds that this bill would provide students who attend private schools and are along the busline of transportation for public school students to utilize this bus system. Your Committee would like to note that such transportation would only be provided if it can be done at no additional cost to the State, and students from private schools who utilize the public school transportation system would be expected to pay fees to do so.

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. 2021 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 52 Education on H.B. No. 1974

The purpose of this bill is to appropriate funds to continue funding a position in the Department of Accounting and General Services (DAGS) to coordinate public and private efforts to repair and maintain public schools.

The Department of Education, DAGS, Hawaii 3R's, Chamber of Commerce of Hawaii, General Contractors Association of Hawaii, and an individual submitted testimony in support of this bill. The Hawaii Government Employees Association and Hawaii State Teachers Association submitted testimony in support of the intent of this bill.

Your Committee finds that the Hawaii 3R's program was implemented last year to allow community and local businesses to become involved with school repair and maintenance and to bring in funding that wouldn't otherwise be available for these projects. Hawaii 3R's has shown that it can get needed repair and maintenance projects completed for our schools in an efficient manner, at significant savings to the State. However, for these worthy efforts to continue, the DAGS coordinator must be funded for the second year of the biennium.

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. 1974 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, Garcia, Takumi, McDermott and Stonebraker.

SCRep. 53 Education on H.B. No. 2751

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for:

- (1) Four internal auditor positions;
- (2) Two support positions; and
- (3) One-time start-up and equipment expenses.

The Board of Education, DOE, and the Hawaii State Teachers Association submitted testimony in support of this bill.

Your Committee finds that DOE currently only has one internal auditor, which is significantly less than other state agencies, as well as other states and school districts throughout the country. Expanding DOE's internal audit functions will improve accountability, efficiency, cost-effectiveness, and allow DOE to establish more sophisticated budgeting and accounting systems.

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. 2751 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 54 Education on H.B. No. 2787

The purpose of this bill is to repeal the Department of Education (DOE) Storeroom Revolving Fund.

The State Auditor and Hawaii State Teachers Standards Board submitted testimony in support of this bill. DOE submitted testimony in support of this bill with suggested amendments.

Your Committee finds that the DOE storeroom, which serves as a central repository of educational supplies, no longer adequately serves the needs of schools throughout the State. These supplies can be obtained much more efficiently and at reduced cost by individual schools.

However, Your Committee notes that DOE requires more time to liquidate the supplies currently in the storeroom, and immediately repealing the storeroom would not allow them to distribute the remaining supplies and prepare a new supply distribution system.

Accordingly, your Committee has amended this bill by changing the effective date to December 31, 2002.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2787, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2787, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 55 Judiciary & Hawaiian Affairs on H.B. No. 1008

The purpose of the bill is to establish the authority to conduct elections by mail for elections held on a date other than that of a regularly scheduled primary or general election.

Your Committee received testimony in support of this measure from the state Office of Elections, the League of Women Voters of Hawaii, the state Disability and Communication Access Board, Common Cause Hawaii, and a concerned individual.

Your Committee finds that this measure will save the costs currently incurred for special elections and ensure that elections can be conducted within the legal timeframe.

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. 1008 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 56 Judiciary & Hawaiian Affairs on H.B. No. 1009

The purpose of the bill is to limit the acceptance of absentee ballots delivered other than by mail to situations involving legitimate emergencies.

Your Committee received testimony in support of the measure from the Office of Elections.

Your Committee finds that the provisions relating to drop off of mail absentee ballots at polling places needs clarification so as to comport with the original intent of providing voter service in emergencies.

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. 1009 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 57 Public Safety & Military Affairs on H.B. No. 2563

The purpose of this bill is to:

- (1) Raise the maximum compensation for crime victim compensation from \$10,000 to \$20,000 in cases requiring compensable medical expenses; and
- (2) Provide that in determining the amount of compensable medical expenses to be awarded to a victim, the Crime Victim Compensation Commission (CVCC) shall deduct amounts or benefits received by the victim from collateral sources.

CVCC, the Department of the Prosecuting Attorney of the City and County of Honolulu, the Victim/Witness Assistance Division of the Department of the Prosecuting Attorney for the County of Maui, the Office of the Prosecuting Attorney for the County of Hawaii, the Office of the Prosecuting Attorney for the County of Kauai, the Sex Abuse Treatment Center, and several concerned citizens testified in favor of this bill.

Your Committee finds that Hawaii and five other states cap victim compensation awards at \$10,000. All other states have higher caps, and the median maximum compensation cap is \$25,000.

According to CVCC, during the past several fiscal years, a relatively small number of victims had compensable medical expenses exceeding the \$10,000 limit. In the past fiscal year, however, about ten victims did not have medical insurance and could not afford continued medical treatment, rehabilitation therapy, or mental health counseling services deemed by competent medical authorities to be needed for complete recovery from their injuries. Your Committee finds that this bill makes compensation possible for medical expenses in excess of the statutory cap of \$10,000.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2563 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 Representative Souki.

SCRep. 58 Public Safety & Military Affairs on H.B. No. 2565

The purpose of this bill is to:

- (1) Require the reporting of inventories of explosive materials under the control of manufacturers, dealers, and users; and
- (2) Provide penalties for those who do not comply with the reporting requirements.

The Department of the Attorney General, Department of Labor and Industrial Relations (DLIR), and Department of Public Safety supported this bill. The Legislative Information Services of Hawaii supported the intent of this bill, but recommended amendments. A concerned citizens opposed the bill.

Your Committee finds that after the September 11th terrorist attacks, it is more important than ever that the State keep close track of explosives in Hawaii to verify that the explosives will be used for legitimate purposes. At the same time, it is not the intent of your Committee to penalize licensed individuals possessing reasonable amounts of fireworks or explosive material used for sporting and recreational uses.

Accordingly, your Committee has amended this bill as follows:

- (1) Exempting retailers of consumer fireworks or articles pyrotechnic from the reporting requirements;

- (2) Exempting users possessing less than 100 pounds gross for all explosive materials or 500 pounds gross of consumer fireworks or articles pyrotechnic;
- (3) Defining "consumer fireworks" and "articles pyrotechnic" based on their definitions in 27 C.F.R. section 55.11;
- (4) Providing that the DLIR may require the counties to provide a complete inventory and location of consumer fireworks and articles pyrotechnic in the possession of any retailer licensed under chapter 132D, Hawaii Revised Statutes; and
- (5) Making other technical, nonsubstantive amendments for style and clarity.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2565, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Souki.

SCRep. 59 Judiciary & Hawaiian Affairs on H.B. No. 1810

The purpose of this bill is to effectuate its title.

H.B. No. 1810 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 the 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1810, as amended herein, and recommends that it be recommitted to the Committee on Judiciary and Hawaiian Affairs, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 1810, H.D. 1.

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

SCRep. 60 Economic Development & Business Concerns on H.B. No. 1983

The purpose of this bill is to:

- (1) Amend administrative rules statutes by adding provisions related to:
 - (A) Rulemaking procedure;
 - (B) Rules required by federal law; and
 - (C) Repeal of administrative rules based on statutes or ordinances that have been subsequently repealed;
- (2) Establish a Rule Drafting Policy Task Force;
- (3) Establish an Administrative Rules Review Pilot Program under the Department of Commerce and Consumer Affairs; and
- (4) Make permanent Act 168, Session Laws of Hawaii 1998, also known as the Hawaii Small Business Regulatory Flexibility Act.

Testimony in support of this measure was provided by the Chamber of Commerce of Hawaii and a concerned citizen. The Department of Business, Economic Development, and Tourism and the Hawaii Business League supported the intent of this measure. A concerned individual offered comments. The Sierra Club, Hawaii Chapter, opposed this bill.

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

- (1) Deleting all references to the Hawaii Small Business Regulatory Flexibility Act, including the deletion of the provision making this Act permanent; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 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 referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Davis and Leong.

SCRep. 61 Transportation and Public Safety & Military Affairs on H.B. No. 2158

The purpose of this bill is to exempt law enforcement officials who operate rescue vehicles from the commercial driver licensing requirements.

The Department of Transportation testified in support of the intent of the bill, and the Police Department of the City and County of Honolulu testified in support of the bill.

Your Committee finds that the Federal Motor Carrier Safety Administration regulations permit a state to exempt individuals "who operate commercial motor vehicles that are necessary to the preservation of life and property or the execution of emergency governmental functions, are equipped with audible and visual signals and are not subject to normal traffic regulation" (49 C.F.R. §383.3).

Your Committee further finds that law enforcement officers who operate these vehicles are properly trained to operate the vehicles in a safe and careful manner. However, the frequent job transfers and promotional opportunities experienced by law enforcement officers make it cumbersome and difficult for these officers to also continually satisfy the commercial driver licensing provisions. Accordingly, your Committee finds it is in the public interest, safety, and welfare to provide an exemption from these provisions for otherwise properly trained law enforcement officers.

Your Committee has amended the bill by: changing the term "rescue vehicles" to "authorized emergency vehicles"; and clarifying the term's meaning.

As affirmed by the records of votes of the members of your Committees on Transportation and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2158, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2158, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 62 Transportation on H.B. No. 2084

The purpose of this bill is to establish a "pedestrian bill of rights" that will:

- (1) Require drivers to yield to pedestrians in intersections and crosswalks; and
- (2) Prohibit jaywalking unless the crosswalk or intersection in a residential area is farther than 200 feet away.

The Department of Transportation, members of the McCully/Moiliili Neighborhood Board, the Chairman of Neighborhood Board #11, and several concerned citizens testified in support of this measure. The Honolulu Police supported this bill, but felt that several amendments were necessary to strengthen the penalty provisions and enforcement of this bill.

Hawaii's current traffic laws were modeled after the Model Traffic Code when it was enacted in 1971. Over the last 30 years, increases in traffic and the widening of roads and highways to accommodate more vehicles has made it harder for pedestrians to cross the street. In fact, over the last 14 years, nearly 9,500 pedestrians were struck by cars and 345 were killed. One third of the individuals who died were in a crosswalk when they were hit.

Your Committee feels that this is unacceptable and that the safety of pedestrians needs to be addressed. However, your Committee understands the concerns of the Honolulu Police Department and feels that their recommendations to strengthen the current measure are warranted.

Accordingly, your Committee has amended this measure by:

- (1) Removing the provision for the driver of an automobile to stop at least one car length before a crosswalk, since this would be difficult to enforce;
- (2) Amending the penalty provisions for violations of a pedestrian's right-of-way;
- (3) Amending the penalty for crossing a street outside a crosswalk or intersection, that is located within two hundred feet; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

Moreover, your Committee notes that there may be other inconsistencies that may need to be addressed. Nevertheless, your Committee feels that this bill is of the utmost importance for pedestrian safety and warrants 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 H.B. No. 2084, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2084, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Pendleton.

SCRep. 63 Transportation on H.B. No. 2302

The purpose of this bill is to provide judges with the discretion to permit individuals, with certain driving and traffic sentences, to obtain a temporary driver's license or instruction permit, where good cause is shown.

The Judiciary and the Honolulu Police Department submitted comments in support of this measure. The City and County of Honolulu supported the intent of the bill. The Department of Transportation (DOT) testified in opposition to this measure.

Current licensing law creates a catch 22 situation with respect to the many individuals who presently cannot renew their driver's licenses due to outstanding traffic fines. Since a person without a valid license cannot legally operate a motor vehicle, these individuals, especially those on the Neighbor Islands, are unable to get to work. Without the use of their cars or any viable means of public transportation, these individuals find themselves unable to make the money necessary to pay off their traffic fines.

However, your Committee understands the concerns raised by DOT that this bill may conflict with federal law regarding the issuance of Commercial Driver Licenses (CDLs).

Accordingly, your Committee has amended this measure by not extending its benefits to applicants.

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. 2302, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2302, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 64 Transportation on H.B. No. 2325

The purpose of the bill is to provide greater flexibility in the acceptance of property by the counties by allowing a county mayor, in addition to the county council, to adopt a road as a county highway, if authorized by a county ordinance.

The chairperson, vice chairperson, and two members of the Maui County Council submitted testimony in support of the 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 H.B. No. 2325 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 65 Transportation on H.B. No. 2358

The purpose of this bill is to authorize the Department of Transportation (DOT) to conduct a study that:

- (1) Examines and recommends calming measures to protect pedestrians and drivers in neighborhoods and other areas on Oahu; and
- (2) Examines the proposed costs of implementing these measures.

DOT testified in support of the intent of this measure.

Your Committee finds that traffic calming measures, such as trees, roundabouts, landscaping, and illuminated pedestrian crossings can be of benefit to driver and pedestrian safety in neighborhoods with heavy traffic congestion. However, your Committee understands concerns raised by DOT as to the jurisdiction of neighborhood roads on Oahu.

Accordingly, your Committee has amended this measure by limiting the study to roads under the jurisdiction of the State of Hawaii in neighborhoods on Oahu.

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. 2358, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2358, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yoshinaga and Pendleton.
(Representatives Moses and Rath voted no.)

SCRep. 66 Transportation on H.B. No. 2520

The purpose of this bill is to establish the Parking for Persons with Disabilities Special Fund (Special Fund) to assist with the costs of issuing parking permits and placards to persons with disabilities.

The Disability and Communication Access Board and the City and County of Honolulu testified in support of this measure.

The administration of the program that issues parking placards to qualified persons with disabilities is a state responsibility. Currently, the counties provide this service on behalf of the State. Previously, to defray the costs involved in issuing these placards, the counties charged a fee to qualified individuals. However, recent federal court decisions have stated that it is a violation of the Americans with Disabilities Act to charge such a fee. As a result, the counties are no longer able to recoup any of the administrative costs related to issuing removable windshield placards.

Your Committee feels that it is in the best interest of the State, and other parties involved, to have the counties continue to administer this program on behalf of the State. The establishment of this Special Fund will assist the counties in doing that.

Your Committee realizes that the City and County of Honolulu will need additional time to program their computer systems in order to carry out the provisions of this bill.

Accordingly, this bill has been amended by:

- (1) Extending the effective date to September 1, 2002; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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 H.B. No. 2520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2520, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Yoshinaga and Pendleton.
(Representatives Moses and Rath voted no.)

SCRep. 67 Legislative Management on H.B. No. 1717

The purpose of this bill is to provide for mandatory ethics training for legislators and appointed state employees.

The Honolulu Police Department and Common Cause Hawaii supported this bill. The Hawaii State Ethics Commission testified in support of the intent of this bill but expressed concerns regarding the feasibility of an annual mandatory ethics training program. The League of Women Voters of Hawaii and the Campaign Spending Commission commented on this bill.

Your Committee recognizes that this bill is very broad and recommends that your Committee on Judiciary and Hawaiian Affairs examine this bill more closely. Your Committee on Judiciary and Hawaiian Affairs may want to limit the scope of this bill to only legislators and exclude all appointed state employees. Your Committee further recognizes that it may be necessary to include other elected officials like the Governor. In addition, your Committee on Judiciary and Hawaiian Affairs might want to consider the value of changing the mandatory annual training to every two years.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1717 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 68 Agriculture on H.B. No. 1938

The purpose of this bill is to establish a Farmers' Market Nutrition Program (Program) under the guidelines established by the United States Department of Agriculture.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation and Alu Like. The Department of Health supported the intent of this bill.

Your Committee has amended this measure by:

- (1) Changing the appropriation amount to \$1 to further discussion;
- (2) Clarifying the purpose section that describes this Program; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1938, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1938, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 69 Higher Education on H.B. No. 2007

The purpose of this bill is to properly promote the study of the Hawaiian language by appropriating funds for the Hawaiian language college (College) at the University of Hawaii at Hilo (UH-Hilo).

Aha Punana Leo, Ke Kula 'o Samuel M. Kamakau Laboratory Public Charter School, and Ka Haku Ula O Keelikolani College of Hawaiian Language at UH-Hilo submitted testimony in support of this measure. UH-Hilo submitted testimony stating that it is unable to support this bill due to current budget restrictions.

Your Committee finds that promoting the study of the Hawaiian language is a matter of statewide concern since it is one of the two official languages of the State and its promotion is required by the State Constitution. The College has been constrained in its development by the disparity in its funding when compared to the funding of languages other than Hawaiian. Allowing the College to receive full funding will help it continue to grow and serve as a focal point for the revitalization of the Hawaiian language.

Your Committee has not made any specific recommendation on the level of funding, deferring to the Committee on Finance to provide the appropriate level of funding.

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. 2007 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford and Stonebraker.

SCRep. 70 Higher Education on H.B. No. 1960

The purpose of the bill is to allow qualified immigrant students who have not achieved legal immigration status to pay resident tuition rates at the University of Hawaii (UH) if they meet certain conditions.

The Hawaii Civil Rights Commission submitted testimony supporting the measure. Na Loio - Immigrant Rights and Public Interest Legal Center supported the bill and proposed amendments. UH supported the intent of the measure and noted that the recent grant of autonomy to UH might make it more appropriate for the Legislature to approve a resolution rather than pass a bill on this matter. The Office of Information Practices took no position on the substance of the bill but commented on the portion of the bill pertaining to the confidentiality of student information.

Your Committee finds that although many immigrant students are fully qualified to receive resident tuition rates, many do not because of their immigration status. By permitting them to pay resident tuition rates, many of these students will be able to receive an education that they otherwise might not have been able to receive.

Your Committee has amended this bill by:

- (1) Deleting the provision making student information confidential;
- (2) Allowing students who obtained a general education diploma (GED) in Hawaii to receive resident tuition rates at UH;
- (3) Replacing the term "immigrant" with a description of the affected immigrant students; and
- (4) Making technical, non-substantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1960, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1960, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford and Stonebraker.

SCRep. 71 Water & Land Use and Agriculture on H.B. No. 2018

The purpose of the bill is to allow tenants of state agricultural lands within five years of lease expiration to petition the Department of Land and Natural Resources (DLNR) to place an advertisement for auction to determine whether there are other persons interested in bidding for a lease on the property. If no one responds, DLNR shall negotiate a new lease with the existing tenant. The existing tenant, if outbid by another person, shall be compensated for the residual value of any improvements made by the tenant.

The Hawaii Farm Bureau and the Hawaii Leeward Planning Conference testified in support of the measure. The Board of Land and Natural Resources opposed the bill.

Your Committees have amended the bill by clarifying that:

- (1) The existing lessee, if not the successful bidder, shall be compensated for the residual value of any improvements by the new tenant;
- (2) The term of the negotiated lease shall not exceed the term length of the previous lease; and
- (3) The procedure shall not apply should DLNR determine that the lease is not to be renewed or auctioned and the land used for a better public purpose.

Your Committees have also made technical, non-substantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2018, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2018, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Schatz.

SCRep. 72 Legislative Management on H.B. No. 2288

The purpose of this bill is to require that the criteria used for selecting proceedings to be broadcast by the Legislative Broadcast Program be related to matters of public interest.

The League of Women Voters of Hawaii and Common Cause Hawaii testified in support of this measure.

Your Committee finds that the Legislative Broadcast Program has been effective in allowing citizens access to its proceedings on cable access channels. The Legislature further finds that some legislative proceedings with significant public impact and interest have not been broadcast due to the request of a committee chair.

Your Committee believes that this measure will ensure that more matters of public interest will be broadcast.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2288 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 73 Legislative Management on H.B. No. 1774

The purpose of this bill is to prohibit smoking in the State Capitol building, including the following areas:

- (1) The basement and basement parking spaces;
- (2) All rooms; and
- (3) All hallways and lanais, regardless of whether they are enclosed or not.

The Representative from the 38th district, the American Cancer Society, Coalition for a Tobacco Free Hawaii, the Department of Health, Hawaii Medical Service Association, and two individuals testified in support of this measure. The Department of Accounting and General Services supported the intent of this measure but did not believe that existing law prohibiting smoking in public buildings should be applied more stringently with respect to the State Capitol.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1774 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 74 Legislative Management on H.B. No. 2841

The purpose of this bill is to provide that if an elected official is convicted of a crime that disqualifies that person from office, the date the person shall step down from office is the date of conviction and not the date of sentencing.

The League of Women Voters of Hawaii and Common Cause Hawaii supported this bill. The Campaign Spending Commission commented on this bill. The Office of the Public Defender opposed this bill.

Your Committee believes that this measure should be looked at more closely by your Committee on Judiciary and Hawaiian Affairs to see how the appointment process will be impacted if an elected official is convicted but the conviction is subsequently overturned on appeal.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2841 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 75 Human Services and Housing on H.B. No. 1950

The purpose of this bill is to appropriate funds to pay \$1 for each prescription written for qualified individuals; provided that:

- (1) The Department of Human Services (DHS) obtains a waiver from the federal government to provide prescription drugs at Medicaid rates to qualified individuals; and
- (2) Qualified individuals have incomes at or below three hundred percent of the federal poverty level.

The Hawaii State Teachers Association, Hawaii Academy of Physician Assistants, Legal Aid Society of Hawaii, Healthcare Association of Hawaii, Kokua Council, AARP Hawaii, Services for Seniors, Hawaii Alliance of Retired Americans, ILWU, The Medicine Bank, and several concerned individuals testified in support of this measure. DHS and the Department of Commerce and Consumer Affairs supported the intent of this measure.

Pfizer opposed the measure.

Your Committee recognizes that prescription drugs have become unaffordable, especially for the elderly and individuals on fixed incomes. One testifier claimed that most drug companies offer low- or no-cost drugs for target groups. However, these programs are often inadequate in that they only offer certain drugs at minimal discount or require the individual to obtain reimbursement only after spending full price for the drug. Your Committee finds that other states have been successful in offering similar programs without exorbitant cost, and this measure would benefit a large group of people in Hawaii.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1950 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, McDermott and Stonebraker.

SCRep. 76 Human Services and Housing on H.B. No. 2080

The purpose of this bill is to:

- (1) Establish the Twenty-First Century Community Learning Centers (Learning Centers) Program (Program);
- (2) Convert existing A+ after-school programs into Learning Centers; and
- (3) Appropriate funds to operate the Program and hire additional staff, if necessary.

The goals of the Learning Centers are to:

- (1) Open schools and expand opportunities for learning during out-of-school hours to children and parents, and turn the schools into safe, healthy, drug-free community centers;
- (2) Give youths and community members enriched learning opportunities and reduce the number of at-risk children;
- (3) Improve communication and collaboration between the Learning Centers, school staff, and community organizations and sustain community services;
- (4) Improve behavior, school attendance, and academic achievement of students; and
- (5) Focus support on children in early adolescence, while including children and adults.

Many individuals who have worked with the Learning Centers and other concerned individuals submitted testimony in support of this measure. The Department of Education (DOE) supported the intent of this measure.

Your Committee believes this Program is very beneficial to the children who were fortunate enough to participate in activities at existing Learning Centers. The Learning Centers provide many activities including literacy education, nutrition and health programs, and recreational programs. Testifiers stated that there is improved school attendance by children that have participated in the Program.

Currently, Learning Centers are funded by three-year block grants. One testifier estimates that DOE will receive approximately \$5,000,000 from the federal government to provide grants to develop Learning Centers. Your Committee hopes that the Program can eventually be merged with the A+ after-school program to maximize resources.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2080 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, McDermott and Stonebraker.

SCRep. 77 Human Services and Housing on H.B. No. 2227

The purpose of this bill is to make an appropriation to the Rent Supplement Program (Program), administered by the Housing and Community Development Corporation of Hawaii (HCDCH) to assist low-income renters.

The Hawaii State Commission on the Status of Women, City and County of Honolulu Department of Community Services, Volunteer Legal Services Hawaii, Catholic Charities Elderly Services, Hawaii Catholic Conference, Affordable Housing and Homeless Alliance, Hawaii Women's Coalition, and a concerned individual testified in support of this measure. HCDCH supported the intent of this measure.

The Program provides a small subsidy of up to \$160 per month. Households earning 50 percent or less of the median income are able to rent units in the private marketplace. Additional funding to the Program would allow HCDCH to assist more low-income individuals with rental payments.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2227 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 78 Human Services and Housing on H.B. No. 2495

The purpose of this bill is to make an emergency appropriation to the Department of Human Services (DHS) to comply with mandates to provide foster care to abused and neglected children, and to find permanent homes for children unable to return to their original homes.

The amounts of the requested appropriation are as follows:

- (1) \$2,268,663 from general funds; and
- (2) \$1,538,194 from other federal funds.

DHS testified in support of this measure.

DHS requires an emergency appropriation because the amount of federal reimbursement was less than expected. Some children were not federally eligible as originally determined by DHS. Additionally, the number of children served increased more than anticipated.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2495 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 79 Human Services and Housing on H.B. No. 1854

The purpose of this bill is to make an appropriation of \$5,000,000 for the Preschools Open Doors Program (Program) to:

- (1) Increase the number of child care subsidies;
- (2) Pay administrative expenses; and
- (3) Provide parent workshops to the recipients of child care subsidies in each county.

The ILWU, Good Beginnings Alliance, and Hawaii Association for the Education of Young Children submitted testimony in support of this measure. The Department of Human Services supported the intent of this measure.

Your Committee recognizes that the Program has proven to be very popular and allows many children to attend preschool when their families could not have afforded preschool tuition without assistance. However, there are still thousands of children from low-income families who are not enrolled in a preschool program and would benefit from this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation to \$1 to allow 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 H.B. No. 1854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1854, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 80 Human Services and Housing on H.B. No. 2071

The purpose of this bill is to appropriate \$100,000 to hire two outreach workers to assist with finding adequate shelter and services to prevent homelessness.

The Hawaii Commission on the Status of Women, Volunteer Legal Services Hawaii, Partners In Care, Hawaii Catholic Conference, Affordable Housing and Homeless Alliance, Hawaii Women's Coalition, and several concerned individuals testified in support of this measure. The Special Assistant to the Governor for Housing and the Housing and Community Development Corporation of Hawaii supported the intent of this measure.

Your Committee finds that there is a need to expand outreach services for the homeless. Existing agencies have limited resources, but an increasing demand for services. The number of homeless in Hawaii is expected to increase even more as families who lost jobs

as a result of the economic downturn exhaust their resources and unemployment benefits. It generally takes individuals six to nine months from the point of crisis to become homeless.

Your Committee has amended this bill by:

- (1) Incorporating the contents of a similar measure, H.B. No. 2070, but appropriating an unspecified amount to provide outreach services on Oahu;
- (2) Replacing the appropriation with an unspecified amount to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2071, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2071, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative McDermott.

SCRep. 81 Human Services and Housing on H.B. No. 2072

The purpose of this bill is to assist workers who lost their jobs since September 11, 2001 with their housing needs through a \$2,000,000 appropriation to be used for rent, mortgage, utility, and other expenses.

The Hawaii State Commission on the Status of Women; Volunteer Legal Services Hawaii; Kauai Economic Opportunity, Incorporated; Maui Economic Opportunity; Partners In Care; Office for Social Ministry, Catholic Diocese of Honolulu; and the Affordable Housing and Homeless Alliance submitted testimony in support of this measure. The Special Assistant to the Governor for Housing, Housing and Community Development Corporation of Hawaii, Catholic Charities, and a concerned individual submitted testimony supporting the intent of this measure.

Your Committee finds that the Emergency Assistance Grant and Loan (EAGL) Fund, recently established to meet the housing needs of individuals who lost their jobs as a result of the economic downturn after September 11, 2001, has been successful in assisting hundreds of individuals. However, further assistance is needed. Additionally, agencies administering the EAGL Fund have stated that they require more administrative assistance because of the increased workload.

Your Committee further finds that it is necessary to include all needy individuals requiring assistance.

Your Committee has amended this bill by:

- (1) Extending benefits to all needy individuals;
- (2) Allowing funds to be used for administrative purposes;
- (3) Deleting the provision that grants-in-aid should be limited to \$200,000; 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 H.B. No. 2072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2072, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 82 Human Services and Housing on H.B. No. 2073

The purpose of this bill is to appropriate funds to assist workers displaced after the September 11th terrorist attacks to qualify for transitional housing in the community.

The Hawaii State Commission on the Status of Women, Volunteer Legal Services Hawaii, Affordable Housing and Homeless Alliance, Hawaii Catholic Conference, and the Hawaii Women's Coalition testified in support of this measure. The Special Assistant to the Governor for Housing and the Housing and Community Development Corporation of Hawaii supported the intent of this measure.

Your Committee recognizes that many individuals were affected by the economic downturn following September 11, 2001, and are in need of transitional housing assistance. An appropriation would help nonprofit organizations that have experienced difficulties in obtaining the necessary resources to provide services at existing levels.

Your Committee has amended this bill by:

- (1) Removing the amount of the appropriation to facilitate further discussion;
- (2) Correcting an error by replacing the word "traditional" with "transitional"; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

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

Signed by all members of the Committee except Representative McDermott.

SCRep. 83 Judiciary & Hawaiian Affairs on H.B. No. 1542

The purpose of the bill is to authorize persons adjudged incapacitated or who are mentally retarded, to vote.

Your Committee received testimony in support of the measure from the State Planning Council on Developmental Disabilities, the state Disability and Communication Access Board, and the ARC in Hawaii. The state Office of Elections provided testimony in support, but proposed an amendment.

Your Committee finds that voting is an important right that should be exercised by individuals who are able to make responsible decisions concerning voting despite mental retardation. However, individuals adjudged incapacitated should remain subject to investigation by the Office of Elections regarding their ability to make those voter decisions.

Your Committee has amended the bill by ensuring that persons adjudged incapacitated will be allowed to vote if, upon investigation, the county clerk finds that the person has sufficient understanding or capacity to make or communicate responsible decisions concerning voting. This provision will include mentally retarded persons. The reference to Chapter 333, Hawaii Revised Statutes, remains deleted as this chapter was repealed.

Your Committee has also made a technical, nonsubstantive amendment to clarify the effective date.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1542, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1542, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 84 Energy & Environment Protection on H.B. No. 2094

The purpose of this bill is to authorize the Department of Budget and Finance to issue special purpose revenue bonds to facilitate three wind power projects on Maui and the Big Island. Specifically, the bill authorizes the issuance of special purpose revenue bonds not to exceed \$55,000,000, and in the amounts of:

1. \$25,000,000.00;
2. \$15,000,000.00; and
3. \$15,000,000.00

to assist Pacific Wind Energy LLC in the construction of three wind energy conversion systems facilities on Maui, and at South Point and North Kohala on the island of Hawaii.

The Sierra Club, Hawaii Chapter, and the Pacific Wind Energy LLC testified in support of the measure.

Your Committee finds that assisting the development of wind power is an appropriate use of special purpose revenue bonds. Wind power projects are in the public interest because they diversify our power supply, produce clean power, and reduce Hawaii's reliance on imported fossil fuels to generate electricity.

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. 2094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2094, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 85 Judiciary & Hawaiian Affairs on H.B. No. 2804

The purpose of this measure is to allow a registered voter to take an income tax deduction for contributions to candidates seeking office in the voter's district, without regard to whether the candidate agrees to abide by campaign spending limits.

Your Committee received testimony in support of this measure from Common Cause Hawaii and the League of Women Voters of Hawaii. Your Committee received testimony in opposition from the state Department of Taxation and the state Campaign Spending Commission.

Your Committee finds that this measure would encourage voter awareness of elections taking place in their districts.

Your Committee has made technical, nonsubstantive amendments for the sake 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. 2804, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2804, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 86 Judiciary & Hawaiian Affairs on H.B. No. 2189

The purpose of this measure is to increase the voluntary income tax check-off amount payable to the Hawaii Election Campaign Fund.

Your Committee received testimony in support of this measure from Advocates for Consumer Rights, Common Cause Hawaii, Hawaii Clean Elections, the Kokua Council, the League of Women Voters of Hawaii, and several concerned individuals. The Libertarian Party of Hawaii provided testimony in support of the intent of this measure. The state Campaign Spending Commission testified that the bill is not necessary. The state Department of Taxation commented on the measure.

Your Committee finds it to be in the public interest to enhance funding for the Hawaii Election Campaign Fund to assure public funding for candidates for public office.

Your Committee has amended this measure to render it applicable to taxable years beginning after December 31, 2001, rather than after December 31, 2000, to avoid retroactive application.

Your Committee has also made technical, 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. 2189, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2189, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 87 Public Safety & Military Affairs on H.B. No. 1753

The purpose of this bill is to make an assault against a firefighter or uniformed emergency medical service personnel a misdemeanor offense.

Your Committee received testimony in support of this measure from the Department of Public Safety and a concerned paramedic. The Office of the Public Defender testified in opposition to this bill.

Police officers are not the only emergency service personnel that are put at risk of assault while carrying out their duties protecting the public safety. However, your Committee leaves it to your Committee on Judiciary and Hawaiian Affairs to deliberate the following concerns raised during discussion of this measure:

- (1) There may be reasons to elevate this offense from a misdemeanor to a felony;
- (2) The reference to "uniformed" emergency medical service personnel may exclude off-duty or un-uniformed qualified personnel who may be assaulted; and
- (3) The term "law enforcement officer" may be more appropriate than that of "police officer" currently in statute.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1753 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 Representative Souki.

SCRep. 88 Public Safety & Military Affairs on H.B. No. 2560

The purpose of this bill is to:

- (1) Include employees of private companies working in correctional facilities in sexual offense statutes that prohibit sexual penetration and sexual contact with imprisoned persons or a person confined to a detention facility; and
- (2) Expand sexual assault protection to inmates placed in private correctional facilities operating in the State of Hawaii.

The Department of Public Safety, the Community Alliance on Prisons, the American Civil Liberties Union Hawaii, and a concerned citizen testified in support of this measure.

Your Committee finds that given the inherent power imbalance between imprisoned persons and staff at correctional facilities, there can be no truly consensual sexual contact between such parties. This measure closes a loophole in existing statutes and thereby provides needed protection to persons under the custody of the state.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2560 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 Representative Souki.

SCRep. 89 Public Safety & Military Affairs on H.B. No. 1752

The purpose of this bill is to authorize the ratification of the Emergency Management Assistance Compact (EMAC).

The Adjutant General testified in opposition to this measure.

EMAC provides a mechanism for states to receive interstate aid in a disaster. Even when federal assistance is merited, assistance via the EMAC may be more readily available or cheaper. This assistance may supplement federal assistance when available, or replace federal assistance when unavailable.

Ratifying EMAC will help to promote public safety. Although the Adjutant General is confident that the state is properly prepared to deal with emergencies in other ways, your Committee finds that ratification of EMAC is a prudent additional safeguard to bolster existing preparations.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1752 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 90 Public Safety & Military Affairs on H.B. No. 2008

The purpose of this bill is to appropriate funds for a pilot program to develop puuhonua healing centers as alternatives to incarceration.

The Drug Policy Forum of Hawaii, the Malu `Aina Center for Non-violent Education and Action, A Woman's Voice International, the First Christian Church, the American Civil Liberties Union Hawaii, the Community Alliance on Prisons, several faculty from Hawaii Community College, E Ho`opakele, and several concerned individuals testified in support of this measure. The Department of Public Safety (DPS) supported the intent of this measure with suggested amendments.

Your Committee finds that puuhonua healing centers and the ho`oponopono process described by the supporters of this measure form an excellent example of community-based rehabilitation and a very encouraging option as an alternative to incarceration. Your Committee applauds the cooperative efforts made by the community and the active participation by DPS. However, DPS will be most successful in this effort only with the cooperation of other affected state departments and the community.

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

- (1) Deleting the explicit reference to E Ho`opakele, as this might be considered in violation of procurement statutes;
- (2) Amending the reporting language to include input from the Department of Human Services, Department of Health, the Judiciary, and interested community organizations identified by the Director of Public Safety; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2008, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2008, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 91 Public Safety & Military Affairs on H.B. No. 2089

The purpose of this bill is to appropriate funds for the plans and design of the Hawaii State Emergency Training Academy (Academy) at Kalaeloa, Oahu.

The Department of Defense, Department of Public Safety, State Fire Council, the Honolulu Fire Department, the Hawaii State Fire Fighters Association, the Honolulu Police Department, and Seafarers International Union testified in support of this measure.

In light of the events of September 11th, your Committee finds that the proposed Academy will enhance public safety by offering standardized, advanced training to the panoply of emergency personnel involved in protecting the public statewide.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2089 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 92 Public Safety & Military Affairs on H.B. No. 2383

The purpose of this bill is to allow the assessment of document serving fees served by persons other than sheriffs or police officers.

Testimony in support of this measure was received from Credit Associates of Maui, Ltd., the Doctor's Business Bureau of Hawaii, the Collection Agency of Hawaii, Inc., Kauai Credit Adjusters, Ltd., the Collection Law Section of the Hawaii State Bar Association, Maui Collection Service, Inc., and two concerned individuals. Twelve members of the Hawaii Deputy Sheriffs' Association testified in opposition to this measure.

Your Committee finds that this measure will allow for fairness at the district courts. Currently, individuals serving documents, who are not sheriffs or police officers, have difficulty having their fees assessed by judges who follow a strict reading of existing statute. Opponents of this measure spoke mostly of concerns regarding who may serve the varying types of documents currently served by sheriffs or police officers. However, your Committee finds those concerns are ill-founded, since no amendments to the relevant statutes are included within this measure.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2383 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 93 Public Safety & Military Affairs on H.B. No. 1751

The purpose of this bill, as received by your Committee, is to make appropriations for the Sex Offender Treatment Program for various treatment and assessment services.

Your Committee received testimony in support of this measure from the ACLU Hawaii, Drug Policy Forum of Hawaii, Community Alliance on Prisons, and several concerned individuals. The Hawaii Paroling Authority testified in support of the intent of this measure. The Department of Public Safety submitted comments.

The Department of Public Safety noted that its Supplemental Executive Budget request includes funding for the treatments covered in this measure. Therefore, upon further consideration, your Committee has amended this measure by deleting its substance and inserting an appropriation for \$50,000 to provide continued and sustained sex offender treatment and relapse prevention services to the current and projected sex offender parolee population.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1751, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1751, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 94 Health on H.B. No. 2524

The purpose of this bill is to expedite the mandatory annual state licensing of hospitals by the Department of Health (DOH).

DOH, the Healthcare Association of Hawaii, and Kaiser Permanente testified in support of this bill.

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation inspection is an extremely rigorous process, in which specially trained surveyors interview hospital staff, examine documentation, make direct observations, and evaluate each health care organization's compliance with state-of-the-art standards in a variety of different areas. Since JCAHO inspections occur every three years and meet or exceed the criteria the State uses for its inspections of hospitals, the use of JCAHO inspections as evidence the hospital is meeting the licensing and inspection requirements of the State appears to be prudent. Your Committee would like to note, however, that this would only apply to years in which a JCAHO inspection occurs, since the State inspects hospitals on a yearly basis.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2524 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 Yonamine and Auwae.

SCRep. 95 Health on H.B. No. 2808

The purpose of this bill is to allow an Emergency Medical Service (EMS) worker to retire and receive retirement benefits after at least 25 years of credited service.

The United Public Workers, Honolulu Emergency Services Department, and many EMS personnel testified in support of this measure. Several EMS personnel supported the intent of this measure.

The Department of Budget and Finance submitted testimony in opposition of this measure. The Employees' Retirement System submitted comments.

Your Committee strongly believes that EMS medical personnel deserve the same benefit of retirement after a minimum of 25 years of service that is offered to police officers, firefighters, and other county employees who face potentially dangerous situations on a daily basis.

Your Committee understands that there are some unresolved labor issues in this bill regarding which retirement plan EMS employees belong in, but believes this should be addressed by the Committee on Labor and Public Employment.

Your Committee has amended this bill by:

- (1) Specifying that the measure applies only to EMS workers who provide direct patient care; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2808, H.D. 1, and be referred to the Committee on Labor and Public Employment.

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

SCRep. 96 Health on H.B. No. 2521

The purpose of this bill is to:

- (1) Allow the Department of Health (DOH) to enter into agreements with health care facilities and providers to assist with epidemic control activities;
- (2) Require individuals and entities to provide information required to locate people suspected of being exposed to a dangerous disease; and
- (3) Establish rights for individuals quarantined to prevent transmission of a dangerous infectious disease and grant DOH authority to sequester contaminated articles.

DOH and the Healthcare Association of Hawaii testified in support of this measure. Kaiser Permanente supported the intent of this measure.

Your Committee finds that all other states are currently proposing similar legislation and Hawaii's legislation is considered a great model. Legislation is necessary to protect the health and safety of Hawaii's residents and visitors because of current world events and potential bioterrorism and epidemics.

Your Committee has amended this bill by:

- (1) Clarifying the costs that health plans are required to pay for quarantined individuals; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2521, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 97 Energy & Environment Protection on H.B. No. 2006

The purpose of this bill is to:

- (1) Expand civil-enforcement remedies;
- (2) Amend notice requirements to consumers of new tires regarding disposal fees, including:
 - (a) Disposal fees are not subject to reduction or refund; and
 - (b) Whether a separate disposal fee may be added to the final price of the tire and the actual cost of the disposal fee;
- (3) Allow the motor-vehicle rental industry to report and pay the surcharge annually;
- (4) Clarify that a motor-vehicle tire wholesaler that accepts used tires has up to ninety days to remove the tires from the retail point of collection, provided that not more than one hundred tires may be accumulated, unless the retail point of collection is an authorized tire-collection facility, and the tires are stored in a manner consistent with fire-prevention and vector-control considerations; and

- (5) Allow a motor-vehicle rental company that purchases new vehicles within the state to be designated as an importer of motor vehicles, with the approval of the Director of Health, and prohibit a surcharge credit if exported motor vehicles exceed imported vehicles.

The Department of Health testified in support of this measure. The Hawaii Automotive Repair and Gasoline Dealers Association, Catrala-Hawaii, and the Hawaii Automobile Dealers Association supported the intent of the measure.

Your Committee notes the position of motor-vehicle dealers that they be specifically exempt from section 3421-23(c), Hawaii Revised Statutes, as amended, relating to certain price and cost disclosures in motor-vehicle tire advertisements. However, this position, still to be debated, should be discussed in another vehicle so as not to jeopardize issues that all interested parties have agreed upon.

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. 2006 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 and Meyer.

SCRep. 98 Legislative Management on H.B. No. 1821

The purpose of this bill is to effectuate its title.

H.B. No. 1821 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 the 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 Legislative Management that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1821, as amended herein, and recommends that it be recommitted to the Committee on Legislative Management, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. 1821, H.D. 1.

Signed by all members of the Committee.

SCRep. 99 Water & Land Use on H.B. No. 2091

The purpose of this bill is to effectuate its title.

H.B. No. 2091 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 the 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 Water and Land Use that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2091, as amended herein, and recommends that it be recommitted to the Committee on Water and Land Use, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2091, H.D. 1.

Signed by all members of the Committee.

SCRep. 100 Water & Land Use on H.B. No. 2249

The purpose of this bill is to protect and provide public access to the Kohala Historical Sites State Monument (Monument) in North Kona, Hawaii, by:

- (1) Directing the Department of Land and Natural Resources (DLNR) to use its eminent domain powers to purchase specific parcels of lands adjacent to the Monument;
- (2) Appropriating an unspecified amount for this acquisition; and
- (3) Authorizing the Mookini Luakini Corporation to protect and care for Mookini Heiau, one of the sites that comprises the Monument.

The Mookini Luakini Foundation and a concerned individual testified in support of this bill. DLNR supported the intent of this measure. Surety Kohala Corporation, the landowner of the properties, opposed this bill.

Act 166, Session Laws of Hawaii 1992, mandated that certain parcels of land be acquired to ensure the unimpaired preservation of the visual, cultural, and historical aspects of the Monument. Since then, the State has made unsuccessful attempts to acquire the lands adjacent to the Monument from the private landowner through either a purchase or land exchange.

Your Committee encourages DLNR to continue to pursue a land exchange to resolve this matter.

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. 2249 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 and Bukoski.

SCRep. 101 Water & Land Use on H.B. No. 2553

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to become totally self-sufficient by increasing the share of the recording fee that is deposited into the Bureau of Conveyances Special Fund (Special Fund).

The Department of Land and Natural Resources testified in support of this measure.

Your Committee finds that passage of this measure will ensure that the Bureau has adequate staffing and can continue to modernize its operations. Of the \$25 recording fee collected, \$2 is currently deposited into the Special Fund. The balance of \$23 is deposited into the General Fund. This bill proposes to increase the amount earmarked for the Special Fund to \$7, thereby reducing the amount to be deposited into the General Fund to \$18.

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. 2553 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 and Bukoski.

SCRep. 102 Water & Land Use on H.B. No. 2550

The purpose of this bill is to ensure better management and enhanced protection of water resources by authorizing the Commission on Water Resource Management (Commission) to determine appurtenant water rights under the State Water Code.

The Department of Land and Natural Resources (DLNR) testified in support of this measure.

Currently, the Commission has exclusive jurisdiction and final authority on all matters relating to the implementation and administration of the State Water Code. However, according to the Hawaii Supreme Court, appurtenant rights are an incident of land ownership. The court defined appurtenant water rights as the "rights to the use of water utilized by parcels of land at the time of their original conversion into fee simple lands."

Because the determination of appurtenant water rights is directly tied to a determination of rights in land, the Attorney General (AG) advised the Commission that it is not authorized to determine appurtenant rights since the Commission lacks authority to make determinations about rights in land. The AG advised that under current law, the courts are the proper forums to determine appurtenant water rights.

Your Committee believes that the Commission should be authorized to determine and quantify appurtenant water rights:

- (1) To protect the exercise of appurtenant rights; and
- (2) To allow the Commission to allocate water in water management areas and to determine instream flow standards.

Moreover, adjudicating appurtenant rights in the courts will probably be expensive and time consuming.

This bill specifies that the Commission's determination of appurtenant water rights shall be valid unless a contrary judgment is entered by a court of competent jurisdiction. Your Committee has amended this bill by deleting the reference to a contrary judgment.

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. 2550, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2550, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 103 Education on H.B. No. 1969

The purpose of this bill is to allow the Board of Education (BOE) to employ its own attorneys, independent of the Attorney General.

BOE and the State Librarian submitted testimony in support of this bill. The Attorney General submitted testimony in opposition to this bill.

Your Committee finds that BOE often needs to seek legal advice and cannot wait for the Attorney General to process its request for assistance as the Attorney General is responsible for many other state agencies. Allowing BOE to retain its own legal counsel will significantly improve the response time on BOE's requests for legal assistance, and will provide BOE with needed flexibility.

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. 1969 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, Garcia, Takumi, McDermott and Stonebraker.

SCRep. 104 Higher Education on H.B. No. 2718

The purpose of the bill is to support and enhance public higher education in Hawaii by authorizing the issuance of general obligation bonds for the University of Hawaii (UH) to improve its physical facilities.

UH submitted testimony expressing concerns with the measure.

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. 2718 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, Schatz, Bukoski and McDermott.

SCRep. 105 Higher Education on H.B. No. 1959

The purpose of this bill is to repeal the Hawaii Opportunity Program in Education (HOPE) Endowment Special Fund (Endowment Special Fund) and transfer the remaining balance to the University of Hawaii (UH) Tuition and Fees Special Fund to be used for programs to support underrepresented students and to promote diversity.

UH submitted testimony in support of this bill with a proposed amendment.

Your Committee finds that UH continues to seek ways to enroll students from ethnic groups that are underrepresented in its student population. By reallocating the funds in the Endowment Special Fund, UH will be able to increase opportunities for these students by concentrating on recruitment and retention efforts.

Your Committee has amended this bill by:

- (1) Specifying that the fund transfer shall be performed by UH, rather than the Director of Finance; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1959, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1959, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Halford and Stonebraker.

SCRep. 106 Water & Land Use and Agriculture on H.B. No. 1939

The purpose of this bill is to ensure the availability of economical water resources for Hawaii's agricultural industry by appropriating \$45,000,000 to improve the existing agricultural water infrastructure. Of this sum, \$5,000,000 will be used for federal aid financing or reimbursement.

This bill provides funding to make improvements to irrigation water delivery systems in existing agricultural regions. It also provides temporary relief subsidies for the operational costs of these agricultural systems.

Testifying in support of this bill were the University of Hawaii's College of Tropical Agriculture and Human Resources, the County of Kauai's Office of Economic Development, the Hawaii Farm Bureau Federation, the Land Use Research Foundation of Hawaii, the Hawaii Leeward Planning Conference, the Hawaii Macadamia Nut Association, MacFarms of Hawaii, Inc., the Pineapple Growers Association of Hawaii, and the East Kauai Water Users' Cooperative. The Department of Agriculture supported the intent of the bill.

The delivery of reliable irrigation water is the lifeline of Hawaii's agricultural industry. With the economic recession, financial assistance from private capital is not readily available. Because these improvements to water infrastructure are vital for the State's economic recovery, these projects are worthy of support with public funds.

Your Committees have amended this bill by:

- (1) Expanding the types of projects eligible to receive funding to include new water resource developments; and
- (2) Making technical, nonsubstantive amendments to correct stylistic errors.

Your Committees fully recognize that funding may not be available but have retained total amounts in the bill to emphasize the magnitude of the cost needed to improve the irrigation water delivery systems. The DOA and the Farm Bureau were directed to prioritize the statewide water projects involved, including the appropriate increments, so that funds, as may be made available, can be appropriately allocated.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1939, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1939, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Schatz.

SCRep. 107 Transportation on H.B. No. 2197

The purpose of this bill is to provide economic relief to airport concessionaires. Specifically this bill:

- (1) Provides relief beyond April 30, 2002, for airport concessionaires who qualify and are still suffering from the events of September 11, 2001;
- (2) Provides a mechanism allowing airport concessionaires to receive economic relief if events similar to September 11, 2001, occur in the future; and
- (3) Allows airport concessionaires to terminate their agreements with the State due to the events of September 11, 2001, recover their bonds and deposits, and continue to do business with the State in the future.

The Airport Concessionaires Committee, Travelex, DFS Hawaii, Island Heritage, Host International, Apcoa, and Catrala-Hawaii testified in support of this measure. The Department of Transportation (DOT) and the Airlines Committee of Hawaii testified in opposition to this bill.

The events of September 11, 2001, affected our entire nation. These events took an especially devastating toll on Hawaii, whose economy is largely based upon tourism, and more specifically, the transportation, travel, and tourism related industries.

The Legislature held a special session in October 2001, to attempt to deal with the economic crisis that was facing the state. Act 15, Third Special Session Laws of Hawaii 2001, passed in an attempt to assist airport concessionaires who, due to decreased travel and increased security measures, saw an average decline in sales of approximately 47 percent. This Act provided economic relief to airport concessionaires until April 30, 2002, when it was believed improvements in the economy of the state would no longer make these relief efforts necessary. However, recent economic projections seem to indicate that this economic downturn will not be subsiding in the very near future, and some concessionaires will need assistance beyond April 30, 2002.

Although your Committee feels that the continuation of economic relief efforts is necessary, concerns were raised regarding the ability of the State airports to attract interested competitors for airport concessions because of the events of September 11th.

Your Committee has amended this bill by:

- (1) Giving to the Director of the Transportation the discretion of extending the term of concessionaires now on revocable permits for a period not to exceed one year beyond June 30, 2002; and
- (2) Making technical, nonsubstantive amendments for clarity & 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 H.B. No. 2197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2197, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 108 Transportation on H.B. No. 2349

The purpose of this bill is to increase the effectiveness of authorized emergency vehicles, including vehicles used by police officers while performing a police function, by expanding the privileges accorded to them by including the privilege to driving:

- (1) On the shoulder and median of roadways;
- (2) In controlled-access roadways, highways, and facilities; and
- (3) Without audible and visual signals.

The Honolulu Police Department (HPD) testified in support of the measure.

Your Committee acknowledges that driving without sirens or flashing lights will increase the effectiveness of the police in fighting crime, such as tracking vehicles suspected of violating the law or approaching a location where a crime may be in progress. However, your Committee has reservations concerning the safety of the public when a speeding police vehicle finds it necessary to proceed without sirens or flashing lights.

Although your Committee has not amended this bill, it is the hope of this Committee that the Committee on Judiciary and Hawaiian Affairs will further examine the issue of effective crime fighting and the collateral safety of the public, and amend this measure, if necessary.

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. 2349 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 Yoshinaga and Pendleton.

SCRep. 109 Transportation on H.B. No. 2301

The purpose of this bill is to strengthen the current law with regard to the use of intoxicants while operating a motor vehicle. Specifically this bill:

- (1) Applies repeat intoxicated driver provisions to persons with prior drug enforcement contacts;
- (2) Clarifies that a person who has refused a chemical test for either alcohol or drugs will not be eligible for a conditional license permit; and
- (3) Clarifies the administrative review procedure for the revocation of a driver's license.

The Department of Transportation, the Department of the Prosecuting Attorney of the City and County of Honolulu, and Mothers Against Drunk Driving testified in support of this measure. The Honolulu Police Department and the Judiciary supported the intent of this bill.

The Driving Under the Influence (DUI) Consolidation Bill (Act 157, Session Laws of Hawaii (SLH), 2001) was an attempt by the Legislature to clarify and consolidate the statutes pertaining to DUI drugs and boating under the influence of alcohol to the DUI alcohol statutes. However, judicial rulings have caused a need for the evolution of this important law. Moreover, language that prohibited an individual who refuses to take a test for the suspected use of intoxicants to obtain a conditional driving permit was inadvertently omitted in Act 157, SLH, 2001, creating a loophole for these persons to continue to drive. Therefore, your Committee feels that clarification of this situation is needed so that the safety of our roads can be improved by keeping intoxicated drivers off the streets.

However, your Committee understands the concerns brought forth by the Honolulu Police Department that current law has created a situation in which law enforcement officers are charged with reading a litany of any and all possible consequences covering any possible scenario relating to an arrestee's situation with regards to driver's license revocation even if the situation may not apply. This has created a frustrating and time-consuming situation when attempting to gain implied consent for alcohol or drug testing from intoxicated individuals.

Accordingly, your Committee has amended this measure by:

- (1) Providing the option to police officers of informing the arrestee of revocation sanctions under section 291E-41 or 291E-65, Hawaii Revised Statutes, whichever is applicable to the offense, when attempting to obtain implied consent of an operator of a vehicle to submit to testing to determine alcohol and drug intoxication; and
- (2) Making technical, nonsubstantive amendments.

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. 2301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2301, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 110 Transportation on H.B. No. 2441

The purpose of this bill is to limit the liability of the State and counties in highway cases in which the driver of the vehicle that caused the accident was travelling over the legal speed limit, or legally deemed under the influence of drugs or alcohol.

The Department of Transportation, the Attorney General of the State of Hawaii, council members of the Maui County Council, and the Honolulu Police Department testified in support of this measure. The Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, and Verizon Hawaii supported the intent of the measure. The Consumer Lawyers of Hawaii testified in opposition to this bill.

All too often, the importance of driver behavior in preventing traffic crashes has not been adequately recognized in the results of highway litigation cases. Your Committee feels that the State and counties should only have a duty to make highways reasonably safe for drivers who exercise reasonable care and should not be held liable for drivers who are involved in accidents because they were speeding or intoxicated.

However, your Committee understands that this bill places innocent passengers in the same category as the violating driver and bars these passengers from any type of civil recovery.

Moreover, based on the engineering relationship between the design and posted speed limits for a highway, your Committee feels that, with regards to speeding vehicles, the State owes a duty to make a highway reasonably safe for vehicles traveling in excess of the speed limit only if the speed is within 10 miles per hour of the speed limit or speed advisory.

Further, your Committee understands the concerns raised by the utility companies as to the liability they may face with regards to their facilities that may be placed on public rights of ways.

Accordingly, this bill has been amended by:

- (1) Providing that the State owes no duty to make a highway reasonably safe for vehicles traveling more than ten miles per hour above the speed limit, or ten miles per hour above the speed advisory board, whichever is less;
- (2) Adding language providing exceptions to State and county liability in highway thoroughfare cases, effectively allowing innocent passengers civil recovery;
- (3) Adding language providing limited liability for utility companies; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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 H.B. No. 2441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2441, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 111 Transportation on H.B. No. 2509

The purpose of this bill is to make parking easier for a person with a disability by establishing penalties for parking in access aisles adjacent to a disabled parking stall.

The Disability and Communication Access Board and the Hawaii Disability Rights Center testified in support of this measure. The Honolulu Police Department supported the intent of the bill.

Since an individual with a disability often needs extra space to access their vehicle in a safe manner, keeping the access aisles next to a disabled parking stall seems logical. Parking in these access aisles oftentimes renders the actual disabled parking stall useless. Current law does not prohibit a person from parking within these access aisles, thus making attempts to issue citations to persons parking in these aisles, futile.

However, your Committee finds that the language of the current bill needs to be clarified to strengthen this measure.

Accordingly, the bill has been amended by:

- (1) Adding specific language which makes parking in an access aisle a parking violation; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

Although your Committee believes that this is an important measure, there are concerns that the penalties for parking in these access aisles may be excessive. Moreover, your Committee recognizes that persons with disabilities may need to park in these access aisles if no other disabled parking stall is available and may be penalized for doing so.

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. 2509, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2509, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 112 Energy & Environment Protection on H.B. No. 1902

The purpose of this bill is to improve Hawaii's waterways by:

- (1) Appropriating funds for additional research and bench scale testing of material dredged for waterways statewide; and
- (2) Authorizing the issuance of general obligation bonds for the design and construction of a pilot bioremediation facility.

The Office of Environmental Quality Control, the College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa, Pacific International Center for High Technology Research, Hawaii Water Environment Association, and concerned citizens testified in support of this bill. The Board of Land and Natural Resources testified in opposition to this measure.

Hawaii's waterways and streams need periodic dredging to remove contaminated sediments. Since suitable sites to dispose of contaminated dredged sediments are very limited, much of this contaminated soil is placed in containers that are shipped to the mainland for processing and disposal at a significant cost. Your Committee feels that this measure provides for crucial research and the initiative for the development of a bioremediation facility which can be used to treat contaminated soils from dredging activities, thus helping to preserve our environment.

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. 1902 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 and Kanoho.

SCRep. 113 Energy & Environment Protection on H.B. No. 2455

The purpose of the bill is to establish a revolving fund to provide low-interest loans for the cleanup of brownfields sites in Hawaii.

The Department of Health, the Office of Planning (OP) of the Department of Business, Economic Development, and Tourism (DBEDT), and Life of the Land supported the measure.

The U.S. Environmental Protection Agency (EPA) defines brownfields as "abandoned, idled, or underused industrial and commercial facilities where expansion or redevelopment is complicated by real or perceived contamination." DBEDT has applied for a grant from the EPA's Brownfields Cleanup Revolving Loan Fund Pilot Program for up to \$3,000,000 in seed money to capitalize the revolving loan fund.

The redevelopment of brownfields serves several objectives:

- (1) Economically revitalizes communities through the redevelopment and reuse of abandoned and underused sites;
- (2) Eliminates or reduces potential public-health and environmental risks through the cleanup of contaminated sites;
- (3) Promotes more efficient and effective use of Hawaii's existing urbanized areas; and
- (4) Assists in relieving development pressures on open, undeveloped lands or agricultural lands.

OP testified that it will make bio-remediation analysis a major consideration in administering the brownfields revolving fund.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2455 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 and Kanoho.

SCRep. 114 Energy & Environment Protection on H.B. No. 2814

The purpose of this bill is to authorize issuance of \$7,000,000 in general obligation bonds to finance planning, design, and construction costs for the Hilo landfill.

It is the desire of your Committee that a portion of the financing funds be used for a bioremediation component of the Hilo landfill operation.

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. 2814 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 and Kanoho.

SCRep. 115 Water & Land Use on H.B. No. 2326

The purpose of this bill is to limit the liability of the counties toward persons entering county land and water areas for recreational purposes.

The Department of Land and Natural Resources, the County of Hawaii Planning Department and Office of the Corporation Counsel, the County of Kauai Office of the County Attorney, and the Maui County Council including three members, testified in support of this measure. The Hawaii State Association of Counties offered comments, and the Consumer Lawyers of Hawaii opposed this bill.

Currently, chapter 520, Hawaii Revised Statutes, provides liability protection for owners who make private land and water areas available to the public for recreational purposes. This bill will expand the liability protection under chapter 520 by including the counties under the definition of "owner". This means that the counties will be provided the same limits in the duty of care that are currently being extended to private landowners.

Passage of this measure will encourage the counties to develop more public recreational areas and provide increased recreational opportunities for the public.

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. 2326 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 and Bukoski.

SCRep. 116 Water & Land Use on H.B. No. 2536

The purpose of this bill is to allow the Department of Land and Natural Resources (DLNR) to continue to transfer certain management and jurisdictional directives relating to aquatic resources from specific statutes to administrative rules. This bill makes permanent the amendments and repeals of certain fishing laws that were subject to the adoption of administrative rules to replace these statutes.

DLNR testified in support of this bill.

Prior to the enactment of Act 85, Session Laws of Hawaii 1999, any changes to Hawaii's fishing laws could only take place when the Legislature was in session. As a result, sound management techniques were often implemented in an untimely fashion, significantly limiting their effectiveness. Moreover, public hearings to amend these fishing laws were generally held in Honolulu. As a result, statewide public input was limited.

Act 85 eliminated this time-consuming and cumbersome process. Currently, DLNR can schedule statewide public hearings throughout the year to receive public input on changes to its administrative rules.

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. 2536 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 117 Water & Land Use on H.B. No. 2538

The purpose of this bill is to make housekeeping amendments to various laws relating to aquatic resources.

Among other things, this bill:

- (1) Exempts the Sport Fish Special Fund from paying its pro rata share of central service and administrative expenses; according to the U.S. Fish and Wildlife Service, this diversion of funds is not allowed under federal law;
- (2) Specifies that moneys from the Sport Fish Special Fund and the Commercial Fisheries Special Fund may be used for enforcement purposes;
- (3) Clarifies the type of license and permit fees to be deposited into the Commercial Fisheries Special Fund;
- (4) Authorizes the Department of Land and Natural Resources (DLNR) to use non-departmental personnel as agents to issue freshwater fishing licenses; and
- (5) Repeals conflicting language on the disposition of revenues relating to commercial marine activities.

DLNR testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2538 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 118 Water & Land Use on H.B. No. 2546

The purpose of this bill is to allow the Board of Land and Natural Resources (Board) to waive the requirement to obtain consent to subleases under public land leases.

The Department of Land and Natural Resources testified in support of this bill. Hawaii's Thousand Friends opposed this measure.

Your Committee finds that where the intent is for the public property to be leased to multiple subtenants, it is appropriate for the lessee to issue tenant subleases without the Board's consent. The ability to issue such subleases is critical to the lessee's ability to attract viable tenants for the property.

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. 2546 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 119 Water & Land Use on H.B. No. 2547

The purpose of this bill is to enable the Soil and Water Conservation Districts (Districts) to perform their work in a timely fashion by removing the requirement that all contributions, moneys, and funding received by the Districts be deposited into the General Fund.

The Department of Land and Natural Resources and the Hawaii Association of Conservation Districts testified in support of this measure.

Currently, the Districts receive approximately 80 percent of their funding from non-General Fund sources. Since a large amount of these federal, state, and county grants is already supervised by the granting agencies and their use is narrowly defined, it is redundant to require that these grants continue to be deposited into the General Fund and be subjected to another level of review.

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. 2547 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 and Bukoski.

SCRep. 120 Water & Land Use on H.B. No. 2554

The purpose of this bill is to enable the State to lease, by direct negotiation, state submerged lands to owners of unauthorized piers in Kaneohe Bay, Oahu. This bill eliminates the requirement that this authorization only applies to residential piers.

The Department of Land and Natural Resources (DLNR) testified in support of this bill.

Act 261, Session Laws of Hawaii 2000, authorized the Board of Land and Natural Resources to lease, by direct negotiation and without public auction, state submerged lands for private, residential, noncommercial piers to the owners of unauthorized piers in Kaneohe Bay, in particular. The intent was to address the problem of illegal piers by providing the owners with the required permits to achieve compliance with state laws. However, DLNR determined that three piers, belonging to the Kokokahi YWCA, Habilidadat, Inc., and the Kaneohe Yacht Club, did not qualify as "residential" piers. This bill addresses the problem by deleting the "residential" requirement.

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. 2554 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 121 Water & Land Use on H.B. No. 2793

The purpose of this bill is to preserve undeveloped coastal areas of the State by requiring that one percent of all state appropriations for capital improvements designated for the construction or renovation of state buildings be deposited into the Park Acquisition Trust Fund (Trust Fund).

The Department of Land and Natural Resources, the Sierra Club, Hawaii Chapter, and The Trust for Public Land testified in support of this measure. Opposing this bill were the Department of Budget and Finance and a concerned individual.

The Trust Fund was created in 1997 to provide a vehicle to receive donations to help purchase park lands. Since then, however, the public response in the form of donations has been less than anticipated. Therefore, the funding mechanism proposed in this bill will greatly enhance the acquisition of new lands.

There was some concern that the proposed funding mechanism for the Trust Fund would affect the Works of Art Special Fund, under section 103-8.5, Hawaii Revised Statutes (HRS), since the funding sources are similar. Your Committee would like to clarify that the proposed one percent funding in this bill would be in addition to the one percent funding in section 103-8.5, HRS.

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. 2793 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 and Bukoski.

SCRep. 122 Water & Land Use on H.B. No. 2600

The purpose of this bill is to:

- (1) Strengthen the Hawaii State Parks System by appropriating funds for the preparation of a comprehensive master plan; and
- (2) Direct the Department of Land and Natural Resources (DLNR) to maintain Irwin Park located next to Aloha Tower Marketplace.

The Outdoor Circle, Hawaii's Thousand Friends, Scenic Hawaii, Inc., and Life of the Land testified in support of this bill. DLNR supported the intent of this measure. The Aloha Tower Development Corporation (ATDC) opposed this bill.

Your Committee finds that DLNR's only comprehensive master plan for the State Parks System was prepared in 1962.

ATDC is currently responsible for Irwin Park, which is an integral part of the Aloha Tower Marketplace. Because the Marketplace pays for the maintenance of Irwin Park under an agreement with ATDC, it is being managed at no cost to the public.

Your Committee has amended this bill by:

- (1) Deleting the requirement that DLNR maintain Irwin Park; and
- (2) Making technical, nonsubstantive amendments to correct stylistic errors.

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. 2600, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2600, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 123 Economic Development & Business Concerns on H.B. No. 2000

The purpose of this bill is to preserve jobs and create new job opportunities by expanding the economic development program of the Small Business Development Center (SBDC) at the University of Hawaii at Hilo. This bill appropriates \$1,225,000 for the SBDC to better assist small business owners in better managing their own businesses.

The Hawaii SBDC Network and the U.S. Small Business Administration testified in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of this measure.

Each year, SBDC provides counseling, training, advocacy, and research activities to over 1,000 individuals through its eight offices statewide. Since the terrorist attacks of September 11th, SBDC has experienced large increases in requests for assistance. Due to the decline in jobs in established businesses, more individuals are turning to starting their own businesses, and the demand for startup business training is increasing. The additional funding provided in this bill will address this demand by enabling SBDC to service an additional 1,700 individuals during the upcoming fiscal year.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2000 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Suzuki, Davis and Leong.

SCRep. 124 Economic Development & Business Concerns on H.B. No. 2398

The purpose of this bill is to assist Hawaii's small businesses in making the transition to a technology-based economy by appropriating \$200,000 for the continuation of the New Economy Transition (NET) Program.

The Chamber of Commerce of Hawaii (Chamber), Computer Training Academy/Network Resource Center, and PDC Systems testified in support of this bill. The Department of Business, Economic Development, and Tourism supported the intent of this measure.

The NET Program was established by Act 259, Session Laws of Hawaii 2001, with a \$90,000 grant-in-aid contract to the Chamber. Basically, the NET Program offers:

- (1) Subsidized consulting services;
- (2) On-line technology that offers a "one-stop shop" for businesses; and
- (3) Seminars.

The NET Program is designed for any business or organization that wants to step into the new economy and does not have the time and resources to learn how to participate in the information-technology revolution on its own.

The proposed funding would allow the NET Program to continue to expand its program offerings and to hire a program coordinator.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2398 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Suzuki, Davis and Leong.

SCRep. 125 Economic Development & Business Concerns on H.B. No. 2453

The purpose of this bill is to assist small businesses participating in the Hawaii Capital Loan Program (Program) by providing more timely and market-aligned interest rates.

More specifically, this bill changes the frequency for adjusting the Program's loan interest rate from semiannually to the first day of each month to reflect the rapidly changing financial market.

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

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2453 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Davis and Leong.

SCRep. 126 Economic Development & Business Concerns on H.B. No. 2454

The purpose of this bill is to assist firms participating in the Enterprise Zones (EZ) program in the wake of the September 11, 2001, terrorist attacks by:

- (1) Allowing EZ firms to use their average annual number of full-time employees as of August 31, 2001, to satisfy their EZ hiring requirements for any fiscal year that includes September 11, 2001;
- (2) Allowing EZ firms to use its average annual number of full-time employees at the end of its fiscal year that includes September 11, 2001, as its base number of full-time employees to meet their hiring requirements in future fiscal years; and
- (3) Eliminating the use tax exemption for EZ firms.

The Department of Business, Economic Development, and Tourism supported the intent 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 H.B. No. 2454 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Davis and Leong.

SCRep. 127 Economic Development & Business Concerns on H.B. No. 2571

The purpose of this bill is to provide the same general excise tax benefits to persons who are blind, deaf, or totally disabled regardless of the business entity in which they choose to do business.

Testimony in support of this measure was submitted by the Department of Taxation. The Tax Foundation of Hawaii offered comments.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2571 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Davis and Leong.

SCRep. 128 Economic Development & Business Concerns on H.B. No. 2130

The purpose of this bill is to accelerate the depyramiding schedule for the general excise tax as follows:

- (1) In calendar year 2002, the tax is reduced to 1.5 per cent; and
- (2) In calendar year 2003 and thereafter, the tax is reduced to 0.5 per cent.

Testimony in support of this measure was received from the Chamber of Commerce of Hawaii. The Department of Budget and Finance and the Tax Foundation of Hawaii offered comments. The Department of Taxation and the Hawaii State Teachers Association opposed this bill.

Upon further consideration, your Committee has amended this measure by changing the effective date to apply to taxable years beginning after December 31, 2001.

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

Signed by all members of the Committee except Representatives Suzuki, Davis and Leong.

SCRep. 129 Economic Development & Business Concerns on H.B. No. 2399

The purpose of this bill is to authorize \$10,000,000 in general obligation (GO) bond funds to finance the construction of marine research, marine biotechnology, training, and aquaculture facilities. These funds are available only if private or federal sources, or both, provide a match of \$2 for every \$1 of funds appropriated in this bill.

Testimony in support of this bill was submitted by the Oceanic Institute, National Energy Laboratory of Hawaii Authority, and four concerned citizens. The Department of Business, Economic Development, and Tourism supported the intent of this bill. The Hawaii Aquaculture Association offered comments.

Your Committee finds that there is some concern with respect to the issuance of GO bonds to finance the projects authorized in this bill. Your Committee notes that further communication and deliberation with the assistance of the Department of Budget and Finance or other relevant agencies regarding the means of financing reflected in this bill may prove useful in answering such concerns.

Your Committee has amended this measure by:

- (1) Authorizing the Department of Agriculture to be the expending agency; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2399, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Suzuki, Davis and Leong.

SCRep. 130 Economic Development & Business Concerns on H.B. No. 2449

The purpose of this bill is to assist small businesses by:

- (1) Amending the definition of "small business" to mean an enterprise with fewer than one hundred employees;
- (2) Allowing the Small Business Regulatory Review Board (Board) to nominate replacement Board members;
- (3) Allowing the Board to elect the Chairperson of the Board;
- (4) Removing the requirement that members of the Board come from size-defined businesses;
- (5) Repealing the provision for a small business impact statement;
- (6) Repealing the section providing for a petition of regulatory review;
- (7) Repealing the provision authorizing a small business defender; and
- (8) Extending the sunset date of Act 168, Session Laws of Hawaii, to June 30, 2004.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism and the Hawaii Chapter of the American Public Works Association. The Hawaii Business League offered comments. The Legislative Information Services of Hawaii opposed this bill.

Your Committee has amended this measure by:

- (1) Restoring the provision for small business impact statements;
- (2) Restoring the section providing for a petition of regulatory review;
- (3) Amending the purpose section to accurately reflect the bill's provisions; and
- (4) 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 Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2449, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2449, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Davis and Leong.

SCRep. 131 Health on H.B. No. 2042

The purpose of this bill is to appropriate funds for the Department of Health (DOH) to establish a system to allow individuals of Hawaiian ancestry to access and obtain copies of their vital statistics records to prove their ancestry and ethnicity without charge to the individual requesting the information.

The Oahu Council of Hawaiian Civic Clubs and two concerned individuals submitted testimony in support of this measure. The Department of Hawaiian Home Lands and DOH supported the intent of this measure.

Access to vital records, particularly to those of Hawaiian ancestry, continues to be time-consuming and costly for the individuals requesting the information. A pending measure in Congress, if passed, will result in even more requests for copies of records, and will

place an increased burden upon DOH. One testifier mentioned that a study was done in 1991, the Hawaiian Genealogy Master Plan, that provides solutions for the access to records if funding were available.

Accordingly, your Committee has amended this bill by:

- (1) Appropriating funds provided that matching federal funds or funds from public or private sources become available;
- (2) Establishing a task force within DOH that will provide coordination and consultation of access to vital statistics records and will be responsible for securing the matching funds;
- (3) Requiring the task force to convene no later than August 1, 2002; 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 H.B. No. 2042, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2042, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 132 Health on H.B. No. 2507

The purpose of this bill is to streamline the process of registering for a divorce or annulment by:

- (1) Processing registrations electronically instead of paper-based; and
- (2) Eliminating the need for certificates to be filed with the courts for eventual transmittal to the Department of Health (DOH).

The Office of the Lieutenant Governor and DOH testified in support of this measure. The Judiciary submitted comments.

Your Committee finds that this measure would streamline the process of registering for a divorce or annulment by eliminating the preparation and routing of paperwork.

Your Committee has amended this bill by:

- (1) Eliminating the burden of the courts to input the information into the database;
- (2) Allowing ten business days after the final decree of divorce or annulment is granted for the information to be entered; 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 H.B. No. 2507, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2507, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 133 Transportation and Water & Land Use on H.B. No. 2577

The purpose of this bill is to provide the Harbors Division of the Department of Transportation (DOT) with greater flexibility to develop harbor lands and facilities.

DOT and the Chamber of Commerce of Hawaii testified in support of this measure. The Board of Land and Natural Resources commented on this bill. Hawaii's Thousand Friends and the Makai Society testified in opposition to this bill.

Hawaii is critically dependent on its harbors for the receipt of supplies. These harbors also serve as an economic driver with the growing cruise ship and ocean tourism industries. Current leasing and development procedures of the Harbors Division of DOT are cumbersome, inflexible, and nonconducive to the expeditious development of harbor lands and facilities, creating a detriment for maritime users.

However, your Committees understand the concerns of Hawaii's Thousand Friends and the Makai Society, as well as the Board of Land and Natural Resources, that the language regarding the definition of "maritime-related" is overly broad and may open the door for the over utilization of harbor resources.

Accordingly, your Committees have amended this measure by refining the definition of "maritime-related" to restrict the flexibility of DOT in the development of its harbor lands and facilities to industries directly related to loading, offloading, storage, and distribution of goods and services of vessels of the maritime industry.

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

As affirmed by the records of votes of the members of your Committees on Transportation and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2577, as amended herein, and

recommend that it pass Second Reading in the form attached hereto as H.B. No. 2577, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 134 Human Services and Housing on H.B. No. 2445

The purpose of this bill is to assist the elderly and persons with disabilities by:

- (1) Allowing persons who are at least 55 years of age to reside in state-funded elderly public housing projects and privately owned projects that are assisted by the Housing and Community Development Corporation of Hawaii (HCDCH), provided that at least one person in the household is 62 years of age or older;
- (2) Authorizing a live-in aide to reside with the elder in a housing project; and
- (3) Upon federal approval, allowing persons with disabilities who have reached the age of majority to live in housing projects that are designed and operated to assist elder or elderly persons.

Testimony in support of this measure was submitted by the HCDCH and Catholic Charities Elderly Services.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2445 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 135 Human Services and Housing on H.B. No. 2657

The purpose of this bill is to:

- (1) Increase the personal needs allowance for residents in Adult Residential Care Homes (ARCHs) from \$20 to \$30, plus an increase or decrease in payments based on the federal cost of living allowance; and
- (2) Appropriate funds to implement the increase.

Testimony in support of this measure was provided by the Hawaii Disability Rights Center and numerous concerned individuals. The Department of Human Services commented on the bill.

Your Committee finds that this measure increases the personal needs allowance paid to aged, blind, and disabled persons in ARCHs who have little or no income. The current state allowance for their personal needs is \$20 per month, which goes to supplement federal Supplemental Security Income payments of \$30 for the same purpose. Your Committee finds that the increase proposed by this bill will help recipients better meet their basic needs.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2657 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 136 Human Services and Housing on H.B. No. 2666

The purpose of this bill is to encourage private individuals, organizations, and businesses to match contributions to individual development accounts (IDA) by increasing the amount of the income tax credit from 50 percent of the contributions to the full contribution made to IDA.

The Tax Foundation of Hawaii offered comments, and the Department of Taxation opposed this measure.

IDA is a special savings account program designed to provide individuals and families, especially low-income persons, with an opportunity to accumulate assets. Contributions made by individuals and families to IDA are matched on a dollar-for-dollar basis by private individuals, organizations, and businesses. To encourage these entities to match contributions, the law provides an incentive in the form of a tax credit equal to 50 percent of the amount contributed as matching funds.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2666 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 137 Human Services and Housing on H.B. No. 2496

The purpose of this bill is to better protect children by:

- (1) Providing that a person who cares for two or fewer unrelated children is exempt from child care licensing and registration requirements; and
- (2) Allowing the Department of Human Services (DHS) to investigate possible violations of the child care law and obtain an inspection warrant from the District Court.

DHS submitted testimony in support of this bill.

Your Committee finds that the provision exempting persons caring for no more than two unrelated children from the child care licensing process was inadvertently deleted when the definition of child care facility was amended several years ago. Your Committee further finds that this bill would help to enforce regulatory restrictions on child care facilities by giving child care licensing workers the authority, which it currently lacks, to investigate complaints of unlicensed child care.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2496 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 138 Human Services and Housing on H.B. No. 2099

The purpose of this bill is to establish guidelines for the court when the court orders access to information related to cases involving a missing child.

More specifically, this bill establishes two rebuttable presumptions:

- (1) That concerns about the whereabouts and well-being of the missing child outweigh concerns, raised on behalf of other family members, as to the confidentiality of information; and
- (2) That concerns as to the whereabouts and well-being of the missing child outweigh concerns of the potentially harmful effect that access may have to the missing child's family members, including a sibling who is a minor and who may be the subject of a protection case that is interrelated with the missing child's case.

Testimony in support of this measure was submitted by the Hawaii State Commission on the Status of Women, Volunteer Legal Services Hawaii, the Honolulu Police Department, and a concerned citizen. The Department of Human Services supported the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2099 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 139 Human Services and Housing on H.B. No. 2101

The purpose of this bill is to allow visitation rights for siblings. Specifically, this bill:

- (1) Allows a sibling to petition the court for reasonable visitation rights; and
- (2) Allows the court to award reasonable visitation rights if certain criteria are met.

Volunteer Legal Services Hawaii, Blueprint for Change, and Hawaii Foster Youth Coalition testified in support of this measure. The Department of Human Services opposed this measure. The Judiciary submitted comments.

Your Committee heard compelling testimony that siblings are often separated in the process of adoption or foster care, and that the siblings often want to keep in contact with each other, but do not have the means.

Your Committee has amended this bill by:

- (1) Clarifying that Hawaii must be the home state of both the petitioning child and the sibling;
- (2) Clarifying that visitation rights are primarily in the best interest of the child in foster or adoptive care, and not the petitioning sibling; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2101, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2101, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 140 Human Services and Housing on H.B. No. 2642

The purpose of this bill is to protect potential homebuyers from predatory lending practices by establishing the Hawaii Home Loan Protection Act (HHLPA).

Specifically, this bill:

- (1) Prohibits creditors of home loans from certain practices;
- (2) Provides rights to the borrower to cure the default prior to foreclosure or seizure of the home; and
- (3) Provides remedies for violations to HHLPA, including criminal penalties.

The Department of Commerce and Consumer Affairs, Hawaii Credit Union League, Hawaii State AFL-CIO, Legal Aid Society of Hawaii, the ILWU, Kokua Council, AARP Hawaii, and a concerned individual submitted testimony in support of this measure. The Hawaii Government Employees Association supported the intent of this measure.

The Hawaii Association of Mortgage Brokers, Mortgage Bankers Association of Hawaii, Hawaii Financial Services Association, and the Hawaii Bankers Association opposed this measure.

Your Committee finds that the number of home foreclosures is increasing and that it may be associated with unfair lending practices. One testifier, an attorney, has handled several cases where fees were increased exorbitantly in a deceiving manner. Predatory lenders target vulnerable individuals such as the elderly, women, minorities, and lower-income households.

Your Committee has amended this bill by:

- (1) Increasing the amount of the late payment fee from four percent of the amount past due to five percent;
- (2) Allowing creditors who acted in good faith, but failed to comply with HHLPA, a specific amount of time to rectify the error; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2642, 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.

SCRep. 141 Consumer Protection & Commerce on H.B. No. 2465

The purpose of this bill is to merge the Insurance Regulation Fund (IRF), into the Compliance Resolution Fund (CRF). This bill:

- (1) Requires the Director of Finance to transfer all IRF funds unencumbered as of June 30, 2002, into the CRF; and
- (2) Removes references to, and statutes controlling the IRF from the Hawaii Revised Statutes as of July 1, 2002.

Testimony in support of this administration bill was received from the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA).

Your Committee finds that DCCA is self-supporting and is funded through the CRF. The Insurance Division within DCCA is funded through the IRF. Moneys in the CRF and IRF derive from the license, permit, certificate, and registration fees paid by persons and businesses falling under DCCA jurisdiction. Your Committee finds that merger of the IRF into the CRF will result in greater DCCA efficiency.

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. 2465 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, Case and Souki.

SCRep. 142 Consumer Protection & Commerce on H.B. No. 1697

The purpose of this bill is to encourage the use of employer-sponsored 401(k) plans and 408A, or Roth Individual Retirement Accounts (Roth IRAs), by including these plans in the list of pension plans protected from attachment, execution, seizure, and operation of bankruptcy or insolvency laws under state law.

Testimony in support of this bill was received from the House Representative of the 11th District.

Your Committee finds that 401(k) and 408A plans are sound financial tools for retirement planning. 401(k)s are employer-sponsored qualified plans that allow more than ten percent of assets to be invested in employer stock. A 401(k) plan is in most cases safe from the claims of creditors because it falls under Title I of the Employee Retirement Income Security Act of 1974 (ERISA). Although ERISA's protections preempt state law, your Committee has retained the reference to 401(k) plans for uniformity between state and federal law, and to provide state protection under the rare circumstances where a 401(k) plan is not protected by ERISA.

Your Committee further finds that where state law protects traditional IRAs that fall under IRC section 408 from bankruptcy and insolvency laws, state law does not include a reference to the Roth IRA, which falls under 408A, a different IRC section. It is possible that Roth IRAs fall within the category of traditional section 408 IRAs, and legal arguments abound as to whether a reference to IRC section 408 within pension money exemption statutes encompasses Roth IRAs. It is the intent of your Committee to remove any ambiguity from our pension money exemption statute in favor of protecting Roth IRAs from the claims of creditors.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1697, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1697, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 143 Consumer Protection & Commerce on H.B. No. 1698

The purpose of this bill is to contain costs of force-placed insurance. Force-placed insurance coverage protects the seller or lender's interest under a credit sales contract and is purchased by the seller or lender when the buyer fails to purchase and maintain insurance coverage. This bill requires the seller or lender to exercise the same level of care and diligence as the buyer when purchasing force-placed insurance.

The Insurance Commissioner submitted testimony supporting the intent of this bill. The Hawaii Bankers Association and the Hawaii Credit Union League submitted testimony in opposition of this bill.

Your Committee finds that a seller under a credit sales contract force-places the cost of insurance only when a buyer fails to fulfill a contractual obligation to maintain insurance coverage. A seller should be expected to exercise the same diligence as the buyer when pricing force-placed insurance and should be required to find a policy that is reasonable relative to the rate originally paid by the buyer.

Your Committee further finds that:

- (1) The bill does not define the terms "force-placed insurance" or "rule of 78" although these terms are not universally understood; and
- (2) It may be inappropriate to place the provisions of this bill in the Insurance Code because it is unclear whether sellers, when purchasing force-placed insurance, are engaging in the business of insurance.

Your Committee has amended this measure by:

- (1) Providing that the rates charged to buyers for a force-placed policy shall not exceed 110 percent of the rate formerly paid by the buyer, rather than the rate formerly paid by the buyer under the buyer's lapsed policy;
- (2) Defining "force-placed insurance" and "rule of 78";
- (3) Removing this bill from the Insurance Code and, instead, adding a new section to Chapter 480, Hawaii Revised Statutes, which governs unfair and deceptive trade practices; and
- (4) Making other 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. 1698, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1698, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 144 Human Services and Housing and Health on H.B. No. 2646

The purpose of this bill is to provide tax relief to federally qualified health centers by:

- (1) Providing an income tax credit for qualified improvement costs, including construction costs and equipment; and
- (2) Allowing qualifying health centers to claim any unused credits against general excise tax liability.

Waianae Coast Comprehensive Health Center testified in support of this bill. The Department of Taxation opposed this bill. The Tax Foundation of Hawaii submitted comments.

Your Committees find that the downturn in the State's economy has negatively affected the ability of Hawaii's health centers to serve the public. The tax incentive provided in this bill would enable federally qualified health centers, which are nonprofit corporations within specially designated underserved areas of the state, to better serve the uninsured, poor, and indigent.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2646 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 145 Human Services and Housing and Health on H.B. No. 1867

The purpose of this bill is to provide health care for the uninsured, particularly those suffering from the tragic events of September 11, 2001, by appropriating:

- (1) \$1,500,000, to be matched by federal funds on a 2:1 basis, to enable the Children's Health Insurance Program to expand eligibility to 300 percent of the poverty level guideline for Hawaii;
- (2) \$500,000, to be matched by federal funds on a 9:1 basis, to delink Medicaid and the Temporary Assistance for Needy Families Program (TANF) so that health benefits lost under TANF from the expiration of the cumulative five-year lifetime cap on receipt of benefits can be continued under eligibility for the State's QUEST program; and
- (3) \$1,200,000 for community health centers in the State that provide health care services to the uninsured.

The Hawaii State Commission on the Status of Women, Healthcare Association of Hawaii, Hawaii Primary Care Association, Waianae Coast Comprehensive Health Center, the Kokua Council, Aloha Care, Papa Ola Lokahi, and a concerned citizen supported this bill. The Department of Human Services supported the intent of the bill. The Department of Commerce and Consumer Affairs submitted comments.

Your Committees have amended this bill by deleting all of the appropriation amounts and replacing them with unspecified amounts to facilitate further discussion. Other technical, nonsubstantive amendments were made for style and clarity.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1867, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1867, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 146 Agriculture on H.B. No. 2169

The purpose of this bill is to:

- (1) Clarify and expand coffee labeling requirements;
- (2) Clarify coffee labeling definitions and violations; and
- (3) Establish record keeping requirements for roasters, manufacturers, or other persons who package roasted or instant coffee covered under section 486-120.6, Hawaii Revised Statutes.

Testimony in support of this measure was submitted by the Hawaii Farm Bureau Federation and the Hawaii Coffee Company. The Department of Agriculture supported the intent of this bill but requested additional amendments.

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 Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2169, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 147 Health on H.B. No. 2502

The purpose of this administration bill is to provide a more streamlined, efficient, and convenient process for registering and recording marriage events. This bill:

- (1) Requires the county governments to act as primary agents authorized to grant marriage licenses;
- (2) Provides that the license to perform marriages shall be renewed on an annual basis to allow more effective oversight of licensees; and
- (3) Increases the marriage license fee to:

- (A) Provide adequate county funding;
- (B) Improve the present paper-based marriage license system by establishing a computer-based electronic licensing system; and
- (C) Fund the Hawaii Birth Defects Program, which has no funding after June 30, 2002.

Your Committee received testimony in support of this bill from the Office of the Lieutenant Governor, Department of Health (DOH), and an individual. Comments were provided by the City and County of Honolulu and five individuals. Testimony in opposition was received from Christian Voice of Hawaii, Windward Worship Center, Hawaii State Trial Judges Association, Hawaii Catholic Conference, the House Representative of the 47th district, and a number of concerned individuals.

Your Committee finds that in addition to increasing the efficiency of the marriage license and registration system, this bill will have the positive effect of:

- (1) Providing more certainty, especially for tourists and neighbor island visitors, as to where to obtain a marriage license; and
- (2) Allowing all recently married couples to receive their marriage certificates in several days rather than the current 120-day processing period.

Your Committee has amended this bill by reducing the fee for application for, or renewal of a license to perform marriages, from \$100 to \$1, consistent with testimony of DOH that this would be sufficient to cover the cost of keeping the list of those who are licensed current.

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

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2502, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2502, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 148 Health and Human Services and Housing on H.B. No. 1858

The purpose of this bill is to establish a dedicated source of funding for before-school, after-school, and weekend programs through the reallocation of 4.5 percent of tobacco settlement moneys to the Office of Youth Services (OYS) for this purpose.

OYS, Blueprint for Change, and Hawaii Youth Services Network submitted testimony in support of this measure. The Department of Budget and Finance opposed this measure.

Your Committees find that providing programs outside school hours is beneficial in keeping Hawaii's youths safe and helps prevent illegal and harmful activity. OYS is supportive of establishing services and programs for youths during out-of-school hours.

Your Committees have amended this bill by:

- (1) Removing the percentage amounts of the allocations to the Emergency and Budget Reserve Fund and OYS to promote further discussion; 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 Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1858, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1858, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 149 Tourism & Culture and Agriculture on H.B. No. 2595

The purpose of this bill is to appropriate funds for the enhancement of agricultural tourism venues.

The Hawaii Tourism Authority and the Department of Agriculture supported the intent of this measure.

Your Committees have amended this measure by:

- (1) Clarifying the purpose section; and
- (2) Inserting \$1 as the amount of appropriated funds for the purpose of furthering discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2595, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2595, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Davis and Gomes.

SCRep. 150 Education on H.B. No. 2033

The purpose of this bill is to propose amendments to the State Constitution to:

- (1) Abolish the Board of Education (BOE);
- (2) Require the Superintendent of Education to be responsible for supervising and managing the Department of Education (DOE);
- (3) Require the Governor to appoint the Superintendent with the advice and consent of the Senate;
- (4) Establish a Superintendent Selection Commission to nominate candidates for selection as Superintendent;
- (5) Establish at least fifteen school complex areas, each of which is to be managed and supervised by a Chief Executive Officer (CEO), appointed by the Superintendent; and
- (6) Specify that the CEOs shall be responsible for implementing the objectives and policies of the Superintendent and DOE within their respective complex areas.

The League of Women Voters, Hawaii Government Employees Association, and an individual submitted testimony in opposition to this bill. BOE, Hawaii Business Roundtable, and Hawaii Association of Charter Schools submitted comments on this bill.

Your Committee finds that the current structure of Hawaii's educational system needs to be changed. As it is currently configured, DOE cannot respond to the needs of schools and school communities quickly enough, and many schools and school administrators get lost in DOE's bureaucracy when requesting needed action.

Your Committee further finds that BOE adds another layer to the State's educational bureaucracy as DOE must look to BOE to establish statewide educational policy. The changes in this bill, including the repeal of BOE and the establishment of a more school-centered DOE system, will immensely help DOE to be a more effective body.

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

- (1) Deleting provisions relating to the establishment of school complex areas and CEOs; and
- (2) Specifying that the internal structure of DOE shall be as provided by law.

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. 2033, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2033, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Arakaki, Kahikina and Takumi.
(Representative Hale voted no.)

SCRep. 151 Consumer Protection & Commerce on H.B. No. 2466

The purpose of this bill is to:

- (1) Amend real estate licensing requirements to:
 - (A) Allow reciprocity agreements with other jurisdictions;
 - (B) Recognize out-of-state licenses and real estate licensing experience under specified conditions for purposes of eligibility for the broker's examination; and
 - (C) Recognize continuing education courses completed by out-of-state licensees;
- (2) Remove regulatory authority over limited-equity housing cooperatives that duplicates regulation under federal law by repealing the Commissioner's administrative authority regarding arbitration of disputes;
- (3) Allow principal brokers to delegate responsibility for management of a brokerage firm and provide for accountability according to the principal broker's written policies and procedures; and
- (4) Streamline regulation of condominium managing agents who are active real estate brokers by removing duplicative fidelity bond and registration requirements.

Testimony in support of this administration measure was received from the Real Estate Commission and the Hawaii Association of Realtors.

Your Committee finds that the Real Estate Commission has been working closely with realtors to reduce burdensome regulations inspired by the "Slice Waste and Tape" (SWAT) project. This bill is an example of the initiative taken by the government to repeal and reduce regulatory burdens on businesses.

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. 2466 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 152 Consumer Protection & Commerce on H.B. No. 1722

The purpose of this bill is to reduce the motor vehicle safety inspection requirement for heavy commercial vehicles from every six months to once a year.

Testimony in support of this bill was received from the Hawaiian Electric Company, Inc., Maui Electric Company, Hawaii Electric Light Company, and the Hawaii Transportation Association.

Your Committee finds that under federal and state motor vehicle safety regulations, detailed safety inspections of commercial vehicles are required annually. In Hawaii, safety inspections for heavy commercial vehicles are required on a semiannual basis.

Your Committee further finds that commercial motor vehicles undergo daily inspections performed by vehicle operators, both prior to, and after the vehicle has been driven, and that these inspections must be documented for possible inspection by federal and state motor carrier enforcement agencies. In addition, preventive maintenance is performed on a periodic, systematic basis, and these vehicles are also subject to roadside vehicle inspections by the State Motor Vehicle Safety Office.

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. 1722 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 153 Judiciary & Hawaiian Affairs on H.B. No. 1012

The purpose of the bill is to propose a constitutional amendment requiring every candidate for the State Senate and the House of Representatives to be a qualified voter of the district from which the candidate seeks to be elected prior to filing nomination papers for the primary election.

Your Committee received testimony in support of the measure from the state Office of Elections, League of Women Voters, and Common Cause Hawaii. The Libertarian Party of Hawaii testified in opposition.

Your Committee finds that this measure will help ensure that candidates are familiar with their district and its issues.

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. 1012 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.
(Representative Gomes voted no.)

SCRep. 154 Energy & Environment Protection on H.B. No. 2659

The purpose of this bill is to protect and preserve Hawaii's caves and the unique cultural, spiritual, and scientific resources that these caves contain. This bill reflects recommendations of the Hawaii Caves Task Force, which was convened in response to S.C.R. No. 85, H.D. 1, that was adopted by the Legislature in the Regular Session of 2001.

Your Committee received testimony, many with concerns, supporting this measure from the Department of Land and Natural Resources, Hawaii Leeward Planning Conference, Activity Owners Association of Hawaii, and several concerned individuals. Comments were provided by the Office of Information Practices. A concerned individual submitted testimony opposing the bill.

Your Committee finds that this bill protects Hawaii's irreplaceable cave resources through the establishment of prohibited uses and activities, regulation of commercial and non-commercial access, and the provision of penalties. Your Committee further finds that this measure provides a fair balancing of the various interests of the community in the cultural, spiritual, and scientific resources that caves provide.

Your Committee has amended this measure by:

- (1) Making theft of funerary objects, including human bones, in caves, punishable as first degree theft, a B felony punishable by up to a \$25,000 fine and 10 years imprisonment;
- (2) Clarifying that DLNR shall determine whether cave information should be kept confidential upon request of a cave owner, and may adopt rules to provide applicable standards and procedures; and

- (3) Providing that procedures for State seizure and disposition of equipment used by a person who damages or removes cave resources shall be as provided by chapter 712A, the forfeiture law.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2659, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2659, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 155 Energy & Environment Protection on H.B. No. 2723

The purpose of this bill is to establish county requirements for separate collection and recycling of food waste by specified restaurants, food courts, hotels, markets, and other large entities.

Your Committee received testimony in support of the bill from the Hawaii Chapter of the Sierra Club, Hawaii's Thousand Friends, and the President of Eco-Feed, Inc.

Your Committee finds that county landfills are nearing capacity and expanding of siting new landfills is difficult and raises many environmental and community concerns. Your Committee further finds that strong action is necessary to reduce solid and liquid waste and that this bill will assist to divert food waste material from the county landfills.

Your Committee has amended this bill by moving its provision from chapter 46 to chapter 342G, Hawaii Revised Statutes, for more appropriate placement in the contents of each county's integrated solid waste management plans.

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. 2723, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2723, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 156 Energy & Environment Protection on H.B. No. 2831

The purpose of this bill is to preserve and protect Hawaii's unique coral areas by establishing a network of statewide marine no-take refuges or "pu'uhonua" under the Department of Land and Natural Resources.

The Hawaii Audubon Society, Hawaii's Thousand Friends, Life of the Land, and several concerned citizens submitted testimony in support of this measure. The Board of Land and Natural Resources, Environmental Center of the University of Hawaii, KAHEA: The Hawaiian-Environmental Alliance, Environmental Defense, and the Sierra Club, Hawaii Chapter, submitted testimony supporting the intent of this bill.

Your Committee finds that the Natural Area Reserve System is not designed to protect marine resources. Less than one percent of Hawaii's coral reefs are fully protected reserves or no-take refuges. The no-take refuges will not only serve to restore historic levels of abundance and provide ecological baselines against which changes can be measured, but will also provide a wide range of benefits including ecotourism, scientific research, marine education, and cultural activities. A pu'uhonua network is particularly needed to protect the unique, valuable, and fragile marine ecosystems of the Northwestern Hawaiian Islands.

Your Committee has amended this measure by:

- (1) Including in the pu'uhonua all state-owned waters in the Northwestern Hawaiian Islands;
- (2) Defining "adaptive management" in the context of managing resources;
- (3) Clarifying that the pu'uhonua network plan shall not only encompass lands, but also waters, of sufficient size and number to ensure survival of isolated catastrophic events;
- (4) Revising "refuge" to "no-take refuge" in the definition of "pu'uhonua;"
- (5) Requiring that the two biologists on the Pu'uhonua Committee be from nonprofit conservation organizations; and
- (6) 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 H.B. No. 2831, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2831, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 157 Energy & Environment Protection on H.B. No. 2513

The purpose of this bill is to establish a Carbon Dioxide (CO₂) Emissions Reduction Program (Program) applicable to "affected companies," Hawaii's large electric utilities who own or operate stationary fossil fuel-fired generators that provide 60 percent or more of the power generated to the public utility grid.

Starting January 1, 2005, the Program authorizes the Director of Health (Director) to assess a fee of 25 cents per ton of the affected company's yearly CO₂ emissions for the previous year. Beginning January 1, 2010, the Director can assess a fee of \$1 for each ton of CO₂ emissions greater than 1,500 pounds per megawatt-hour. Revenues from these fees and from penalties assessed for affected company noncompliance will be used to fund the Program.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, Department of Land and Natural Resources, Department of Health, and Sierra Club, Hawaii Chapter. Comments were provided by Hawaii Agriculture Research Center, University of Hawaii Environmental Center, and Life of the Land. Testimony in opposition was submitted by Kauai Electric, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company.

Your Committee finds that this bill will internalize environmental costs of CO₂ emissions, which would otherwise not be reflected in an electricity generator's costs. This internalization will provide large producers of CO₂ with an incentive to reduce their emissions through the use of renewable energy, demand-side management, cogeneration practices, sequestration, and other CO₂ reduction strategies.

Your Committee has amended this measure to:

- (1) Clarify that fees collected by this Program are to be used solely for programs or projects related to the direct reduction of CO₂ emissions or land-based, but not ocean CO₂ sequestration measures; and
- (2) Make technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2513, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2513, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 158 Energy & Environment Protection and Consumer Protection & Commerce on H.B. No. 2839

The purpose of the bill is to promote energy efficiency by allowing owners of qualifying combined heat-and-power (CHP) systems to accelerate the depreciation of these systems under state income tax law.

The Gas Company and Life of the Land testified in support of the measure. The Department of Business, Economic Development, and Tourism supported the intent of the bill. The Department of Taxation opposed the measure. The Tax Foundation of Hawaii submitted comments on the bill.

Your Committees believe that the measure would encourage building owners and operators to install qualifying CHP systems, which is consistent with Hawaii's energy policy of supporting energy efficiency and reducing consumption of and dependence on imported oil.

Your Committees have amended the measure by clarifying that the tax incentive provided by the bill is a tax deduction and not a tax credit.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection 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. 2839, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2839, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Ito, Kanoho, Bukoski, Chang, Ahu Isa, Kanoho, Souki and Yoshinaga.

SCRep. 159 Energy & Environment Protection and Water & Land Use on H.B. No. 2209

The purpose of the bill is to preserve and protect Hawaii's environment by requiring environmental assessments for proposed:

- (1) Developments within the Special Management Area that require a Special Management Area use permit as defined in section 205A-22, Hawaii Revised Statutes; and
- (2) Wastewater facilities, waste-to-energy facilities, landfills, oil refineries, power-generating facilities, and land having a development cost greater than \$1,000,000

to be conducted.

The Office of Planning of the Department of Business, Economic Development, and Tourism, the Office of Environment Quality Control, Life of the Land, the Sierra Club, Hawaii Chapter, and Hawaii's Thousand Friends testified in support of the measure. The Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, Kauai Electric, and The Gas Company supported the intent of the bill. The Land Use Research Foundation of Hawaii and the Hawaii Leeward Planning Conference opposed the measure.

Counties currently require environmental assessments for developments that require a Special Management Area use permit. This measure would ensure that environmental-assessment criteria are applied consistently throughout the counties. Your Committees find that environmental assessments provide information to the public and decision-makers about the environmental, social, cultural, and economic effects before they approve the facilities. Small projects with minimal environmental effects may be exempt under present law, and, therefore, the \$1,000,000 development-cost criterion is unnecessary.

Your Committees have amended the measure by:

- (1) Clarifying and expanding the purpose of the proposed bill;
- (2) Deleting the condition that a proposed facility must have a development cost greater than \$1,000,000 before being subjected to the requirement of an environmental assessment; and
- (3) Making technical, non-substantive amendments for purposes of style, clarity, and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2209, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2209, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 160 Labor & Public Employment on H.B. No. 2529

The purpose of this bill is to increase the amount of guaranteed monthly compensation required to exempt individuals from the Wage and Hour Law.

The Department of Labor and Industrial Relations testified in support of this measure.

The Hawaii Wage and Hour Law was originally established to safeguard existing minimum wage and maximum hour standards to maintain the health, efficiency, and general well-being of workers. Under current law, an individual who receives a guaranteed monthly compensation of \$1,250 or more is excluded from the State Wage and Hour Law. Recent increases in minimum wages have allowed employees to make over the minimum guaranteed monthly compensation of \$1,250. As a cost cutting measure, some employers paying a guaranteed compensation, may hire individuals at the minimum level of compensation, but schedule them to work unlimited hours without being required to pay overtime compensation. This bill will correct this inequity.

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. 2529 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 161 Labor & Public Employment on H.B. No. 682

The purpose of this bill is to transfer the responsibility to hear Hawaii Occupational Safety and Health (HIOSH) appeals from the Labor and Industrial Relations Appeals Board (LIRAB) to the Hawaii Labor Relations Board (HLRB).

HLRB testified in support of this measure. LIRAB submitted comments on the bill.

Currently, cases dealing with HIOSH and workers' compensation issues are under the jurisdiction of LIRAB. This has resulted in a heavy caseload for LIRAB, resulting in a severe backlog in hearings. The resolution of these cases takes several months, and at times, over a year. By allowing HLRB to hear cases involving HIOSH issues, LIRAB will be more able to handle their caseloads on a timely basis.

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. 682 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 162 Labor & Public Employment on H.B. No. 680

The purpose of this bill is to enable the Labor and Industrial Relations Appeals Board (LIRAB) to improve efficiency by:

- (1) With the exception of motions for summary judgment or motions for dismissal before LIRAB, allowing the chair of LIRAB to assign an individual LIRAB member to hear and issue a recommended decision on de novo cases on appeal to LIRAB;

- (2) Authorizing LIRAB to appoint hearing officers, including members of the Hawaii Labor Relations Board (HLRB), to hear and recommend decisions on appeals to LIRAB; and
- (3) Requiring all LIRAB members to be attorneys.

HLRB and LIRAB testified in support of this measure. ILWU Local 142 supported the intent of the measure.

LIRAB is currently responsible for handling workers' compensation appeals and contested Hawaii Occupational Safety and Health rulings. Despite its best efforts, LIRAB has a backlog of several hundred workers' compensation cases and can only schedule hearings more than one year after filing.

One reason for this backlog is that although the existing law allows the chairperson of LIRAB to conduct hearings individually, the chairperson's decision is still subject to the concurrence of at least one other LIRAB member. This bill will enable LIRAB to better serve the public by conducting hearings in a more timely and efficient manner.

Concerns were raised about requiring all LIRAB members to be attorneys. It is your Committee's understanding that in the past, qualified non-attorneys made significant contributions as LIRAB members because of their rich and varied experiences in the workplace, industry, and government.

Accordingly, your Committee has amended this measure by:

- (1) Removing the requirement that all LIRAB members be attorneys;
- (2) Changing the effective date to July 1, 2002; and
- (3) Making other technical, nonsubstantive amendments for clarity, consistency, and style.

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

Signed by all members of the Committee except Representative Souki.

SCRep. 163 Labor & Public Employment on H.B. No. 2499

The purpose of this bill is to continue efforts to reform the civil service system by:

- (1) Extending the sunset date for the Separation Incentive Program (Program) to June 30, 2008; and
- (2) Moving up the effective date of Act 253 (SLH 2000) to accommodate jurisdictions that are ready to implement their respective changes prior to July 1, 2002.

The Department of Human Resources Development (DHRD) testified in support of this measure. The City and County of Honolulu submitted comments on this bill.

Act 253, SLH 2000, was enacted to reform the State of Hawaii's civil service system. Presently, the implementation of Act 253 is moving ahead of schedule and its provisions should be put into place before July 1, 2002. To avoid any overlap or gaps in the implementation process among the various jurisdictions throughout the State, the directors of these jurisdictions are seeking implementation flexibility through this bill.

Although your Committee understands the concerns vocalized by DHRD regarding these implementation overlaps and gaps, your Committee feels that by the time this measure completes its journey through the legislative process, a period of approximately 1 ½ to 2 months will remain before the present effective date. However, the amendment extending the sunset date of the Program was considered to be prudent as this Program has only seen limited application over the last year.

Accordingly, your Committee has amended this measure by deleting language that would have allowed jurisdictions the flexibility to implement their respective changes prior to July 1, 2002.

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. 2499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2499, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 164 Labor & Public Employment on H.B. No. 2531

The purpose of this bill is to clarify that the expenditure of money appropriated for COBRA reimbursement payments, under Act 6, Third Special Session laws of Hawaii 2001, shall be for a specific period of time or until funds for these payments run out.

The Department of Labor and Industrial Relations and the Department of Commerce and Consumer Affairs testified in support of this measure.

The terrorist attacks of September 11, 2001, devastated tourism in Hawaii and crippled an already struggling economy. The downturn in the visitor industry caused a ripple effect in all segments of the economy, resulting in large numbers of layoffs and furloughs, and a reduction in many employees' work hours. This created a burden for many individuals with regards to continued health insurance benefits.

Act 6, Third Special Session Laws of Hawaii 2001, was enacted to provide temporary health insurance for unemployed persons who lost their health insurance on or after September 11, 2001, or individuals who cannot afford to continue to pay for health coverage. This bill clarifies the specific period these benefits are available for eligible persons.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 165 Labor & Public Employment on H.B. No. 2738

The purpose of this bill is to assist persons with limited English proficiency in accessing services statewide.

Specifically, this bill:

- (1) Establishes the Hawaii State Commission on Language Access within the Lieutenant Governor's office; and
- (2) Appropriates funds to develop and implement systems by which limited English speaking persons can access services, activities, and programs within each state department.

The Representative from the 30th District, Na Loio-Immigrant Rights and Public Interest Center, Catholic Charities, the International Longshoremen and Warehousemen Union, and the Inter-Agency Council for Immigrant Services testified in support of this measure.

Hawaii is a culturally diverse state with a significant segment of its population unable to communicate fluently in the English language. This creates difficulty for these individuals to access services offered to the population at large. To assure that persons who are not proficient in the English language are able to receive these services, a comprehensive plan aiming to address this situation needs to be developed.

However, your Committee finds that a preliminary report detailing policies adopted by the Department of Health (DOH) on access to services by individuals with limited English proficiency and describing their implementation is not necessary. Moreover, funding for the development and implementation of these systems also is not necessary at the present time.

Accordingly, your Committee has amended this measure by:

- (1) Deleting language requiring DOH to submit a preliminary report to the Legislature detailing the policies adopted by DOH on access to services by limited English proficiency persons and describing the implementation plans for these policies;
- (2) Eliminating funding for DOH to develop and implement systems by which limited English proficiency persons can access services consistent with the mission of DOH and the mandate of law; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2738, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2738, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 166 Labor & Public Employment and Energy & Environment Protection on H.B. No. 2599

The purpose of this bill is to appropriate funds for the continuation of the Emergency Environmental Workforce Program (EEWP).

Ohana Makamae Inc., the Coordinating Group on Alien Pest Species, Hawaii's Thousand Friends, the Mayor of Hawaii County, the Research Corporation of the University of Hawaii, the Pacific Cooperative Studies Unit of the University of Hawaii, the Sierra Club, the Project Coordinator for the EEWP, members of the Maui Invasive Species Committee, and several concerned citizens testified in support of this measure. The Department of Land and Natural Resources supported the intent of the measure as long as it did not have an impact on the funding of their department.

Hawaii's ecosystems have long been plagued with many concerns, most recently with that of invading alien species. Unfortunately, due to a myriad of issues, these environmental concerns have long been neglected, creating a backlog in environmental service work. Hawaii also experienced its first outbreak of dengue virus fever in 40 years, a disease that is directly related to environmental concerns.

After the tragic events of September 11, 2001, Hawaii experienced a significant increase in the number of individuals filing unemployment claims. In this time of economic crisis, the Legislature established, through Act 4, Third Special Session of Hawaii 2001, the EEWP, an ingenious program using these unemployed workers to address the environmental needs Hawaii faces. All preliminary evidence suggests that the EEWP has been a win-win situation for all parties involved. In this time of economic transition, the EEWP is providing much-needed jobs and making progress in the existing backlog of environmental service work.

Your Committees are pleased to see that the EEWP has been a success and feel that its continuation would be of benefit to the State and Hawaii's unique environment. Accordingly, your Committee has amended this measure by:

- (1) Inserting the appropriation amount of \$3,000,000, the estimated cost for continuing the EEWP for an additional six months; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2599, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2599, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Pendleton, Hale and Ito.

SCRep. 167 Education on H.B. No. 2090

The purpose of this bill is to:

- (1) Require all newly-hired Department of Education (DOE) principals and vice principals to be 12-month employees; and
- (2) Allow all DOE principals and vice-principals employed on September 1, 2001, to make an election to convert from a nine-month position to a 12-month position.

DOE submitted testimony in support of the intent of this bill. Hawaii Government Employees Association submitted testimony in opposition to this bill.

Your Committee finds that although DOE principals and vice-principals routinely work twelve months per year to fulfill their duties, they are only paid for ten months of work per year. This bill will ensure that these principals are paid equitably for the work they perform.

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

- (1) Specifying that all educational officers shall be paid based on a twelve-month work year;
- (2) Appropriating a blank amount to facilitate further discussion; and
- (3) Changing the effective date to July 1, 2002.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2090, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2090, H.D. 1, and be referred to the Committee on Labor and Public Employment.

Signed by all members of the Committee except Representatives Arakaki, Kahikina and Takumi.

SCRep. 168 Education on H.B. No. 1878

The purpose of this bill is to statutorily establish the Hawaii State Student Council (HSSC) consisting of representation from each of the departmental school districts.

The Department of Education (DOE) and several individuals submitted testimony in support of this bill.

Your Committee finds that HSSC has been functioning successfully for many years. Although it is established in the State Constitution, HSSC has never been codified in the Hawaii Revised Statutes. This bill will help ensure the continued operation of HSSC.

Upon further consideration, your Committee has amended this bill by deleting its contents and inserting new material. As amended, the bill:

- (1) Specifies that HSSC shall consist of 23 student representatives from the various departmental school districts and the student member of the Board of Education (student member);
- (2) Requires HSSC to provide for an annual conference of students from grades 7-12 to discuss educational and youth issues;
- (3) Authorizes HSSC to determine the method of selecting the student member;
- (4) Requires HSSC to establish policies and procedures governing its operation;

- (5) Allows HSSC to invite members of the Hawaii Association of Independent Schools to participate in the student conference;
- (6) Requires HSSC to submit an annual evaluation of the student conference to be distributed by DOE; and
- (7) Repeals chapter 317, Hawaii Revised Statutes, relating to the secondary schools student conference.

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. 1878, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1878, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Schatz, Bukoski, Halford, Ontai and Stonebraker.

SCRep. 169 Water & Land Use on H.B. No. 2551

The purpose of this bill is to allow hunting with handguns as a permanent activity in Hawaii by repealing the five-year sunset provision in Act 254, Session Laws of Hawaii (SLH) 1997, as amended.

The Department of Land and Natural Resources (DLNR), Hawaii Citizens' Rights, the Hawaii Hunting Advisory Council, Pig Hunters of Hawaii, the National Wild Turkey Federation – Hawaii State Chapter, Big Island Gun Dogs, and a concerned individual testified in support of this measure.

Act 254, SLH 1997, authorized DLNR to establish rules for persons to carry an unconcealed and lawfully acquired pistol while hunting game mammals. Act 254 also established a sunset date of June 30, 2000, to allow DLNR to adopt rules and to establish a trial period for handgun hunting to evaluate the effects of these new provisions. In 2000, the Legislature extended the sunset date to June 30, 2002.

Your Committee finds that the trial period has proven successful. To date, DLNR has not encountered any safety incidents or problems. Moreover, the hunting community supports making handgun hunting a permanent provision in the law. And according to hunter checking station data, up to 25 percent of hunters bring a handgun on some hunts.

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. 2551 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 Representative Ito.
(Representatives Morita and Thielen voted no.)

SCRep. 170 Education on H.B. No. 2353

The purpose of this bill is to effectuate its title.

H.B. No. 2353 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 the 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 Education that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2353, as amended herein, and recommends that it be recommitted to the Committee on Education, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. 2353, H.D. 1.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Kahikina and Takumi.

SCRep. 171 Consumer Protection & Commerce on H.B. No. 1713

The purpose of this bill is to require an association of apartment owners, association board, or managing agent that has received an owner's request for information and intends to assess fees for providing that information, to notify the owner in writing of its intent prior to assessment. The bill also requires that owners be given a reasonable opportunity to contest fees and submit unresolved disputes to arbitration.

Hawaii Independent Condominium and Cooperative Owners, Hawaiiiana Management Company, Ltd., and six concerned individuals submitted testimony in support of this bill. The Real Estate Commission supported the intent of this bill and recommended a moratorium on condominium legislation until 2003 because of ongoing recodification of the condominium law. The Hawaii Council of Associations of Apartment Owners and the Community Associations Institute commented on this bill.

Your Committee finds that apartment owners who have requested legal or other information have been assessed fees for this information without being aware that assessments would be forthcoming. Your Committee further finds that arbitration is an expensive procedure, and that mediation provides a more cost-effective method of dispute resolution.

Your Committee has amended this bill by:

- (1) Replacing references to arbitration with mediation;

- (2) Providing an apartment owner with the opportunity to withdraw a request for information and avoid any assessment of fees; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1713, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 172 Consumer Protection & Commerce on H.B. No. 1715

The purpose of this bill is to:

- (1) Extend from 120 days to 365 days, the time period for obtaining the vote or written consent of apartment owners to amend the bylaws of a condominium property regime; and
- (2) Clarify that the 365-day deadline applies to bylaw amendments proposed either by the board of directors or by a volunteer apartment owners' committee.

Hawaii Independent Condominium & Cooperative Owners, Hawaiiana Management Company, Ltd., and six apartment owners supported the measure. The Hawaii Council of Associations of Apartment Owners commented. Testimony supporting the intent of this bill was received from the Real Estate Commission. The Community Associations Institute opposed the portion of the bill specifically applying the 365-day deadline to board bylaw amendments.

Your Committee finds that the current 120-day time period is insufficient to obtain the vote or written consent of association apartment owners to amend bylaws proposed by the board of directors or a volunteer apartment owners' committee. It is especially difficult when an association is composed of many absentee owners who reside out-of-state. Your Committee also notes that several persons and organizations testified that 180 days would be sufficient.

Your Committee has amended this bill by:

- (1) Providing a 180-day rather than 365-day time period for obtaining the required number of votes or signatures for the adoption of bylaw amendments; and
- (2) Making technical, nonsubstantive amendments 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 H.B. No. 1715, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1715, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 173 Judiciary & Hawaiian Affairs on H.B. No. 1011

The purpose of the bill is to:

- (1) Provide assistance to voters with any disability; and
- (2) Remove the requirement of recording the type of disability of the person requiring assistance.

Your Committee received testimony in support of this measure from the state Office of Elections, the League of Women Voters, and the state Disability and Communication Access Board.

Your Committee finds that this bill will help conform existing laws with current practice and the Federal Voting Rights Act of 1965.

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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1011, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1011, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Case.

SCRep. 174 Judiciary & Hawaiian Affairs on H.B. No. 1764

The purpose of the bill is to allow a person who has been pardoned to own, possess, or control a firearm.

Your Committee received testimony in support of the measure from a concerned individual.

Your Committee finds that despite the assumption that those who receive pardons have all their rights restored, there is no specific statutory provision indicating that a pardoned person may again have the right to bear arms.

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. 1764 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 175 Judiciary & Hawaiian Affairs on H.B. No. 2432

The purpose of this measure is to delete reference to the Office of Child Support Hearings (OCSH) as an entity with the ability to order direct payments of child support.

Your Committee received testimony in support of the measure from the Department of the Attorney General.

Your Committee finds that eliminating these references will ensure that OCSH continues to receive the federal funding necessary for its federally approved functions and operations.

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. 2432 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 176 Judiciary & Hawaiian Affairs on H.B. No. 1806

The purpose of the bill is to clarify that the definition of "hotel" in relation to offenses against property rights means a structure in which a majority of the tenants are roomers or boarders.

Your Committee received testimony in support of the measure from the Hawaii Hotel Association and the Maui Hotel Association.

Your Committee finds that the present definition of "hotel" requires all tenants to be roomers or boarders. However, rarely will hotel structures be totally occupied by roomers or boarders at the exclusion of commercial tenants such as shops, restaurants, and others. Your Committee finds that the present definition does not reflect the true nature of hotels occupied by a mixture of tenants.

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. 1806 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 177 Health on H.B. No. 2055

The purpose of this bill is to repeal the sunset date on Act 229, Session Laws of Hawaii (SLH) 2001, which expanded the scope of practice of social workers.

The Department of Human Services, Department of Commerce and Consumer Affairs, National Association of Social Workers, and several social workers testified in support of this measure.

Act 229, SLH 2001, allowed social workers to perform psychotherapy and clinical diagnosis. Your Committee finds that there was no opposing testimony, and that the supporting testimony included representation from all affected agencies. Your Committee believes that social workers should continue to be authorized to practice psychotherapy and clinical diagnosis.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2055 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 178 Health on H.B. No. 1900

The purpose of this bill is to require premises licensed to sell intoxicating liquor to post warning signs on the possible effects of consuming alcohol while pregnant.

The Arc in Hawaii and the Arc of Kauai submitted testimony in strong support of this measure.

Your Committee recognizes that drinking during pregnancy can cause fetal alcohol syndrome and that this is preventable through education.

Your Committee has amended this bill by:

- (1) Specifying the language and size requirements of the posted signs; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

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

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

SCRep. 179 Health on H.B. No. 2845

The purpose of this bill is to authorize the Board of Dental Examiners to issue three-year temporary licenses to dentists licensed in other states or United States territories to practice under the auspices of safety net dental providers.

Aloha Care, Hoola Lahui Hawaii, Hawaii Primary Care Association, Mobile Care Health Project, Hana Community Health Center, and Kokua Kalihi Valley testified in support of this measure.

The Board of Dental Examiners and several dentists opposed this measure.

Your Committee recognizes that there are many areas in the state that are underserved in dental care. Hawaii has one of the lowest Medicaid dentist participation rates in the nation, which may be a contributing factor. The Dental Samaritan Program started last year by the Hawaii Dental Association is a good start, but there are still many underserved individuals.

Your Committee encouraged the Hawaii Dental Association and the Hawaii Primary Care Association to collaborate on issues related to underserved areas of the population and determine how these areas can be better served.

Your Committee has amended this bill by:

- (1) Requiring that dentists approved for the three-year temporary license be a graduate of an accredited dental school;
- (2) Providing that the dentist with the temporary license serve only at federally qualified health centers; 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 H.B. No. 2845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2845, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 180 Health on H.B. No. 1890

The purpose of this bill is to discourage tobacco sales to minors by:

- (1) Imposing fines upon the business where the tobacco was sold;
- (2) Specifying that the fine is for entities who negligently violate the law;
- (3) Clarifying that the \$500 fine for the first offense is a mandatory minimum fine; and
- (4) Increasing the fines imposed on minors who purchase tobacco.

The Department of Health (DOH), Department of the Prosecuting Attorney of the City & County of Honolulu, Honolulu Police Department, and the Coalition for a Tobacco Free Hawaii testified in support of this measure. Legislative Information Services of Hawaii opposed this measure as introduced.

Your Committee finds that although tobacco sales to minors have decreased in recent years, the rate of sales to minors is still high. DOH has been conducting regular random inspections of retailers, and it is the intent of your Committee to further strengthen the law to further reduce illegal tobacco sales to minors.

Your Committee has amended this bill by:

- (1) Leaving the fines to minors who illegally purchased tobacco products as they were originally, \$10 for the first offense, and \$50 for subsequent offenses;
- (2) Specifying that the fines collected be deposited into the Hawaii Tobacco Prevention and Control Trust Fund; 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 H.B. No. 1890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1890, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 181 Health on H.B. No. 1766

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Hawaii Pacific Health (HPH) and its not-for-profit affiliates with financing, refinancing, and reimbursing costs related to the acquisition or construction of health care facilities.

HPH and Healthcare Association of Hawaii submitted testimony in support of this measure.

HPH is a new health system formed by the recent merger of Kapiolani Hospitals, Straub Hospital and Clinic, and Wilcox Hospital. As a result of the merger, HPH is now the largest healthcare delivery system in the State. Some of HPH's major projects include providing equipment and improvements to the Heart Center at Straub, nurseries at Kapiolani Women and Children's Center, and construction of a Diagnostic Center for Wilcox Hospital on Kauai so that patients may be treated without having to travel to Honolulu.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1766 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 182 Health on H.B. No. 2025

The purpose of this bill is to appropriate funds to provide dental care services for the counties of Maui, Kauai, and Hawaii.

Testimony in support of this measure was submitted by the State Council on Developmental Disabilities, Kauai Dental Health Task Force, Hawaii Dental Hygienists' Association, Ho'ola Lahui Hawaii, Kokua Council, the Mental Health Association in Hawaii, AlohaCare, Hawaii Primary Care Association, Mobile Care Health Project, and several concerned citizens. The State Health Planning and Development Agency supported the intent of this bill. The Department of Health opposed this measure.

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 purposes of style and 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 H.B. No. 2025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2025, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 183 Health on H.B. No. 2761

The purpose of this bill is to improve community oral health by:

- (1) Fluoridating the public water systems;
- (2) Hiring dental hygienists to provide comprehensive services to children in public schools; and
- (3) Appropriating funds for:
 - (a) Operating expenses for the dental hygienists for public schools;
 - (b) Oral health services for uninsured individuals in certain community health centers;
 - (c) Start-up and operation costs of school and community-based dental sealant programs in underserved areas;
 - (d) General obligation bonds for planning oral health operatories at community health centers that do not have facilities and equipment for oral health services; and
 - (e) Basic dental services for adults covered by Medicaid and QUEST.

Aloha Care, Hawaii Primary Care Association, Hawaii Medical Service Association, Healthcare Association of Hawaii, Hawaii Dental Association, Honolulu Community Action Program, Inc., AIDS Community Care Team, Advocates for Consumer Rights, Childcare Business Coalition, Hawaii Kids Count, Kokua Kalihi Valley, and several concerned individuals submitted testimony in support of this measure. The Department of Health, Department of Human Services, and Department of Education supported the intent of this measure.

The Maui County Council, Hawaii Citizens for Health, Green Party of Hawaii, and numerous concerned individuals submitted testimony in opposition to this measure. Seagull Schools, Inc., and several concerned individuals submitted comments.

Your Committee and many testifiers agreed that Hawaii is suffering from a poor oral health crisis, particularly in Hawaii's children. After lengthy discussion and hearing numerous testimonies in opposition of the fluoridation portion of the measure, your Committee decided to remove references to fluoridation, but strongly believes that action needs to be taken to improve community oral health, particularly for children and the underserved.

Accordingly, your Committee has amended this bill by:

- (1) Removing the requirement to fluoridate public water systems;
- (2) Changing all of the appropriations to \$1 to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takai, Kawakami and McDermott.
(Representative Stonebraker voted no.)

SCRep. 184 Health and Human Services and Housing on H.B. No. 1868

The purpose of this bill is to establish a dedicated source of funding by allocating a percentage of the tobacco settlement moneys and to appropriate funds for the treatment of intrafamilial child sexual abuse.

The Department of Human Services (DHS), Judiciary, Friends of the Children's Justice Center of Oahu, Inc., Child Welfare Services State Advisory Council, Catholic Charities Family Services, and Volunteer Legal Services of Hawaii testified in support of this measure.

The Department of Health opposed this measure. The Department of the Prosecuting Attorney submitted comments.

Your Committees find that there is a "gap group" of children who may be victims of intrafamilial sexual abuse, but receive little or no treatment because there is no involvement on the part of the Child Protective Services or Family Court. Intrafamilial child sex abuse victims are at high risk for truancy and other dangerous and illegal activities.

Several testifiers expressed concern over the use of tobacco settlement moneys for this purpose, but they had no objection to providing treatment for intrafamilial child sexual abuse victims.

Accordingly, your Committees have amended this bill by:

- (1) Removing the allocation from tobacco settlement moneys and replacing it with an allocation from liquor taxes;
- (2) Changing the appropriation to \$1 to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1868, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1868, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 185 Health and Human Services and Housing on H.B. No. 1869

The purpose of this bill is to assist children who are victims of child abuse or neglect by:

- (1) Requiring medical consultation services in child abuse or neglect cases;
- (2) Requiring that the Department of Human Services (DHS) determine whether a face-to-face medical examination is necessary for cases transmitted from Child Protective Services (CPS); and
- (3) Appropriating funds for a qualified medical facility to provide direct medical consultation to CPS for reported child abuse or neglect cases.

Kapiolani Child Protection Center submitted testimony in support of this measure. DHS and the Hawaii Nurses Association supported the intent of this measure.

Your Committees find that child abuse and neglect are rising problems nationwide and in Hawaii. Many abused children do not get the treatment that they require. This measure requires that evaluations be conducted to determine whether the child needs further treatment.

Your Committees have amended this bill by:

- (1) Clarifying that evaluations may not be limited to cases involving certain injuries or circumstances;
- (2) Clarifying that if a parent does not consent to a medical examination, DHS can only authorize medical examinations, if DHS assumes placement responsibility of the child through:
 - (a) A valid voluntary foster custody agreement;
 - (b) Police protective custody; or
 - (c) A court order;
- (3) Clarifying the ages of children for certain reported injuries or neglect;
- (4) Deleting the provision that certified pediatric nurse practitioners be under the supervision of a pediatrician; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 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 referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 186 Transportation on H.B. No. 2801

The purpose of this bill is to regulate warrantors of vehicle protection products.

The National Vehicle Protection Association (NVPA) testified in support of this measure. The Department of Commerce and Consumer Affairs (DCCA) testified in opposition to this measure.

Many antitheft products and theft deterrent devices are currently being sold on the market. These devices are generally not sold to the public directly from the manufacturer but rather, they are sold through automobile dealers. Oftentimes, warranties accompany these devices which provides that the company will back up its warranty by paying a specified, agreed upon, maximum amount for damages incurred by the customer as a result of the failure of the product. However, concerns have been raised that individuals are considering this warranty to be a form of insurance on the vehicle. Moreover, according to NVPA, a lawsuit is currently pending regarding this issue and the legislatures of Texas and New York have attempted to deal with this problem by clarifying that these warranties are not insurance policies.

Your Committee understands the concerns of NVPA, especially with regard to the lawsuit against a producer of these vehicle protection devices. However, concerns were also raised regarding the need for such legislation and whether or not this problem really exists. According to DCCA, no known complaints have been filed with their office against producers of these protection devices. Jurisdiction over the products addressed by this measure and the specific products covered under the definition of "Vehicle Protection Product Warranty" are also issues of concern. Nevertheless, your Committee believes that these types of products and warranties merit further discussion.

Since many of the legal and jurisdictional questions regarding this measure do not fall under the purview of your Committee on Transportation, your Committee respectfully requests that your Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs further scrutinize this issue and the merits of this legislation regarding consumer protection.

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. 2801 and recommends that it pass Second Reading and be referred to the Committees on Consumer Protection and Commerce and Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Rath.

SCRep. 187 Transportation on H.B. No. 2203

The purpose of this bill is to eliminate the need for bicycle licensure and registration and their required fees.

Specifically this bill eliminates the requirement for:

- (1) Bicycle purchasers to complete a license application form furnished by the director of finance, and provided by the dealer selling the bicycle, at the time of first purchase;
- (2) The dealer to transmit a copy of this registration application to the buyer and the director of finance; and

(3) The dealer to collect the required fees from the buyer and to transmit these fees to the director of finance.

Testimony in support of this measure was received from a private citizen.

Current bicycle registration procedures and fees are outdated. Moreover, these fees appear to be excessive given the low cost of bicycles that are available on the market today.

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. 2203 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Rath.

SCRep. 188 Transportation and Energy & Environment Protection on H.B. No. 2452

The purpose of this bill is to encourage the use of electric vehicles by continuing to exempt them from various requirements applicable to conventional, internal combustion engine-powered vehicles until June 30, 2005.

The Hawaiian Electric Company, the Hawaiian Electric Light Company, and Maui Electric Company submitted testimony in support of this measure. The Gas Company submitted testimony in support of the intent of the bill but was concerned that the bill only provided incentives to one type of alternative fuel vehicle when many types of alternative fuel vehicles exist. The High Technology Development Corporation offered comments on this measure.

Act 290, Session Laws of Hawaii (SLH) 1997, established incentives for the purchase and use of electric vehicles as an alternative to internal combustion engine vehicles. These incentives were given in an attempt to promote the use of alternative fuel vehicles, improve energy efficiency in transportation products, reduce the State's dependence on imported oil, reduce air pollution, and protect the environment. Unfortunately, technological advances in the manufacture of electric vehicles have been slow, in large part due to production costs and problems associated with charging these vehicles, and thus have made their availability limited to electric vehicles used in neighborhoods. However, it is anticipated that the availability of these vehicles will increase due to both federal and state mandates requiring the use of alternative fuel vehicles. Therefore, your Committees find that the extension of these incentives beyond the June 30, 2002 deadline is necessary to promote the use of alternative fuel vehicles.

As affirmed by the records of votes of the members of your Committees on Transportation and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2452 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Ito, Kanoho, Meyer and Rath.

SCRep. 189 Judiciary & Hawaiian Affairs on H.B. No. 2229

The purpose of this bill is to ensure Hawaii's continued participation in the development of uniform legislation by appropriating funds for:

- (1) Hawaii's annual contribution to the costs of the National Conference of Commissioners on Uniform State Laws (NCCUSL); and
- (2) The registration and travel expenses for representatives of the department of the attorney general to attend the NCCUSL.

The Commission to Promote Uniform Legislation submitted testimony in support.

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. 2229 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 190 Judiciary & Hawaiian Affairs on H.B. No. 2311

The purpose of the bill is to increase the number of circuit judges in the second and third circuits from three to four judges.

Your Committee received testimony in support of this measure from the Judiciary. The Office of the Public Defender provided comments as to adjacent services.

Your Committee finds that an increase in case load and overtime costs for the second circuit, combined with adult and youth drug usage in the third circuit, warrants increasing the number of judges.

Your Committee has amended this bill by making a technical, nonsubstantive change 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 H.B. No. 2311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2311, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 191 Higher Education on H.B. No. 2752

The purpose of this bill is to encourage repayment of student loans by authorizing the licensing authority to suspend the license of any professional who has defaulted on a student loan, or breached or failed to perform the service requirements of a student loan repayment or scholarship contract.

The University of Hawaii and Hawaii Credit Counseling Service submitted testimony in support of this bill. The Department of Commerce and Consumer Affairs submitted comments on this bill.

Your Committee finds that professionals who default on federal and state student loans create a significant taxpayer liability. All taxpayers must pay the cost for these individuals' failure to adhere to their loan payment schedule or service commitment. This bill will provide a powerful means by which those who default on their loans can be held accountable for their actions, and deter those who might default in the future.

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. 2752 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, Schatz and McDermott.

SCRep. 192 Economic Development & Business Concerns on H.B. No. 2574

The purpose of this bill is to stimulate economic activity in the residential construction industry by:

- (1) Extending the residential construction and remodeling income tax credit to include costs incurred up to December 31, 2005;
- (2) Applying the credit to costs incurred on or after October 1, 2001, to target the credit for the period after the September 11, 2001, terrorist attacks;
- (3) Clarifying the definition of "construction or remodeling cost"; and
- (4) Clarifying the original credit provisions to give the Department of Taxation (DOTAX) clearer guidance on the administration of the credit.

Testimony in support of this measure was submitted by the American Institute of Architects Hawaii State Council, DOTAX, Hawaii Association of Realtors, Visitor Industry Coalition, and the General Contractors Association of Hawaii.

The Building Industry Association of Hawaii, Brookfield Homes-Hawaii Region, Armstrong Builders, Ltd., Subcontractors Association of Hawaii, and the Land Use Research Foundation of Hawaii supported the intent of this bill. The Tax Foundation of Hawaii offered comments.

Your Committee notes that concerns have been raised regarding construction or remodeling costs that qualify for the residential construction and remodeling income tax credit. Your Committee recognizes that certain items such as attached personal property do not qualify for the tax credit. In addition, DOTAX has offered revisions to the language defining construction or remodeling costs that qualify for the tax credit. Your Committee supports future legislative efforts to address these concerns.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2574 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 193 Agriculture on H.B. No. 2017

The purpose of this bill is to appropriate \$1,000,000 for agricultural research and development to be performed by the Hawaii Agricultural Research Center (HARC). The funds authorized will:

- (1) Promote the cost sharing of agricultural research between the public and private sectors; and
- (2) Assist in maintaining the current levels of agricultural research and development at HARC.

Testimony in support of this measure was received from the University of Hawaii College of Tropical Agriculture and Human Resources, Hawaii Agriculture Research Center, Hawaii Farm Bureau Federation, Waialua Farmers Cooperative, Pineapple Growers Association of Hawaii, Hawaii Coffee Association, Hawaii Forest Industry Association, Hawaii Leeward Planning Conference, Agro Resources, Inc., a representative from Garst Seed Company, Alluvion, Inc., Gay & Robinson, Inc., Kamiya Farms, Inc., a representative from North Shore Farms, Oils of Aloha, Sweet Aloha Farms, and the Hawaii Egg Producers Cooperative. The Department of Agriculture supported the intent of this bill.

Your Committee finds that agricultural research is essential to the success of diversified agriculture in Hawaii. Through research, agriculture can continue to develop new and improved varieties of crops to increase productivity and remain competitive in the global marketplace.

Over the years, HARC has been in the forefront of agricultural research and development, successfully creating partnerships with Hawaii's agricultural industry to develop new and improved crop varieties. Your Committee fully supports continued funding for HARC to enable it to continue to provide the necessary research services to ensure the overall success and long-term growth of the State's agricultural industry.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2017 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 194 Agriculture on H.B. No. 2744

The purpose of this bill is to appropriate funds to the Department of Agriculture to assess the economic feasibility of establishing a world-class farmers market in Hawaii.

The Hawaii Farm Bureau, Pineapple Growers Association of Hawaii, Hawaii Aquaculture Association, Hawaii Community Development Authority, Hawaii Tourism Authority, Meadow Gold Dairies, Hawaii Thousand Friends, and Hawaii Agriculture Research Center testified in support of this measure. The Maui County Farm Bureau supported the intent of this measure. The Department of Agriculture commented on this measure.

Your Committee believes that a strong and viable agricultural industry is a fundamental component of Hawaii's economy and that the State must make every effort to pursue new and innovative ways to promote and develop it. Your Committee strongly believes that the initiative of establishing a world-class farmer's market in Hawaii will give local producers and farmers a much-needed venue in which to showcase their unique and high quality agricultural products. Most importantly, a world-class farmer's market will enhance the potential for economic growth by creating jobs and other opportunities for the benefit of the State.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2744 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 195 Health and Human Services and Housing on H.B. No. 2020

The purpose of this bill is to assist those in adult residential care homes (ARCHs) by:

- (1) Requiring the Department of Health to develop and adopt a social model of health care that would provide for aging in place; and
- (2) Allowing Type I homes, with five or fewer residents with no more than two nursing facility level residents, to take in more nursing facility residents at the discretion of the Department of Health (DOH).

The United Group of Home Operators and Hawaii Coalition of Care Home Administrators testified in support of this measure. DOH and Healthcare Association of Hawaii opposed this measure.

Your Committees find that this bill will enable ARCHs to accommodate more nursing facility level residents without having to create a new program or facility.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2020 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 196 Health and Human Services and Housing on H.B. No. 2223

The purpose of this bill is to:

- (1) Extend until June 30, 2005, the duration of the Program for All-inclusive Care for the Elderly (PACE), which is currently scheduled to be repealed on June 30, 2002; and
- (2) Correct and update the names of agencies associated with PACE.

The Department of Human Services (DHS), Chamber of Commerce of Hawaii, Healthcare Association of Hawaii, Hawaii Health Systems Corporation, and several concerned individuals testified in support of this measure.

Your Committees find that PACE has proved itself to be a very effective program for the frail elderly. PACE is a comprehensive program for the elderly that prevents institutionalism and offers a complete package of services to enhance the quality of life for the program participants. Your Committees urge DHS to explore the possibilities of starting PACE on the islands of Hawaii, Kauai, and Maui. DHS is in the process of obtaining federal approval for PACE to become a permanent provider of care, and your Committees encourage DHS to remain active in pursuing the approval.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2223 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 197 Health and Human Services and Housing on H.B. No. 2512

The purpose of this bill is to assist medically fragile children below age 21 by:

- (1) Establishing the Public Health Nursing Services Special Fund (Special Fund) for early and periodic screening, diagnosis, and treatment case management services;
- (2) Allowing Medicaid reimbursements for the case management services to be deposited into the Special Fund; and
- (3) Providing that moneys from the Special Fund will be used to provide ongoing case management services and training for staff to meet the needs of families of medically fragile children.

The Department of Health and the Department of Human Services supported this measure. The Hawaii Government Employees Association supported the intent of this measure.

Your Committees find that there is a critical need for comprehensive case management services for medically fragile children or children with complex medical conditions. Revenues from this Special Fund will be used to support public health nursing training in case management for medically fragile children.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2512 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 198 Health on H.B. No. 2219

The purpose of this bill is to authorize the Department of Health (DOH) to regulate tobacco products in Hawaii.

Specifically, this bill:

- (1) Authorizes DOH to obtain annual reports from tobacco manufacturers that specify the identity of added constituents, nicotine yield ratings, and the identity and quantity of toxic constituents in the products;
- (2) Requires DOH to investigate public health risks associated with exposure to added constituents, toxic constituents, and nicotine;
- (3) Authorizes DOH to develop standards for manufacturers to reduce the risks;
- (4) Requires that the annual reports be public records, except for toxic constituents, unless the Attorney General advises otherwise; and
- (5) Removes tobacco and tobacco products from the definition of "consumer commodity".

The American Cancer Society, Coalition for a Tobacco Free Hawaii, and a concerned citizen testified in support of this measure. DOH and the Office of Information Practices supported the intent of the measure. Brown & Williamson Tobacco Corporation opposed this measure.

Your Committee finds that individual states have been left with the task of regulating tobacco products after a United States Supreme Court decision held that the Food and Drug Administration did not have that authority. DOH will be charged with regulating tobacco products and developing standards of levels of constituents and nicotine that are acceptable. Products that do not meet the standards will not be sold in Hawaii.

Some testifiers were concerned with the portion of the bill that would keep information on toxic constituents confidential.

Accordingly, your Committee has amended this bill by:

- (1) Removing reference to toxic constituents;
- (2) Allowing all of the information provided to DOH in the annual reports to be public record by deleting language that kept information on toxic constituents confidential; 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 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 referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 199 Energy & Environment Protection on H.B. No. 2236

The purpose of this bill is to increase the utilization of renewable resources to produce hydrogen by providing an income tax credit equal to 20 percent of the total cost of a geothermal-to-hydrogen system that is collocated on the same or immediately adjacent parcel of land.

The Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company submitted testimony in support of the bill. The Department of Business, Economic Development, and Tourism submitted testimony supporting the intent of the bill. The Hydrogen Renewable Energy Enterprise, LLC submitted testimony supporting the measure with recommended amendments. The Tax Foundation of Hawaii submitted comments on the bill. The Department of Taxation opposed the measure.

Your Committee finds that geothermal energy is a reliable source of power, and its low cost during late evening and early morning makes it an attractive choice in producing hydrogen. The linking of Hawaii's geothermal resources and the production of hydrogen will enhance existing geothermal output and productivity and establish Hawaii's commitment toward a hydrogen-based economy.

Your Committee has amended this measure by:

- (1) Amending the period when a qualifying geothermal-to-hydrogen system must be erected and placed in service to between December 31, 2002 and January 1, 2011;
- (2) Requiring a qualifying geothermal-to-hydrogen system to produce an unspecified amount of hydrogen;
- (3) Clarifying that the hydrogen produced may be in a gaseous or liquid state;
- (4) Clarifying that energy output for a geothermal system qualifying as a geothermal-to-hydrogen system is "net" output; and
- (5) Making technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2236, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 200 Energy & Environment Protection on H.B. No. 2237

The purpose of this bill is to encourage and support the generation of electricity by hydroelectric sources by providing a tax credit equal to twenty percent of the total cost of hydroelectric systems erected and placed in service after December 31, 2002, and before January 1, 2011.

The Department of Business, Economic Development, and Tourism, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and Kauai Electric submitted testimony in support of the intent of the bill with recommended amendments. The Hawaii Renewable Energy Alliance submitted testimony in support of the intent of the measure, but expressed concerns that are related to the findings of the Energy Efficiency Policy Task Force. The Tax Foundation of Hawaii submitted comments on the bill. The Department of Taxation opposed the measure.

Your Committee finds that hydroelectric power is the oldest and most mature of all the renewable energy technologies and should be encouraged and supported along with other renewable energy sources.

Your Committee has amended this measure by:

- (1) Changing the date that the hydroelectric system must be erected and placed in service to prior to January 1, 2011;
- (2) Requiring that the qualifying hydroelectric system shall have a nameplate capacity of an unspecified number of kilowatts;
- (3) Amending the definition of "hydroelectric system" to include low-head hydroelectric plants from irrigation projects and to clarify that pumped-storage hydroelectric facilities must be designed to use renewable energy sources to pump the water into the storage area; and
- (4) Making technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

Finally, one aspect of this bill that deserves further consideration is the appropriateness of extending the tax credit to include repair and maintenance costs of existing hydroelectric facilities, especially those associated with the demise of the sugarcane industry.

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. 2237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2237, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 201 Energy & Environment Protection on H.B. No. 2838

The purpose of this bill is to promote the development of a hydrogen-based energy economy in Hawaii by allocating fifty percent of all geothermal royalties received by the State to the Department of Business, Economic Development, and Tourism (DBEDT) to fund hydrogen research and development as an energy source.

The Hawaii Renewable Energy Alliance testified in support of the bill. Testimony in support of the intent of the measure was submitted by DBEDT. The Department of Land and Natural Resources (DLNR) testified in opposition to the bill.

In fiscal year 2000-2001, \$717,658 in royalties were generated by geothermal mining leases. Twenty percent of the royalties was transferred to the Office of Hawaiian Affairs, 30 percent went to the County of Hawaii, and the remaining 50 percent was credited to the Special Land and Development Fund administered by DLNR.

Recognizing that DLNR with its share of the geothermal royalties must cover the required recurring and future anticipated and unanticipated expenses of the geothermal program, your Committee has amended this measure by allocating the specific sum of \$250,000 per year from the State's share of the geothermal royalties to DBEDT to fund hydrogen research and development as an alternative energy source.

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. 2838, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2838 H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 202 Higher Education on H.B. No. 2235

The purpose of this bill is to establish the Pacific Center for Ecosystem Science to be placed within the University of Hawaii (UH) for administrative purposes by:

- (1) Issuing general obligation bonds; and
- (2) Appropriating funds for five full-time associate professors.

The United States Fish and Wildlife Service, Nature Conservancy of Hawaii, Hawaii Nature Center, Secretariat for Conservation Biology, Coordinating Group on Alien Pest Species, Manoa Neighborhood Board No. 7, and several individuals submitted testimony in support of this bill. The Department of Land and Natural Resources submitted testimony in support of the intent of this bill. The Hawaii—Laieikawai Association, Inc. submitted testimony in opposition to this bill. UH submitted comments on this bill.

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

- (1) Replacing the amount of the appropriation with an unspecified amount to facilitate further discussion; and
- (2) Changing the effective date from July 1, 2002, to July 1, 2025.

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. 2235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2235, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Schatz, Bukoski and McDermott.

SCRep. 203 Human Services and Housing on H.B. No. 2380

The purpose of this bill is to address the anticipated cutback in social services funding by providing an income tax credit for cash contributions made to qualified nonprofit agencies that provide direct services to the public.

Blueprint for Change testified in support of this bill. The Department of Taxation (DOTAX) and the Department of Budget and Finance (BNF) testified in opposition to this measure. The Tax Foundation of Hawaii submitted comments on this measure.

Nonprofit agencies expend large amounts of time in seeking funding for their operational costs. This is a necessity if these agencies are to maintain and sustain programs that provide much-needed services to the poor, disabled, elderly, and vulnerable. Providing this tax credit will greatly assist these agencies in their fundraising efforts, especially in the aftermath of the terrorist attacks of September 11, 2001, which severely stretched these agencies' resources.

Although your Committee understands the concerns of BNF and DOTAX, this is an important matter which warrants further review and discussion. Accordingly, your Committee has amended this bill by changing the date of applicability to December 31, 2020.

Technical, nonsubstantive amendments were also made for the purpose of style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2380, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2380, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 204 Labor & Public Employment and Public Safety & Military Affairs on H.B. No. 1772

The purpose of this bill is to allow applicants for police officer positions to be nonresidents provided that they establish residency upon employment.

The Maui Police Department and the Hawaii County Police Department submitted testimony in support of this measure.

Difficulties in recruiting applicants for police officer vacancies continue to be a problem for the counties. This has created not only a hardship for already strained police resources, but also has implications on the safety of the general public. Allowing police agencies to accept applications for vacant police officer positions as long as applicants establish residency within the State upon time of employment, the pool of applicants will be broadened assisting in the hiring of more police officers.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Public Safety and Military Affairs that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1772 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 205 Labor & Public Employment on H.B. No. 2278

The purpose of this bill is to require unions to give an employer at least ten days advance notice of the intent to strike.

The University of Hawaii Professional Assembly testified in support of this measure. The Department of Human Resources Development testified in opposition to this measure.

During the last round of negotiations and bargaining between various unions and the State, confusion arose concerning the effectiveness of a strike notice and appropriate filing procedures with the Hawaii Labor Relations Board (HLRB). In question was the timing of the filing of the intent to strike and whether days during which the HLRB offices were closed, such as weekends and holidays, counted towards the ten-day advance notice.

Although your Committee understands the concerns of the labor unions, your Committee recognizes that allowing unions to file a notice of intent to strike longer than ten days in advance would not be in the general interest of the public. However, the confusion regarding whether days which HLRB offices are closed count towards the ten-day advance notice of an intent to strike is a matter that needs to be addressed. Accordingly, this bill has been amended by requiring notice of an intent to strike to be filed ten working days in advance. Working days excludes Saturdays, Sundays, and state holidays.

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. 2278, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2278, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 206 Labor & Public Employment on H.B. No. 2076

The purpose of this bill, as received, is to allow an injured employee to receive temporary partial disability benefits for the time spent seeing their physician for medical treatment of an industrial injury.

ILWU Local 142 and the Hawaii State AFL-CIO testified in support of this bill. The Department of Labor and Industrial Relations (DLIR) and the Hawaii Insurers Council had some concerns regarding this measure but supported its intent. The Department of Human Resources Development, the Building Industry Association, and the Chamber of Commerce of Hawaii testified in opposition of this measure.

Temporary partial disability benefits are supposed to cover workers suffering from an industrial injury when a disability diminishes an employee's capacity to work. If an individual requires follow-up care for further rehabilitation of an injury even after returning to work following a period of temporary partial disability, these medical appointments are not covered. As a result, employees may either suffer loss of pay to obtain treatment, or the employee may forego treatment altogether.

However, your Committee understands concerns that this bill, as received, could result in the abuse of the workers' compensation system. Accordingly, your Committee has amended this measure by deleting its contents and instead specifying that an employee who is not currently receiving temporary total disability or temporary partial disability benefits, but who from time to time requires treatment prescribed by a physician for a work injury and who cannot reasonably obtain such treatment during nonworking hours, will be entitled to temporary partial disability for time spent obtaining treatment and traveling directly to and from their place of employment to treatment.

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. 2076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2076, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 207 Labor & Public Employment on H.B. No. 2077

The purpose of this bill is to allow employees to appeal a workers' compensation decision for which the employer pays for the costs of the proceedings if the employer loses.

ILWU Local 142 and the Hawaii State AFL-CIO testified in support of this measure. The Department of Human Resources Development, the Department of Labor and Industrial Relations, the Building Industry Association, and the Chamber of Commerce of Hawaii testified in opposition.

Currently, if a claimant prevails on appeal after a claim was initially denied by the Disability Compensation Division (DCD), costs and fees are not awarded against the employer. This has made it extremely difficult for injured employees, with limited resources who are initially denied compensation by DCD, to appeal since the costs and fees of the proceedings will not be awarded to them, even if they win. Moreover, many employees lack the resources to reasonably compensate attorneys for representation, which further hinders their ability to appeal a decision by DCD.

Your Committee also understands concerns raised by employers who would have to pay claimant's costs and attorney's fees if the employer loses upon appeal.

Accordingly, this bill has been amended by:

- (1) Giving the Labor and Industrial Relations Appeals Board or Supreme Court the discretion to award costs of the proceedings and reasonable attorney's fees if an employer loses an appeal; and
- (2) Setting standards by which this discretion is to be based upon.

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. 2077, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2077, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 208 Labor & Public Employment on H.B. No. 2329

The purpose of this bill is to:

- (1) Define the term "managed competition" as the process by which the State or a county and a private contractor competes to provide government services; and
- (2) Correct an incorrect reference to the Office of Collective Bargaining and Managed Competition.

The Department of Human Resources Development testified in support of this bill. The Hawaii Government Employees Association commented on this measure.

Act 90, Session Laws of Hawaii 2001 (Act 90), authorized the Governor and executives of other jurisdictions to use a managed competition process as a management tool to provide government services more efficiently. However, Act 90 neglected to define the term "managed competition." Your Committee finds that this bill defines this term and enables the State and the counties to implement Act 90.

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. 2329 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 209 Labor & Public Employment on H.B. No. 1968

The purpose of this bill is to amend current labor laws.

Specifically, this bill:

- (1) Provides competitive wages and benefits for service employees;
- (2) Allows contracted employees to organize under labor organizations; and

- (3) Repeals wage, hour, and working condition requirements of employees of contractors performing services for a governmental agency.

The Hawaii State AFL-CIO and the International Longshoremen and Warehousemen Union (ILWU) testified in support of this bill. Blueprint For Change submitted testimony in support of the intent of this bill. The Maui Humane Society, Maui Non-Profit Directors, Maui Economic Opportunity, Inc., and Maui Adult Day Care Centers testified in opposition to this measure. The Department of Labor and Industrial Relations commented on this bill.

The State continues to move towards privatization as a means of reducing costs and improving efficiency in the provision of services for the public at large. However, as this movement continues, the possibility exists that negative impacts will be felt by working class and poor families. Contractors attempting to win bids to provide governmental services may reduce their employee's pay and benefits in an effort to be the lowest bidder and win the contract. In doing so, individuals may need to work two or three jobs to make ends meet.

Although labor law parity for service employees is an important issue, your Committee understands the concerns of nonprofit organizations and their ability to continue to provide valuable services to the community at affordable prices.

Accordingly, your Committee has amended this measure by exempting non-profit organizations who contract to perform services for governmental agencies.

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. 1968, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1968, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 210 Labor & Public Employment on H.B. No. 2809

The purpose of this bill is to void the written designation of the beneficiary of a State or county employee for earned and unpaid wages and lump sum vacation payments if:

- (1) The beneficiary predeceases the employee;
- (2) The employee is divorced from the beneficiary;
- (3) The unmarried employee subsequently marries; or
- (4) The employee enters into or terminates a reciprocal beneficiary relationship.

The City and County of Honolulu testified in support of this measure. The Department of Human Resources Development supported the intent of this bill.

Currently, an employee's written designation of a beneficiary for earned and unpaid wages and lump sum vacation payments remains valid even if the beneficiary predeceases the employee, the employee and beneficiary divorce, or the employee remarries. Although public employees are encouraged to update their beneficiary forms in these instances, they do not always do so. This measure attempts to clarify these situations.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 211 Education on H.B. No. 2352

The purpose of this bill is to effectuate its title.

H.B. No. 2352 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 the 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 Education that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2352, as amended herein, and recommends that it be recommitted to the Committee on Education, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2352, H.D. 1.

Signed by all members of the Committee except Representatives Abinsay, Arakaki, Garcia, Kahikina, Schatz and Takumi.

SCRep. 212 Agriculture on H.B. No. 2009

The purpose of this bill is to effectuate its title.

H.B. No. 2009 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 the 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 Agriculture that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2009, as amended herein, and recommends that it be recommitted to the Committee on Agriculture, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2009, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Chang, Takumi, Gomes and Whalen.

SCRep. 213 Finance on H.B. No. 2364

The purpose of this bill is to effectuate its title.

H.B. No. 2364 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 the 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. 2364, 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. 2364, H.D. 1.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 214 Finance on H.B. No. 2654

The purpose of this bill is to effectuate its title.

H.B. No. 2654 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 the 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. 2654, 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. 2654, H.D. 1.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 215 Human Services and Housing on H.R. No. 7

The purpose of this resolution is to support the Temporary Assistance for Needy Families (TANF) Reauthorization Act of 2001 (Reauthorization Act), introduced by one of Hawaii's congressional representatives.

The Department of Human Services, Hawaii State Commission on the Status of Women, Goodwill Industries Hawaii, Volunteer Legal Services Hawaii, National Association of Social Workers, Parents and Children Together, American Friends Service Committee Economic Justice Subcommittee, Catholic Charities, and several concerned individuals testified in support of this measure.

Your Committee recognizes that this Reauthorization Act would reform TANF and encourage recipients to become self-sufficient. It authorizes post-secondary education as an allowable work activity under TANF, and emphasizes the long-term reduction of poverty.

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 concurs with the intent and purpose of H.R. No. 7 and recommends its adoption.

Signed by all members of the Committee except Representative McDermott.

SCRep. 216 Human Services and Housing on H.C.R. No. 12

The purpose of this concurrent resolution is to support the Temporary Assistance for Needy Families (TANF) Reauthorization Act of 2001 (Reauthorization Act), introduced by one of Hawaii's congressional representatives.

The Department of Human Services, Hawaii State Commission on the Status of Women, Goodwill Industries Hawaii, Volunteer Legal Services Hawaii, National Association of Social Workers, Parents and Children Together, American Friends Service Committee Economic Justice Subcommittee, Catholic Charities, and several concerned individuals testified in support of this measure.

Your Committee recognizes that this Reauthorization Act would reform TANF and encourage recipients to become self-sufficient. It authorizes post-secondary education as an allowable work activity under TANF, and emphasizes the long-term reduction of poverty.

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 concurs with the intent and purpose of H.C.R. No. 12 and recommends its adoption.

Signed by all members of the Committee except Representative McDermott.

SCRep. 217 Consumer Protection & Commerce on H.B. No. 2526

The purpose of this administration bill is to extend the deadline for employers to file year-end workers' compensation reports with the Director of the Department of Labor and Industrial Relations (DLIR).

DLIR and the University of Hawaii (UH) submitted testimony in support of this bill.

Your Committee finds that the law presently requires employers to file an annual report of the amounts of each worker's compensation claim on December 31st. UH testified that this is an unreasonable deadline and that the current practice, recognized by DLIR, is to file the report on January 31st. This bill would follow the recommendations of the Legislative Auditor and amend the law to reflect a January 31st deadline.

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. 2526 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Morita, Souki and Whalen.

SCRep. 218 Water & Land Use on H.B. No. 2549

The purpose of this bill is to allow lessees of public lands to extend their leases to the extent necessary to amortize the cost of major improvements to the demised premises that are paid for by the lessee without institutional financing.

The Department of Land and Natural Resources, Hawaii Farm Bureau, Hawaii Export Nursery Association, and Pineapple Growers Association of Hawaii testified in support of this bill.

As affirmed by the record of votes of the members of your Committee on Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2549 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 219 Judiciary & Hawaiian Affairs on H.B. No. 2843

The purpose of this measure is to:

- (1) Change the date of the primary election from the last Saturday in September to the second Saturday in August; and
- (2) Provide a mechanism for automatic recount in close races.

Your Committee received testimony in support of this measure from the state Office of Elections, the Hawaii Elections Review Task Force, Common Cause Hawaii, the Hawaii State Teachers Association, the Libertarian Party of Hawaii, and a concerned individual.

Your Committee finds that Hawaii's elections system provides accurate, professional, timely, and reliable results. However, upon the recommendation of the Hawaii Elections Review Task Force, your Committee finds that an automatic recount will lend greater public confidence in the elections process. Your Committee further finds it necessary to allow additional time between the primary and general election to resolve disputes and appeals, and to prepare for the general 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. 2843 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Case.

SCRep. 220 Judiciary & Hawaiian Affairs on H.B. No. 2153

The purpose of the bill is to:

1. Extend the federal agency exemption from firearm permit and registration requirements to firearms or ammunition that are a part of the official equipment of any state law enforcement agency; and
2. Add an exemption for federal and state law enforcement agency official equipment from the permit requirement for possession of a firearm owned by another.

Your Committee received testimony in support of the measure from the Department of Public Safety and the Honolulu Police Department.

Your Committee finds that currently, state and county law enforcement officers are exempt from the license to carry requirement; however, the state and county agencies are not allowed to transfer official duty firearms to these same officers. This measure would eliminate the permit to acquire requirement for any state officer, as it does for officers at the federal level.

Your Committee amended the bill by making a technical, nonsubstantive change 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 H.B. No. 2153, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2153, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 221 Judiciary & Hawaiian Affairs on H.B. No. 2308

The purpose of this bill to relieve the family court director of the duty of collecting statistics and preparing an annual report.

Your Committee received testimony in support of the measure from the Judiciary.

Your Committee finds that, currently, the Judiciary annually prepares and submits to the Legislature a complete report of the work of the Judiciary including statistics of the family court. This measure eliminates the duplication of this work as required in section 571-6(a)(5), Hawaii Revised Statutes.

Your Committee has amended this bill by making a technical, nonsubstantive change 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 H.B. No. 2308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2308, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 222 Labor & Public Employment on H.B. No. 2460

The purpose of this bill is to reduce the annual contributions of the State and the counties to the Employees' Retirement System (ERS) by amortizing liability over a longer time period. Specifically, this bill extends the payment period to liquidate ERS's unfunded accrued liability from 15 to 29 years, beginning plan year 2001.

The Department of Budget and Finance (B&F) testified in support of this measure. ERS submitted comments.

Your Committee finds that this bill seeks to address the projected general fund shortfall from the tragic events of September 11, 2001. As of June 30, 2001, the unfunded actuarial accrued liability of the ERS was \$991,000,000. Amortizing the unfunded liability over a longer time frame would reduce the State's annual payments by about \$19,000,000 a year for fiscal year 2003-2004 through fiscal year 2006-2007.

However, your Committee is concerned about the long-term effects of this bill. B&F reported that they would be receiving a report from the ERS's actuary in approximately two weeks.

Upon further consideration, your Committee has amended this bill by removing the 29-year amortization period and instead inserting an unspecified period to facilitate further discussion. Other technical, nonsubstantive amendments were made for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2460, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 223 Labor & Public Employment on H.B. No. 1451

The purpose of this bill is to establish judicial and law enforcement procedures to address workplace violence.

The Society of Human Resource Management, the Hawaii Hotel Association, the Chamber of Commerce of Hawaii, the Hawaii Visitor Industry Security Association, the American Society of Industrial Security, and the Joint Hawaii Police Association testified in support of this bill. ILWU Local 142 testified in opposition to this measure.

Confusion exists as to the jurisdiction district and circuit courts have over restraining orders to protect employees from workplace violence, particularly restraining orders filed on behalf of an organization, corporation, or other legal entity. This has created a longstanding problem for companies attempting to provide a safe working environment when dealing with potentially violent and threatening employees.

Although your Committee understands the seriousness of workplace violence and the terrible toll it can have on all those affected, a balance must be struck between workplace safety and basic tenets of American society: the right to privacy and the right against indiscriminate search and seizure.

Accordingly, your Committee has amended this bill by:

- (1) Limiting the definition of "course of conduct" by deleting examples evidencing or indicating a propensity for violence;
- (2) Deleting the provisions requiring temporary restraining orders to include an affirmative directive giving police immediate search and seizure authority; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

Your Committee notes that its purview is limited to labor and public employment issues. As such, concerns about the violation of constitutional rights and related issues should be more appropriately considered by your Committee on Judiciary and Hawaiian Affairs.

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. 1451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1451, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Souki.

SCRep. 224 Economic Development & Business Concerns on H.B. No. 2576

The purpose of this bill is to:

- (1) Amend provisions relating to income tax exemptions for amounts received by an individual or a qualified high technology business as royalties and other income derived from any patents, copyrights, and trade secrets by:
 - (A) Amending the definition of "performing arts products" to require that at least fifty per cent of postproduction work be performed in Hawaii to qualify for income tax exemptions;
 - (B) Defining "postproduction work";
 - (C) Expanding the types of software research that qualify under the definition of "qualified research";
- (2) Amend provisions of the high technology business investment tax credit by:
 - (A) Clarifying that the recapture provisions of this credit apply where a business or an interest in the business has been transferred;
 - (B) Clarifying that a "qualified high technology business" must be in business at the close of its taxable year for investors to claim the credit for that year;
 - (C) Declaring that if the high technology business investment credit is claimed in any taxable year, the motion picture credit and the ethanol production credit cannot be claimed for that taxable year.

Testimony in support of this measure was submitted by the Department of Taxation and the Hawaii Technology Trade Association. Worldwide Energy Group and the Tax Foundation of Hawaii offered comments.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2576 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 225 Economic Development & Business Concerns on H.B. No. 2614

The purpose of this bill is to establish a tax credit of four percent of the costs incurred before July 1, 2005, for commercial construction and remodeling.

Testimony in support of this measure was submitted by the Hawaii Business Roundtable, Chamber of Commerce of Hawaii, Visitor Industry Coalition, Waikiki Improvement Association, and the General Contractors Association of Hawaii. The Building Industry Association of Hawaii, a representative of Ko'olina Resorts, Hawaii Tourism Authority, and the Hawaii Activities and Tours

Association supported the intent of this bill. The Department of Budget and Finance and the Department of Taxation opposed this bill. The Department of Business, Economic Development, and Tourism, and the Tax Foundation of Hawaii offered comments.

Your Committee recognizes that the term "commercial real property" is not defined and may be interpreted too broadly. In addition, this bill does not prevent a taxpayer from claiming other income tax credits for the same costs, potentially resulting in double tax benefits. Your Committee supports future legislative efforts that may address these concerns.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2614 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 226 Economic Development & Business Concerns on H.B. No. 2700

The purpose of this bill is to help the people of Hawaii through tax incentives and assistance.

More specifically, this bill stimulates economic growth to encourage the revitalization of older commercial districts by:

- (1) Establishing a tax credit of five per cent of the construction or renovation costs incurred for commercial, retail, hotel, warehouse, or industrial facilities, provided that the facility or the commercial district where the facility is located is at least 25 years old;
- (2) Requiring the taxpayer to pay all employees prevailing wages for projects costing over \$2,500,000; and
- (3) Requiring the Director of Taxation to submit a report to the Governor and the Legislature on this tax credit to help the Legislature determine whether this tax credit should be continued at the termination of the credit in 2008.

This bill also provides financial assistance to low-income earners by:

- (3) [*sic*] Establishing a low-income tax credit for taxpayers with an adjusted gross income of \$20,000 or less; and
- (4) [*sic*] Increasing the standard deduction amount for income tax purposes.

Testimony in support of this measure was submitted by the American Institute of Architects Hawaii State Council, Hawaii CCIM Chapter, and the General Contractors Association of Hawaii. The Hawaii Tourism Authority, the Building Owners and Managers Association Hawaii, Hawaii Certified Commercial Investment Member Chapter, Department of Business, Economic Development, and Tourism, and the Building Industry Association of Hawaii supported the intent of this bill. The Department of Taxation and the Tax Foundation of Hawaii offered comments. The Department of Budget and Finance opposed this bill.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2700 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 227 Economic Development & Business Concerns on H.B. No. 808

The purpose of this bill is to establish high technology tax incentives to encourage the continued growth and development of high technology businesses in Hawaii.

No testimony was submitted on this bill. However, the Department of Taxation commented on the proposed H.D. 1, that provided for tax exemptions and credits for live performances, that was circulated during the hearing.

Your Committee has amended this measure by deleting its contents and replacing it with the following provisions:

- (1) The establishment of an income tax exemption for amounts received up to \$20,000 from live performances; and
- (2) For employers of live performers, the establishment of an income tax credit of 10 per cent of the increase in performers' salaries, payroll taxes, and benefits over the amount reported in the employer's 2001 tax return incurred in hiring Hawaii residents for live performances.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 808, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 228 Health on H.B. No. 2054

The purpose of this bill is to provide incentives for incoming dentists to serve underserved populations by amending Hawaii's dental regulation law for dentists who work:

- (1) For safety net dental providers; or
- (2) In a federally designated dental health professional shortage area.

This bill allows the Board to issue:

- (1) A temporary license without examination for a maximum of three years to dentists who practice under obligation of the National Health Service Corps or any state-supported professional education program; and
- (2) A license without examination to dentists who, among other things, work for a safety net dental provider organization or in a private practice located in a federally designated dental health professional shortage area.

The Hawaii Primary Care Association, AlohaCare, Kokua Kalihi Valley, and Mobile Care Health Project testified in support of this measure. Opposing this bill were the Board of Dental Examiners (Board) and three dentists.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2020 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2054, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2054, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 229 Energy & Environment Protection on H.B. No. 2044

The purpose of this bill is to exempt from the procurement code government contracts to procure goods, services, or construction for the operation of an electric utility owned or operated by any county with a population under 100,000.

While your Committee is passing out this bill, your Committee demonstrated concern about the exemption from procurement. Subsequent discussion should focus on the independence of such an entity from political influence.

Testimony in favor of the bill was received from the Mayor of Kauai county, and information was provided by Common Cause Hawaii.

Your Committee has amended this bill by clarifying that the provision is applicable only to a utility that is operated as an autonomous entity established by ordinance, resolution, or charter, and making technical nonsubstantive changes for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2044, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2044, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 230 Energy & Environment Protection on H.B. No. 2045

The purpose of this bill is to authorize county-established corporations or boards that own or operate an electricity producing facility to issue revenue bonds.

Your Committee received favorable testimony from Kauai County Mayor's Office. Comments on the bill were also received from a local attorney.

Your Committee finds that this bill is one of three bills that collectively would allow the counties to pursue alternative choices in acquiring public ownership of utility companies. Although there are additional steps to be taken before such ownership is possible, these bills represent a major step in that direction.

Your Committee has amended the bill by qualifying the type of county corporation that may issue revenue bonds as those that are established by "ordinance, resolution, or charter."

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. 2045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2045, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 231 Education and Labor & Public Employment on H.B. No. 2284

The purpose of this bill is to establish the Workforce Entry Program in the Department of Education (DOE) to assist students with skills necessary to find employment.

Several individuals submitted testimony in support of this bill. DOE submitted comments on this bill.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2284 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Stonebraker, Souki, Moses and Rath.

SCRep. 232 Education and Labor & Public Employment on H.B. No. 2165

The purpose of this bill is to clarify that the Hawaii Teacher Standards Board (HTSB) has sole jurisdiction over all matters concerning the issuance and revocation of teacher licenses.

The Lieutenant Governor, HTSB, Hawaii State Teachers Association, and Hawaii Association of Independent Schools submitted testimony in support of this bill. The Department of Education submitted testimony in support of this measure with proposed amendments. An individual submitted testimony in opposition to this bill.

Your Committees find that this bill is a housekeeping measure intended to clarify the intent of past legislation relating to HTSB. This bill reinforces previous efforts to empower HTSB as an autonomous body, and separate the hiring and licensing of teachers.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2165 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Stonebraker, Souki, Moses and Rath.
(Representative McDermott voted no.)

SCRep. 233 Education and Labor & Public Employment on H.B. No. 2163

The purpose of this bill is to allow the Department of Education (DOE) to rehire teachers who have been retired for at least one year until July 1, 2007.

The Lieutenant Governor, DOE, Hawaii State Teachers Association, Hawaii Business Roundtable, Hawaii Association of Independent Schools, and Hawaii Teacher Standards Board submitted testimony in support of this bill.

Your Committees find that to address its teacher shortage, Act 308, Session Laws of Hawaii 2001, allowed DOE to hire teachers who have been retired for two years with no loss of retirement benefits. However, this action has not resulted in as many retired teachers coming back to teach as was hoped. This bill will reduce the amount of time that a teacher must be retired to qualify for rehire without loss of retirement benefits, thereby increasing the pool of retired teachers who can return to service.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2163 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Stonebraker, Souki, Moses and Rath.

SCRep. 234 Education and Labor & Public Employment on H.B. No. 2557

The purpose of this bill is to allow the Department of Education (DOE) to rehire retired principals and vice-principals in shortage areas with no loss of retirement benefits; provided that retirees must be retired for at least one year to qualify for rehire.

The Lieutenant Governor, DOE, Hawaii Business Roundtable, Hawaii Government Employees Association, and Hawaii Association of Independent Schools submitted testimony in support of this bill.

Your Committee finds that this bill will help DOE address its pressing shortage of school administrators. As this problem is only expected to increase as more and more principals and vice-principals become eligible for retirement, it is essential to provide DOE with the means to attract and retain these vital employees.

Upon further consideration, your Committee has amended this bill by making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2557, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2557, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Stonebraker, Souki, Moses and Rath.

SCRep. 235 Labor & Public Employment on H.B. No. 1843

The purpose of this bill is to reinstate binding arbitration for bargaining unit 9 (Registered Professional Nurses).

The Hawaii Government Employees Association (HGEA) testified in support of this measure, but recommended including the other HGEA bargaining units. The Department of Human Resources Development testified in opposition.

Your Committee finds that under binding arbitration, when labor and management are unable to come to an agreement, arbitrators consider the issues at impasse and impose a binding contract on both parties. In exchange, employees give up their right to strike.

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. 1843 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 236 Health on H.B. No. 2506

The purpose of this bill is to streamline the process of registering births, deaths, and burials by centralizing the process within the Department of Health (DOH) instead of in separate districts.

The Office of the Lieutenant Governor, DOH, and Office of Information Practices submitted testimony in support of this measure.

Your Committee finds that DOH is striving to streamline the process electronically and eliminating most of the paperwork involved in the registration process. Your Committee believes that it is important for individuals to receive timely and efficient access to vital statistics and is encouraged by DOH's efforts to streamline the process. Your Committee further finds that these records are also useful for individuals who may need to substantiate their Hawaiian ancestry, and encourages DOH to make further improvements by collaborating with other organizations and agencies that have access to records.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2506 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 237 Health on H.B. No. 2518

The purpose of this bill is to enhance the State Comprehensive Emergency Medical Services and Injury Prevention System by enabling the Department of Health (DOH) to assist with the implementation of a statewide poison information program.

DOH and the Keiki Injury Prevention Coalition testified in support of this measure.

Through the provision of comprehensive poison information services, the Hawaii Poison Center (Center) has prevented and reduced harm from poisonings, especially among children. The Center saves lives, especially in Hawaii, where child-related poisonings is one of the leading causes of injury leading to hospitalizations. However, recent cutbacks in funding have reduced the hours of operation for this vital service. DOH stepped forward and assisted the Center in obtaining funds in order to maintain their 24-hour service and would like to continue to do so through the statutory authority this bill provides.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2518 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 238 Health on H.B. No. 2741

The purpose of this bill is to increase the excise tax on cigarettes and tobacco products from:

- (1) Five cents to ten cents for each cigarette sold, used, or possessed by a wholesaler or dealer after June 30, 2002; and
- (2) Forty percent to fifty percent of the wholesale price of each article or item of tobacco products sold by the wholesaler or dealer after June 30, 2002.

The American Cancer Society, American Heart Association, and Coalition for a Tobacco Free Hawaii testified in support of this measure.

Brown & Williamson Tobacco Corporation opposed this measure. The Department of Taxation and Tax Foundation of Hawaii submitted comments.

Your Committee finds that increasing taxes on tobacco products may encourage smokers to quit, particularly low-income individuals, including young adults who are prone to nicotine addiction. Your Committee's intent is to make Hawaii a healthier place

by discouraging tobacco use, particularly in the youth population. This will not only reduce tobacco-related health problems in smokers, but also in those who are indirectly affected through secondhand smoke, or an unborn child whose mother smokes.

Your Committee has amended this bill by:

- (1) Allocating \$5,000,000 annually to the Hawaii Tobacco Prevention and Control Trust Fund from the taxes collected;
- (2) Allocating an amount to be determined to the Department of Health annually to start-up and maintain the tobacco regulation process proposed in H.B. No. 2219; 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 H.B. No. 2741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2741, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 239 Higher Education on H.B. No. 1731

The purpose of this bill is to transfer authority of fees deposited into the Special Drivers Education Fund Account (Account) for motorcycles and motor scooters from the University of Hawaii (UH) Community Colleges to the Department of Transportation (DOT).

UH testified in support of this bill. DOT submitted testimony in support of this bill with amendments. The Department of Commerce and Consumer Affairs submitted comments on this bill.

On January 1, 2002, DOT canceled the agreement made between DOT and the UH Community Colleges to coordinate and operate the state's motorcycle and motor scooter education classes. DOT has taken over the responsibility for administering the statewide rider education courses. Accordingly, funding previously provided to the UH Community Colleges to administer the motorcycle and motor scooter education program, including fees collected from this program, should be transferred to DOT.

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

- (1) Clarifying that DOT may spend moneys collected from the fees; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Higher Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1731, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1731, H.D. 2.

Signed by all members of the Committee except Representatives Kahikina, Schatz, Bukoski and McDermott.

SCRep. 240 Tourism & Culture and Labor & Public Employment on H.B. No. 2195

The purpose of this bill is to limit the salary level used in calculating the average final compensation of the Executive Director of the Hawaii Tourism Authority (HTA), for retirement purposes, to the level set for state department heads in section 26-52(3), Hawaii Revised Statutes. This bill would be retroactive to January 18, 2002.

Testimony in support of this measure was submitted by the HTA.

Your Committees find that this bill would enable HTA to hire the best qualified individual to fill the Executive Director position at a commensurate salary, without adversely impacting the state retirement fund.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2195 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Abinsay, Takumi, Marumoto, Espero, Souki and Rath.

SCRep. 241 Tourism & Culture on H.B. No. 2451

The purpose of this bill is to allow the Hawaii Convention Center to operate as a business by:

- (1) Providing the Hawaii Tourism Authority (HTA) the right to market, operate, manage, and maintain the Hawaii Convention Center
- (2) Establishing the Convention Center Enterprise Special Fund (Enterprise Special Fund);
- (3) Establishing the Convention Center Facility Reserve Special Fund (Reserve Special Fund);

- (4) Appropriating \$40,300,000 out of the Enterprise Special Fund to be expended by the HTA for the purposes of this bill;
- (5) Appropriating \$3,000,000 out of the Enterprise Special Fund to be deposited into the Reserve Special Fund;
- (6) Appropriating \$3,000,000 out of the Reserve Special Fund to be expended by the HTA for the purposes of this bill; and
- (7) Defining "convention center facility" and "convention center".

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism, HTA, and the Hawaii Hotel Association.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2451 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 242 Tourism & Culture on H.B. No. 2251

The purpose of this bill is to:

- (1) Repeal redundant or obsolete statutes relating to tourism by:
 - (A) Deleting the Office of Tourism, which exists only on paper; and
 - (B) Repealing chapter 203, Hawaii Revised Statutes, relating to tourism development;and
- (2) Transfer key provisions from the repealed statutes and incorporate them under the powers and duties of the Hawaii Tourism Authority.

Testimony in support of this measure was submitted by the State Auditor and the Hawaii Tourism Authority.

Your Committee has amended this measure by correcting a technical error in the original bill.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2251, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Marumoto.

SCRep. 243 Human Services and Housing on H.B. No. 2446

The purpose of this bill is to:

- (1) Streamline the state's public housing eviction process without impairing the tenant's due process rights; and
- (2) Allow needy families waiting for housing to be placed in public housing more quickly.

Your Committee received testimony in support of this measure from the Housing and Community Development Corporation of Hawaii. A concerned individual submitted comments.

Your Committee finds that this bill establishes procedures for eviction that reduce delays and protect the due process rights of tenants, while promoting a proactive process that allows tenants to work with management to promptly address lease violations, including those that affect the peaceful enjoyment of the project.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2446 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 244 Human Services and Housing on H.B. No. 2447

The purpose of this bill is to correct an inconsistency in the Housing and Community Development Corporation of Hawaii's (HCDCH) provisions relating to judicial review of contested cases. This bill conforms these provisions to the Administrative Procedures Act as found in chapter 91, Hawaii Revised Statutes (HRS).

HCDCH testified in support of this bill.

Under section 91-14, HRS, an agency is required to transmit the record of a contested case proceeding to the court within 20 days after the contents of the record have been determined. However, section 201G-57, HRS, currently requires HCDCH to turn over its records within 15 days. This bill amends section 201G-57, HRS, by allowing HCDCH 20 days to transmit its records to the court.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2447 and recommends that it pass Second Reading and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 245 Human Services and Housing on H.B. No. 2450

The purpose of this bill is to encourage the development of affordable housing by allowing the Housing and Community Development Corporation of Hawaii (HCDCH) to waive the statutory three-year buy-back provision until December 31, 2004.

Your Committee received testimony supporting this measure from HCDCH.

Your Committee finds that the three-year buy-back provision was originally implemented to prevent speculation and preserve housing affordability. Today, there is little opportunity for speculation in the current market.

Waiving the three-year buy-back provision until December 31, 2004, should help to stimulate the development of affordable housing by allowing developers to compete on a more level playing field in the real estate market. Your Committee hopes that this measure will help improve the economic climate by providing more construction jobs and affordable housing opportunities.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2450 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 246 Energy & Environment Protection on H.B. No. 2001

The purpose of this measure is to allow a taxpayer to claim one-fifth of the energy conservation tax credit over five consecutive years beginning in the year an energy conservation system is purchased and placed into service.

Your Committee received testimony from the Department of Taxation; the Department of Business, Economic Development, and Tourism; the Hawaii Solar Energy Association; the Tax Foundation of Hawaii; and Bank of Hawaii.

Presently, the energy conservation tax credit is claimed the year a solar or wind energy system, heat pump, or ice storage system is purchased and placed into service. Any tax credit that exceeds the taxpayer's income tax liability may be used as credit in subsequent years until exhausted.

This bill allows a taxpayer to claim one-fifth of the energy conservation tax credit each year over five consecutive years beginning in the year the energy conservation system is purchased and placed into service. Your Committee finds that by spreading the tax credit over five years, this bill allows taxpayers to not only assist the State by hopefully reducing expected budget shortfalls but also enjoy the benefits of a successful tax incentive that encourages energy conservation.

Your Committee has amended the bill by adopting the recommendation made by Bank of Hawaii to rephrase the proposed amendment and by making a technical change that has no substantive effect.

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. 2001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2001, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.

SCRep. 247 Energy & Environment Protection on H.B. No. 2184

The purpose of this measure is to authorize the issuance of up to \$100,000,000 in revenue bonds to finance the acquisition, construction, rehabilitation, installation, and improvement of solar energy, energy conservation, and renewable energy facilities and equipment by the State.

Your Committee finds that this measure is consistent with the achievement of the State's objectives and policies with regard to energy (section 226-18(a), Hawaii Revised Statutes), which are:

- (1) Dependable, efficient, and economical statewide energy systems capable of supporting the needs of the people;
- (2) Increased energy self-sufficiency where the ratio of indigenous to imported energy use is increased;
- (3) Greater energy security in the face of threats to Hawaii's energy supplies and systems; and
- (4) Reduction, avoidance, or sequestration of greenhouse gas emissions from energy supply and use.

Your Committee received testimony in support of this measure from the Department of Accounting and General Services, the Hawaii Renewable Energy Alliance, and the Hawaii Chapter of the Sierra Club. The Department of Business, Economic Development, and Tourism and the Hawaii Solar Energy Association commented on this measure.

Your Committee has amended this measure by:

- (1) Deleting the provision requiring the revenue bonds to be issued during fiscal years 2002-2003 and 2003-2004; and
- (2) Adding a provision to lapse the authorization to issue revenue bonds under this measure on June 30, 2004.

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. 2184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2184, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 248 Energy & Environment Protection on H.B. No. 2516

The purpose of this bill is to broaden the range of parties eligible for loans and to assist in the financing of eligible programs through the drinking water treatment revolving fund and the water pollution control revolving fund.

Specifically, the bill establishes a wastewater systems special fund to finance operations of the Department of Health's wastewater systems program; adds a definition of "eligible party" to include a county, state agency, or private person, thereby expanding the scope of those eligible for loans to include the private sector; and provides for interest rate subsidies.

In the early years of the water pollution control revolving fund, emphasis was placed on loans to public systems that treat and discharge domestic wastewater, the so-called point sources of pollution. More recently, the federal Environmental Protection Agency has documented the fact that over fifty per cent of water pollution is caused by the so-called nonpoint source pollution, such as that caused by run-off from construction sites, agriculture, and cesspool and septic tank leaks. The vast majority of these occur on private land.

The State has developed a program called the linked deposit program to be able to expand assistance to private landowners to resolve pollution situations on their property. In essence, under this program the Department would work with a financial institution to provide an interest rate subsidy for loans by depositing revolving fund moneys into interest-bearing accounts at the financial institution.

Your Committee finds that broadening the class of recipients eligible for pollution control assistance to include private entities is appropriate and in the public interest as the pollution of state waters affects the public.

Your Committee received testimony in support of this measure from the Department of Health.

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

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2516, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Hale, Kanoho and Bukoski.

SCRep. 249 Energy & Environment Protection on H.B. No. 2128

The purpose of this bill is to extend the authorization to issue special purpose revenue bonds for Hui 'Enekinia Hawai'i's cogeneration facility on the Big Island to June 30, 2007.

The bill also provides more flexibility to Hui 'Enekinia Hawai'i in structuring their business venture and also allows the refunding of the special purpose revenue bonds.

Your Committee received favorable testimony from Hui 'Enekinia Hawai'i, unfavorable testimony from the Hawai'i County Council, and comments from the Department of Budget and Finance.

Your Committee finds that the Hui 'Enekinia Hawai'i's cogeneration facility will produce thermal energy such as steam, hot water and heat. The use of thermal fluid output from this facility would be utilized by existing and planned businesses for manufacturing and processing enterprises with attendant economic benefits to the community.

Your Committee has adopted the recommendation of the Department of Budget and Finance and has amended the bill by allowing the refunding of the special purpose revenue bonds. Your Committee also made technical changes that have no substantive effect.

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. 2128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2128, H.D. 1, and be referred to the Committee on Finance.

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

(Representatives Hale, Jaffe and Thielen voted no.)

SCRep. 250 Health on H.B. No. 1891

The purpose of this bill is to reallocate the tobacco settlement moneys by:

- (1) Decreasing the amount appropriated into the Emergency and Budget Reserve Fund from 24.5 percent to 12 percent; and
- (2) Increasing the amount appropriated into the Hawaii Tobacco Prevention and Control Trust Fund (Trust Fund) from 12.5 percent to 25 percent.

The American Heart Association, American Cancer Society, Hawaii Medical Association, Coalition for a Tobacco Free Hawaii, American Lung Association of Hawaii, Hawaii Nurses Association, and the Representative of the 21st District submitted testimony in support of this measure.

The Department of Budget and Finance opposed this measure. Tax Foundation of Hawaii submitted comments.

Your Committee's intent is to restore funding to the Trust Fund to provide resources for tobacco control education and programs. The percentages of tobacco settlement moneys were recently reallocated during the Third Special Session of 2001 to fund the University of Hawaii's Medical School (Medical School). Though your Committee supports the Medical School, your Committee does not want tobacco control to suffer because of the reallocation of funds.

Your Committee worked with various affected organizations in an attempt to come up with a more equitable proposal, but they were not able to complete the task to meet the demands of the legislative timetable. Your Committee will continue to work on a revised proposal for the next Committee to consider.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1891 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 251 Health on H.B. No. 2060

The purpose of this measure is to promote the ability of the Department of Health to protect the public from foodborne pathogens.

Your Committee finds that informed food managers and foodhandlers are essential for the control of foodborne pathogens in foods served to the public. In its mildest forms, food poisoning can be uncomfortable—in its severest forms, food poisoning can be fatal. Hawaii already has the worst record in the nation for incidents of campylobacteriosis (a common foodborne illness) and has seen distinct increases in reported cases caused by other dangerous microorganisms in food.

Becoming an informed food manager or foodhandler, however, requires a degree of trust that cannot be attained unless food managers, foodhandlers, consultants, and educators can ask honest questions and give and receive honest answers without fear of being intentionally misled or targeted for inspection.

Accordingly, this measure retains the current law's prohibition against the use of information gained from the Department of Health's food safety consultative and education program for enforcement actions.

Your Committee received testimony in support of this measure from the Department of Health, the University of Hawaii, and the Hawaii Food Industry Association. The Hawaii Restaurant Association submitted testimony in opposition to this measure.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2060 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 Representative Yonamine.

SCRep. 252 Energy & Environment Protection on H.B. No. 2667

The purpose of this bill is to protect Hawaii's marine environment by:

- (1) Directing the Division of Aquatic Resources of the Department of Land and Natural Resources (DLNR) to develop a comprehensive plan to prevent the intentional introduction of potentially invasive aquatic organisms; and
- (2) Making an appropriation in an unspecified amount for one full-time position whose primary duty shall be to develop the comprehensive plan.

The Hawaii Audubon Society, the Coordinating Group on Alien Pest Species, Hawaii's Thousand Friends, and a concerned citizen submitted testimony in support of the bill. The Board of Land and Natural Resources supports the intent of the measure.

Your Committee finds that there is a gaping hole in Hawaii's defense against invasive aquatic organisms. DLNR has primary responsibility for eradicating invasive alien species from natural aquatic and terrestrial ecosystems, but little, if any control over their

intentional introduction into the State. The Department of Agriculture has primary control over the intentional introduction of alien species into the State, but little, if any responsibility for eradicating these species from Hawaii's aquatic and terrestrial ecosystems once they have escaped into the environment.

Your Committee finds that once invasive alien species escape into Hawaii's aquatic and terrestrial ecosystems, control is difficult and expensive, and complete eradication is probably impossible. It is less expensive to take preventative measures to stop the introduction of alien species into Hawaii's ecosystems.

DLNR estimates that \$60,000 of annual funding is necessary to fund one full-time position whose primary duty would be to develop a comprehensive plan to prevent invasive aquatic organisms from entering the State. Your Committee respectfully recommends that the Committee on Finance amend this measure to provide the necessary funding to protect Hawaii's environment.

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. 2667 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.
(Representative Hale voted no.)

SCRep. 253 Energy & Environment Protection on H.B. No. 2660

The purpose of this bill is to impose a moratorium for an unspecified number of years on the practice of an electric utility charging standby charges and offering customer retention discounts for customer self-generation and distributed energy resources.

The Department of Research and Development of the County of Hawaii, Hawaii Renewable Energy Alliance, Sierra Club, Life of the Land, and several concerned citizens submitted testimony in support of the bill. The Department of Business, Economic Development, and Tourism supported the intent of the bill. The Public Utilities Commission (PUC), Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company opposed the measure. The Gas Company and Kauai Electric offered comments.

After carefully considering the practice of electric utilities regarding standby charges and customer retention discounts and in an effort to achieve the appropriate balance between encouraging distributed energy resources (DER) and the need for equitable rates under a variety of arrangements between DER owners and electric utilities, your Committee has amended this bill by foregoing the imposition of a moratorium. In lieu thereof, the PUC will be required to consider a number of specific issues in any PUC proceeding that relate to standby fees or customer retention discounts DERs.

Your Committee has amended the measure by:

- (1) Specifying that it is the intention of the Legislature that the PUC achieve the appropriate balance between the Legislature's desire to encourage DER and the need for equitable rates under a variety of arrangements between DER owners and electric utilities with respect to any fossil-fueled onsite generation facility requiring some level of standby service;
- (2) Prohibiting standby charges and customer retention discounts for renewable energy systems or net-meter systems;
- (3) Requiring the PUC to consider a number of specific issues in any proceeding relating to standby charges or customer retention discounts related to DERs; and
- (4) Requiring the PUC, if it fails to consider the specified issues in any proceeding relating to standby charges or customer retention discounts, to provide the Legislature a report in an unspecified number of days after the issuance of the decision and order, explaining how its decision is in the public interest.

As affirmed by the record of votes of the members of your Committee on Energy and Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2660, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2660, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Hale, Bukoski and Meyer.

SCRep. 254 Education on H.B. No. 2014

The purpose of this bill is to enable nonprofit organizations to manage and operate New Century Conversion Charter Schools (Charter Schools); provided that:

- (1) The board of directors of the nonprofit organization shall serve as the Charter School's local school board;
- (2) One nonprofit organization may manage multiple Charter Schools;
- (3) A nonprofit organization that manages a Charter School shall contribute \$1 for every \$4 allocated per-pupil by the Department of Education (DOE) for the operation and maintenance of the Charter School; and
- (4) The cap on new Charter Schools is deleted and replaced with an unspecified figure.

The College of Hawaiian Language at the University of Hawaii at Hilo, Kamehameha Schools, Hawaii Business Roundtable, Hawaii Association of Independent Schools, Chamber of Commerce of Hawaii, Aha Punana Leo, Inc., Kokua Kalihi Valley, and several individuals submitted testimony in support of this bill. DOE and two individuals submitted testimony in support of the intent of this bill but voiced concerns. The Hawaii Government Employees Association and Hawaii State Teachers Association submitted testimony in opposition to this bill. The Hawaii Association of Charter Schools submitted comments on this bill.

Your Committee finds that this bill presents a new way to broaden the scope and effectiveness of Charter Schools. By involving nonprofit organizations, the State will allow entities with experience and resources to ease some of the administrative and financial burden of operating Charter Schools. By requiring these groups to invest their own funds, these Charter Schools will provide an education that is at least as well supported as that of other public schools.

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

- (1) Specifying that the required financial contribution of a nonprofit organization to the Charter School it operates does not cover maintenance expenses;
- (2) Clarifying that a Charter School operated by a nonprofit organization shall receive state and federal funding that is equivalent to other public schools;
- (3) Clarifying that a nonprofit organization may obtain outside services in operating a Charter School;
- (4) Specifying that the contribution of \$1 for every \$4 allocated by DOE is the minimum allowable contribution;
- (5) Reinstating the cap on new Charter Schools; and
- (6) 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. 2014, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2014, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina and Takumi.

SCRep. 255 Consumer Protection & Commerce on H.B. No. 2485

The purpose of his bill is to remove the Compliance Resolution Fund (CRF), and the Insurance Regulation Fund (IRF), from the list of special funds that are exempt from central service assessments.

Testimony in support of this administration bill was received from the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA).

Your Committee finds that the director of finance is authorized to make assessments of special funds, except those granted an exempt status, for the purpose of defraying the central service expenses of government in relation to special funds. The CRF and IRF are DCCA special funds that are exempt from assessments.

The approach of removing the CRF and the IRF from exempt status will allow these funds to pay their fair share of central service governmental expenses.

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 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, Case and Souki.
(Representatives Gomes and Marumoto voted no.)

SCRep. 256 Education and Labor & Public Employment on H.B. No. 2853

The purpose of this bill is to reclassify as civil service positions and adjust the salary structure of educational officers within the Department of Education (DOE) who do not serve in instruction-related positions.

DOE, Hawaii Government Employees Association, and an individual submitted testimony in opposition to this bill.

Your Committees find that concerns have been raised that non-instructional educational officers are often not equitably compensated, both within DOE and as compared to similar positions in other state agencies. DOE has been requested to address these inequities and assess its classification system for educational officers, but, to date, this has not been accomplished. However, your Committees note that external factors including a change in leadership of DOE have contributed to the delay in addressing the Legislature's concerns.

Upon further consideration, your Committees have amended this bill by deleting its substance and inserting provisions requiring DOE to conduct a comprehensive occupational validation study of all educational officers and report to the Legislature prior to the Regular Session of 2003.

Other technical, nonsubstantive amendments were made for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2853, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2853, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Souki, Moses and Rath.

SCRep. 257 Legislative Management on H.B. No. 1822

The purpose of this bill is to effectuate its title.

H.B. No. 1822 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 the 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 Legislative Management that is attached to this report, your Committee is in accord with the action to report out H.B. No. 1822, as amended herein, and recommends that it be recommitted to the Committee on Legislative Management, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. 1822, H.D. 1.

Signed by all members of the Committee.

SCRep. 258 Consumer Protection & Commerce on H.B. No. 2467

The purpose of this bill is to update and clarify the naturopathy licensing law by:

- (1) Repealing outdated language regarding application procedures for the examination;
- (2) Modifying the accrediting standards required of naturopathic schools approved under the naturopathy law, to remove a standard that has no relationship to the quality of an accrediting agency; and
- (3) Clarifying licensure, examination, and reexamination requirements, and the Board of Examiners in Naturopathy's (Board's) authority over these.

Your Committee received testimony in support of this measure from the Professional and Vocational Licensing Division of the Department of Commerce and Consumer Affairs and American Association of Naturopathic Physicians. The Council on Naturopathic Medical Education provided comments on the bill.

Your Committee finds that naturopathy license examination applicants are required to submit an application to the Board. However, recently, the testing agency responsible for administering naturopathy examinations changed its licensing procedures and began accepting applications directly from examination candidates. This bill would repeal the provisions affected by this change to reflect current protocol.

Further, your Committee finds that the requirement that an approved naturopathy school be accredited by a regional or national "professional" accrediting body has no bearing on the quality of the accrediting agency. The Council on Naturopathic Medical Education (CNME) was the only "professional" accrediting body recognized by the United States Department of Education. It lost that distinction when its accreditation services ceased to serve the federal purpose of qualifying certain schools to participate in federal student loan programs. CNME is also the only accrediting agency recognized by the North American Board of Naturopathic Examiners, which administers the licensing examinations used by the State. Your Committee finds that unless the term "professional" is removed, naturopathic applicants will not be able to satisfy educational requirements and become licensed.

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. 2467 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 259 Judiciary & Hawaiian Affairs on H.B. No. 1804

The purpose of the bill is clarify the procedure for expungement of juvenile records.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of the Prosecuting Attorney for the City and County of Honolulu, the Juvenile Justice Information Committee and the Office of Youth Services. The Office of the Public Defender submitted comments.

Your Committee finds that the requirement of the court to confer with the "appropriate law enforcement agency" should be clarified to mean the "prosecuting attorney in the appropriate circuit."

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. 1804 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 260 Judiciary & Hawaiian Affairs on H.B. No. 2282

The purpose of this measure is to address an omission in the Uniform Arbitration Act which governs arbitration agreements made prior to the effective date of Chapter 658A, if agreed to by the parties to the agreement or to the arbitration proceeding. However, the Act is silent as to which law governs if the parties do not agree. This bill will amend the law to enable use of the provisions in the previous arbitration law, which has since been repealed, when warranted.

Your Committee received testimony in support of this measure from the Hawaii Commission to Promote Uniform State Laws.

Your Committee finds that this technical amendment will enhance predictability in arbitration agreements and improve the arbitration process.

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. 2282 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 Souki and Yoshinaga.

SCRep. 261 Judiciary & Hawaiian Affairs on H.B. No. 2310

The purpose of the bill is to remove an outdated exception to venue in civil actions where a party cannot be served.

Your Committee received testimony in support of the measure from the Judiciary.

Your Committee finds that this exception is irrelevant because every individual can currently be served in all circuits statewide.

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. 2310 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 Souki and Yoshinaga.

SCRep. 262 Judiciary & Hawaiian Affairs on H.B. No. 2317

The purpose of the bill is to add unlawful imprisonment in the second degree and interference with reporting an emergency or crime as offenses over which family court has concurrent jurisdiction with district court.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu.

Your Committee finds that the offenses of unlawful imprisonment in the second degree and interference with reporting an emergency or crime often occur within the setting of domestic violence. This measure would assure that these offenses may properly be charged with domestic abuse crimes that occur concurrently.

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. 2317 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 Souki and Yoshinaga.

SCRep. 263 Judiciary & Hawaiian Affairs on H.B. No. 2318

The purpose of the bill is to allow the use of personal service for notice to the surety or sureties of the forfeited bail or bond in criminal court.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu.

Currently, notice to sureties of a bail forfeiture is allowed only by certified mail. However, your Committee finds that notice by personal service is no less certain than certified mail and may be necessary under certain circumstances.

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. 2318 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 264 Judiciary & Hawaiian Affairs on H.B. No. 2437

The purpose of the bill is to provide good faith immunity for law enforcement officers who enforce foreign protective orders that appear to be authentic.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Departments of the Prosecuting Attorney for the City & County of Honolulu and the County of Maui, Volunteer Legal Services Hawaii, and the Police Departments of the City and County of Honolulu and the Counties of Hawaii and Maui.

Your Committee finds that providing good faith immunity to officers enforcing protective orders that appear to be authentic would protect them from the risk of suits and allow timely enforcement when confronted with crucial situations.

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. 2437 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 265 Health and Consumer Protection & Commerce on H.B. No. 2049

The purpose of this bill is to:

- (1) Repeal the Joint Formulary Advisory Committee (Formulary Committee);
- (2) Allow optometrists to use and prescribe pharmaceutical agents established by the Board of Optometry;
- (3) Require optometrists to consult with an ophthalmologist or other physician licensed to practice medicine if certain medications are used on a patient and there is a reaction or no improvement in the treated condition;
- (4) Allow therapeutically certified optometrists to use and prescribe therapeutic pharmaceutical agents approved by the United States Food and Drug Administration; and
- (5) Prohibit therapeutically certified optometrists from using injectable agents.

The Board of Examiners in Optometry, Hawaii Optometric Association, and several optometrists testified in support of this measure.

The Hawaii Psychiatric Medical Association, Hawaii Ophthalmological Society, and many optometrists opposed this measure. The Department of Commerce and Consumer Affairs submitted comments.

Your Committees received much opposing testimony from practicing optometrists who believe that the Formulary Committee has been very effective. However, your Committees also heard very compelling testimony from several optometrists, including one who serves on the Formulary Committee, that, although the Formulary Committee was very effective when it was initially established, it is no longer effective. Additionally, testifiers claimed that optometrists are still prescribing off of a list approved in 1998 and that the Formulary Committee hinders the approval process. All other states' boards of optometry decide which medicines optometrists can use.

As affirmed by the records of votes of the members of your Committees on Health 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. 2049 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 Stonebraker, Case, Morita, Souki and Whalen.
(Representatives Gomes, Marumoto and Meyer voted no.)

SCRep. 266 Judiciary & Hawaiian Affairs on H.B. No. 2601

This bill adds to the list of State officials and employees who are required to file with the State Ethics Commission financial disclosure statements that are open to public inspection. Specifically, the bill adds the appointed members of the Boards of Regents at the University of Hawaii, Land and Natural Resources, Agriculture, and the Hawaiian Homes Commission. The bill further provides that these board and commission members need not report the dollar value or range of value of a financial interest when an amount of the interest is required to be reported for others filing financial disclosure statements.

Your Committee received testimony in support of the bill from the State Ethics Commission, Hawaii State Teachers Association, and Common Cause Hawaii. The Hawaiian Homes Commission also testified on this bill.

Your Committee has amended this bill by:

- (1) Clarifying that board and commission members covered by this bill are not required to disclose the amounts of their financial interests on their financial disclosure statements, although other listed officials and employees must report the amounts of their interests by stating the dollar value ranges; and

- (2) Adding the members, executive director, and associate director of the State Ethics Commission to the list of State officials who must file public financial disclosure statements.

Your Committee believes that because the State Ethics Commission has the duty of determining violations of the State's code of ethics, including conflicts of interests, it is important that the financial disclosure statements of those involved in making decisions of this nature should be made public.

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. 2601, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2601, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 267 Consumer Protection & Commerce on H.B. No. 1716

The purpose of this bill is to amend the condominium property regime law to specify that in the mediation of a dispute between a homeowner and the board of directors of a condominium, each party shall be responsible for its own costs.

Hawaii Independent Condominium and Cooperative Owners, The Mediation Center of the Pacific, and six concerned individuals submitted testimony in support of this bill. Hawaiiana Management Company, Ltd., and the Hawaii Council of Associations of Apartment Owners supported the intent of this bill. The Real Estate Commission also supported the intent of this bill but recommended a moratorium on all condominium legislation until 2003 due to ongoing condominium law recodification. The Community Associations Institute provided comments.

Your Committee finds that an apartment owner or an association board of directors may request mediation of a dispute involving the interpretation, application, or enforcement of the condominium law or of the association of apartment owners' declaration, bylaws, or house rules. Your Committee further finds that if one party is required to pay the entire cost of mediation, this may result in undue financial hardship and serve as a deterrent to mediation.

Your Committee has retained the requirement that each party assume responsibility for its own individual costs of participating in mediation, and has amended this bill by:

- (1) Mandating that the joint costs of mediation be shared equally amongst the parties; and
- (2) Providing the parties with the alternative of allocating the costs of mediation by agreement at the end of the mediation process.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1716, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 268 Consumer Protection & Commerce on H.B. No. 2631

The purpose of this bill is to update and clarify the provisions relating to the grading of meat.

Testimony in support of this measure was received from the Board of Agriculture.

Your Committee finds that this bill updates the meat grading law to allow administrative changes and provide clarity and internal consistency by:

- (1) Removing the responsibility for the meat grading program from the Animal Husbandry Division and providing that establishment of fees, standards, and rules for grading services, and enforcement of the meat grading law is the responsibility of the Department of Agriculture;
- (2) Specifying within the title of Part VI of Chapter 147, Hawaii Revised Statutes (Grades and Standards), all meat products for which grade standards may be developed and grading services offered, by amending the title to include the terms "mutton" and "lamb;" and
- (3) Making other technical, nonsubstantive amendments to the meat grading law.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2631 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Morita, Souki and Whalen.

SCRep. 269 Energy & Environment Protection and Consumer Protection & Commerce on H.B. No. 2837

The purpose of this bill is to examine the State's energy situation in relation to the State's energy objectives by directing the Auditor to contract with an independent consultant to conduct a comprehensive statewide energy audit.

The Natural Energy Laboratory of Hawaii Authority, County of Maui, Life of the Land, Hawaii Renewable Energy Alliance, and Na Leo Pohai submitted testimony in support of the bill. The Public Utilities Commission and Department of Business, Economic Development, and Tourism supported the intent of the measure. The Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited, opposed the bill.

Your Committees are cognizant of funding concerns regarding the cost of the statewide audit and the lack of specific reference to the transportation sector in the scope of the audit; however, the audit is imperative to the present economic security of Hawaii.

Your Committees have amended this measure by:

- (1) Clarifying the energy situation and the scope of the statewide energy audit;
- (2) Deleting from the scope of the statewide audit the evaluation of federal energy policies and the impacts of the international oil cartels and the known oil supplies on Hawaii's energy situation;
- (3) Deleting the appropriation, which is unspecified, for fiscal year 2003-2004; and
- (4) 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 Energy and Environmental Protection 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. 2837, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2837, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski, Meyer, Souki and Whalen.

SCRep. 270 Water & Land Use on H.B. No. 2266

The purpose of this bill is to clarify the laws relating to the ownership of accreted lands by:

- (1) Defining "accreted lands" as "lands formed by the gradual accumulation of sand along the ocean except for such accumulation within existing private property lines which restores land once eroded";
- (2) Expanding the definition of "public lands" to include accreted lands.
- (3) Limiting the registration of land by accretion to the State, except for lands accreted within private property lines when it restores eroded areas.

The Office of Environmental Quality Control (OEQC), Life of the Land, Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, and four concerned individuals testified in support of this measure. The Department of Land and Natural Resources supported the intent of this bill.

There is concern that some private landowners along the beach have used the accretion law to register title to accreted land even if the public has been using the land continuously for many years. To address this issue, your Committee reviewed bills that would require:

- (1) The landowner to prove that accreted lands were in existence for at least 40 continuous years instead of 20 years;
- (2) OEQC to publish notices of beachfront accretion applications; and
- (3) That lands claimed under the State's accretion laws shall remain zoned for conservation.

After careful consideration, your Committee has amended this bill by

- (1) Replacing the definition of accreted lands with language consistent with the definition of "accretion" as it appears in chapter 13-222, Hawaii Administrative Rules;
- (2) Requiring OEQC to inform the public of any beachfront accretion applications;
- (3) Deleting the authority for the Land Use Commission to designate accreted lands to any land use district except conservation; and
- (4) Making technical, nonsubstantive amendments for the purpose of 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. 2266, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2266, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.

SCRep. 271 Water & Land Use on H.B. No. 2444

The purpose of this bill is to transfer the responsibility for redeveloping the lands at Barbers Point, Oahu, from the Barbers Point Naval Air Station Redevelopment Commission (Commission) to the Hawaii Community Development Authority (HCDA). This bill also:

- (1) Establishes a mechanism to fund future operations; and
- (2) Provides capital improvement funding for two important projects.

HCDA, the Commission, the Department of Business, Economic Development, and Tourism, the Department of Hawaiian Home Lands, and the Department of Transportation testified in support of this measure. The University of Hawaii supported the intent of this bill. The State Representative from the 42nd District and a concerned individual offered comments. Two concerned individuals opposed this bill.

Among other things, this bill addresses the following funding issues:

- (1) It establishes an assessment mechanism in which each land owner would be charged a proportionate share of the operating costs of the Kalaeloa Community Development District (District) based on the amount of land conveyed to each agency;
- (2) It appropriates \$600,000 for a geotechnical study to confirm that the existing drainage system is sufficient to support development. The City has requested this study prior to designating the area as a special drainage district; and
- (3) It appropriates \$100,000 for a traffic study to determine the ability of the existing network to accommodate current and projected traffic flow and to identify any necessary mitigation measures.

Your Committee has amended this bill by:

- (1) Deleting a reference to the renaming of Barbers Point Harbor as Kalaeloa Barbers Point Harbor. The harbor lies outside of the District;
- (2) Deleting HCDA's authority to name and rename as part of its guidance policies. It is your Committee's intent that HCDA not rename any streets of significance within the District; and
- (3) Making technical, nonsubstantive amendments to correct drafting errors.

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. 2444, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2444, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 272 Consumer Protection & Commerce on H.B. No. 2102

The purpose of this bill is to authorize the Insurance Commissioner to issue limited licenses to motor vehicle rental or leasing companies to sell individual accident and sickness insurance in connection with the rental of passenger motor vehicles. This bill requires rental car companies that have been issued a limited license to:

- (1) Conduct training programs for licensed employees regarding the insurance coverage offered;
- (2) Supervise sales by employees;
- (3) Inform consumers that insurance coverage may duplicate existing coverage and that a vehicle may be rented without purchasing insurance; and
- (3) [sic] Provide consumers with complete written disclosure of the terms of coverage and a description of the process for filing a claim.

Testimony in support of this measure was received by the Insurance Division of the Department of Commerce and Consumer Affairs. Hertz Corporation and Catrala-Hawaii supported the intent of this measure and suggested amendments.

Your Committee finds that the requirements for obtaining a limited license under this bill will provide important consumer protections and will enable consumers to make informed decisions when purchasing vehicle-related insurance coverage while renting a motor vehicle.

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. 2102 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, Case, Morita, Souki and Whalen.

SCRep. 273 Consumer Protection & Commerce on H.B. No. 2295

The purpose of this bill is to:

- (1) Require that the Public Utilities Commission (PUC) establish an intervenor program to help consumers provide information for hearings and other PUC proceedings; and
- (2) Appropriate funds for the creation and maintenance of a PUC website.

Testimony in support of this bill was submitted by Life of the Land, Na Leo Pohai, and seven concerned individuals. Testimony in support of the intent of this measure was provided by the Consumer Advocate. PUC, Hawaiian Electric Company, and Verizon Hawaii submitted testimony in opposition to the bill. Kauai Electric and the Gas Company provided comments.

Your Committee recognizes that although the Consumer Advocate is currently responsible for representing, protecting, and advancing the interests of "all" consumers before the PUC, the Consumer Advocate may be unable to satisfactorily fulfill that mandate when the interests of the consumer are inconsistent with the position taken by the Consumer Advocate. Permitting other interested parties who possess "significant information" to intervene would expand public access to the PUC forum, and create an environment in which better, more informed decisions may be made.

Furthermore, your Committee finds that requiring the PUC to establish and maintain a website would benefit the public by providing a very effective and efficient means of communicating, educating, and informing consumers about PUC. In light of PUC's testimony that they have routinely returned excess funds from their operating budget into the general fund, your Committee finds that concerns over funding for this new initiative should not impede its implementation.

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. 2295 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 274 Consumer Protection & Commerce on H.B. No. 2473

The purpose of this administration bill is to modernize and clarify our State's securities laws by:

- (1) Providing greater certainty in the capital formation process involving limited offerings by:
 - (A) Eliminating existing confusion in interpretation of section 485-6(15), Hawaii Revised Statutes, by breaking the section into two separate exemptions, one for private offerings and another under REG D of the Securities Act of 1933; and
 - (B) Making a clarifying amendment to section 485-6(2);
- (2) Providing a new securities exemption for foreign securities approved by the Board of Governors of the Federal Reserve that are not meant to be covered by state securities laws;
- (3) Replacing a transactional exemption inadvertently repealed by Act 16, Session Laws of Hawaii 2000, that allows the Commissioner of Securities to conditionally or unconditionally exempt transactions by rule; and
- (4) Repealing the investment advisor bond and errors and omissions insurance requirements.

Testimony in support of this bill was provided by the Business Registration Division of the Department of Commerce and Consumer Affairs.

Your Committee finds that Hawaii is the only state in the nation with an errors and omissions insurance requirement, which has no demonstrable impact on investor protection. In addition, the bond requirement has been repealed because it conflicts with the North American Securities Administrators Association model rule on net worth and bonding which the Securities Division is adopting through the rulemaking process.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2473 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, Case, Morita, Souki and Whalen.

SCRep. 275 Tourism & Culture on H.B. No. 2192

The purpose of this bill is to amend the composition and voting procedure of the Hawaii Tourism Authority's board of directors (Board) by:

- (1) Increasing the number of public, voting members to twelve;
- (2) Clarifying that one representative from each county shall be included as part of the twelve public, voting members; and
- (3) Establishing that seven voting members constitute a quorum for the purposes of the Board.

Testimony in support of this measure was submitted by the Department of Business, Economic Development, and Tourism, Hale Opio Kauai, Inc., International Longshoremen's and Warehouse's Union Local 142, Hawaii Tourism Authority, Hawaii Activities and

Tours Association, National Association of Social Workers, and the Visitor Industry Coalition. The Hawaii Hotel Association supported the intent of this bill. The Sierra Club, Hawaii Chapter, opposed this bill.

Your Committee has amended this measure by:

- (1) Adding the chairperson, or a designated representative, of the Board of Land and Natural Resources to the Board as an ex officio, nonvoting member;
- (2) Inserting language allowing for more than one representative from each county to be included as public, voting members;
- (3) Requiring at least one of the public, voting members to have knowledge, experience, and expertise in Hawaiian cultural practices;
- (4) Expanding the areas of knowledge, experience, and expertise for six of the twelve public, voting members; 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 Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2192, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2192, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Marumoto.

SCRep. 276 Health on H.B. No. 2065

The purpose of this bill is to:

- (1) Authorize the Board of Nursing to grant prescriptive authority to Advanced Practice Registered Nurses (APRNs) and to designate formularies instead of the Department of Commerce and Consumer Affairs (DCCA) and the Board of Medical Examiners; and
- (2) Establish an advisory committee on formularies.

The University of Hawaii School of Nursing and Dental Hygiene, Board of Nursing, Hawaii Nurses' Association, Hawaii Association of Nurse Anesthetists, and several APRNs testified in support of this measure.

The Hawaii Medical Association and Hawaii Psychiatric Medical Association opposed this measure.

Your Committee finds that in most states, prescriptive authority is granted by its board of nursing. One APRN testified that although she is qualified to prescribe, she has not been able to acquire state recognition because of DCCA's cumbersome rules. Your Committee finds that APRNs are highly trained, qualified, and capable. Additionally, the advisory board established in this measure provides protection and disciplinary oversight, as it includes physicians and pharmacists, in addition to other health-related representatives.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2065 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 277 Health on H.B. No. 2258

The purpose of this bill is to ensure that marriage and family therapists continue to be regulated by:

- (1) Repealing the sunset date for marriage and family therapists; and
- (2) Authorizing the Director of Commerce and Consumer Affairs to enter into reciprocity agreements to issue licenses to marriage and family therapists licensed in other states;

This bill also:

- (1) Removes the exemption that allows individuals doing work that overlaps with the practice of marriage and family therapy from licensure;
- (2) Removes the requirement that no person shall use the title of marriage and family therapist unless the person is licensed as such; and
- (3) Repeals the requirement to adhere to ethical standards of the American Association for Marriage and Family Therapy.

The Legislative Auditor (Auditor), Hawaii Association for Marriage and Family Therapy, Chaminade University of Honolulu, and numerous concerned individuals submitted testimony in support of this measure. A concerned individual supported the intent of this measure.

The Hawaii Nurses Association opposed the measure. The Department of Commerce and Consumer Affairs and the National Association of Social Workers submitted comments in support of a part and opposing a part of the measure.

Your Committee finds that this measure implements recommendations of the Auditor in the sunset evaluation report. Your Committee notes that most of the testimony supports the Auditor's recommendations with some amendments.

Accordingly, your Committee has amended this bill by:

- (1) Clarifying the reciprocity requirements;
- (2) Providing that no one purport to be a marriage and family therapist that is not licensed as one;
- (3) Providing that an individual who is not licensed does not offer marriage and family therapy services unless it is within the scope of the individual's occupation; 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 H.B. No. 2258, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2258, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative McDermott.

SCRep. 278 Health and Human Services and Housing on H.B. No. 2220

The purpose of this bill is to assist individuals with limited English proficiency by:

- (1) Establishing the Hawaii Commission on Language Access (Commission) within the Department of the Attorney General to develop a statewide plan to enhance services for persons with limited English proficiency;
- (2) Appropriating funds to the Commission for operating expenses; and
- (3) Appropriating funds to the Department of Health and Department of Human Services to develop and implement systems for persons with limited English proficiency to access services.

The Hawaii Primary Care Association, Catholic Charities, Inter-Agency Council for Immigrant Services, and Na Loio Immigrant Rights and Public Interest Legal Center testified in support of this measure.

Your Committee finds that individuals with limited English proficiency often have difficulty in accessing programs and services offered by state departments. Hawaii, with a diversity of cultures, has a large number of residents with limited English proficiency. Your Committee believes that efforts should be made to assist these individuals in accessing programs and services.

Your Committees have amended this bill by:

- (1) Removing the appropriation amounts to promote further discussion;
- (2) Changing the effective date to July 1, 2002; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2220, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2220, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 279 Consumer Protection & Commerce on H.B. No. 1777

The purpose of this bill is to restrict the Public Utilities Commission (PUC) contested case hearing required for public utility rate increases, to "major" rate increases proposed by a public utility that result in an unspecified percentage increase in the public utility's revenues.

Verizon Hawaii submitted testimony in support of this bill. The University of Hawaii Environmental Center commented on this bill. Opposing testimony was received from the PUC, Consumer Advocate, Life of the Land, and a concerned individual.

Your Committee finds that the proposed bill may adversely affect due process protections afforded under current law. Your Committee further finds that it is not feasible to assess the economic impact of the bill because the percent increase in revenues that defines a "major" rate increase has not been specified.

Your Committee has amended this measure by:

- (1) Replacing references to "major rate increase" with references to "basic service rates", thereby restricting the PUC contested case hearing requirement to changes in basic service rates;
- (2) Defining "basic service rates" to mean rates charged for a utility's basic monthly service;
- (3) Granting PUC the discretion to hold a contested case hearing for increases in rates other than basic service rates; and
- (4) Changing the effective date of the bill from upon its approval to July 1, 2050, to foster further dialogue with the Senate.

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, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1777, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 280 Consumer Protection & Commerce on H.B. No. 2630

The purpose of this bill is to protect Hawaii's agricultural products by:

- (1) Establishing a Seal of Quality Program (Program) for agricultural products produced in Hawaii;
- (2) Establishing the Hawaii Marketing Alliance to develop and make a Seal of Quality Branding Program; and
- (3) Establishing the Seal of Quality Special Fund (Special Fund) for use by the Department of Agriculture to administer and operate the Program.

Testimony in support of this measure was submitted by Commodity Advisory Group, Hawaii Farm Bureau Federation, Kilauea Agronomics, Limited Liability Company, Meadow Gold Dairies, Pineapple Growers Association of Hawaii, and Del Monte Fresh Produce (Hawaii). The Department of Agriculture and the Agribusiness Development Corporation supported the intent of this bill.

Your Committee finds that this measure will benefit local producers and manufacturers of fresh and added value local agricultural products in identifying, assuring, and promoting "local" products. Furthermore, this Program will increase resident and visitor awareness, while increasing the export marketing value of our state's unique and added value products. Your Committee also finds that the United States Department of Agriculture will provide a grant that will cover the start-up funds needed for this Special Fund.

Your Committee recognizes that this bill represents a collaboration between the public and private sectors, in which the former will be responsible for enforcing the Program, while the latter will provide the marketing initiative needed to make this Program a success.

Your Committee has amended this measure to reflect the private sector marketing partnership needed to effectively implement the Program, with the purpose of creating value and excitement for Hawaii's agricultural and added value products. Other technical, nonsubstantive amendments were made for purposes of 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. 2630, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2630, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Morita, Souki and Whalen.

SCRep. 281 Human Services and Housing on H.B. No. 2764

The purpose of this bill is to reallocate the amounts collected from the conveyance tax by:

- (1) Decreasing the amount paid into the Natural Area Reserve Fund from 25 percent to 12.5 percent; and
- (2) Designating 12.5 percent to be paid into the Homeless Assistance Trust Fund established by this bill.

Affordable Housing and Homeless Alliance, Institute for Human Services, Inc., Partners in Care, Hawaii Catholic Conference, and Volunteer Legal Services Hawaii testified in support of this measure. The Housing and Community Development Corporation of Hawaii and the Nature Conservancy of Hawaii supported the intent of this measure.

The Board of Land and Natural Resources and the Sierra Club Hawaii Chapter, opposed this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee finds it necessary to find resources to house the homeless. Over 56,000 people have filed for unemployment since September 11, 2001, and a testifier stated that it takes about six to nine months from the point of crisis to become homeless. Given the state of the economy, your Committee is concerned that the existing homeless problem will worsen.

Your Committee recognizes the importance of protecting the environment, however, compromises need to be made to strike a balance between nature conservancy and providing shelter for the homeless.

Your Committee respectfully requests the next committee to consider amending this bill by limiting the reallocation to a period of one year to address the immediate homeless crisis.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2764 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 282 Human Services and Housing and Health on H.B. No. 2056

The purpose of this bill is to create a three-tier licensure program for social workers and change the regulatory oversight from "title protection" to "practice protection".

More specifically, social workers would be regulated at the following levels:

- (1) A licensed bachelor social worker (LBSW), with a bachelor's social work degree and successful passing of the basic level examination of the Association of Social Work Boards;
- (2) A licensed social worker (LSW), with a master's or a doctoral degree and successful passing of the intermediate or higher level examination of the Association of Social Work Boards; and
- (3) A licensed clinical social worker (LCSW) who has not only the degrees of the LSW, but also:
 - (A) Successfully passed the clinical level national examination of the Association of Social Work Boards; and
 - (B) Provides evidence of having successfully completed specific post masters clinical social work experience in terms of years or hours, working with groups, face-to-face clinical diagnosis, and psychotherapy.

Your Committee finds that social workers often provide the first contact with clients who need mental health services, addiction rehabilitation services, counseling of all types, and social services for the elderly. Consumers of these services do not know exactly what they need and may have help at the hospital level, community centers, or health clinics to find a social worker who can help. In order to assure quality of service and a suitable level of assistance depending on the level of need, social workers come in a variety of levels in terms of education, experience, and training. This bill is designed to assure that the right "match" is made for the client, and that the social worker is held accountable for honesty and ethical behavior, as well as professional skill and knowledge.

As affirmed by the records of votes of the members of your Committees on Human Services and Housing and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2056, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2056, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representative Stonebraker.

SCRep. 283 Legislative Management on H.B. No. 1821

The purpose of this bill is to provide the Office of the Auditor (Auditor) with sufficient funds to conduct financial audits of the Departments of Education, Health, and Human Services, as well as other state agencies.

The Auditor testified in support of this measure. The Department of Accounting and General Services was notified about this bill but did not submit any testimony.

The Auditor is authorized by article VII, section 10 of the State Constitution to conduct financial audits. In addition, chapter 23, Hawaii Revised Statutes, requires the Auditor to conduct post-audits of the transactions, accounts, programs, and performance of all departments, offices, and agencies of the State and its political subdivisions.

The Auditor testified that if her office were to handle all financial audits, the Legislature and the public would receive the results of the audits in a timely manner. The Auditor further testified that having the responsibility for the financial audits would alert the Auditor's Office of any areas that may require a management audit or follow-up procedures.

Your Committee finds that the current practice of allowing DAGS to conduct the audits of executive departments and agencies raises questions regarding the independence of the auditing function. Your Committee further finds that this bill will not increase the overall state budget but merely changes the expending agency.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1821, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Halford.

SCRep. 284 Legislative Management on H.B. No. 2842

The purpose of this bill is to allow for the forfeiture of service time accrued or earned for government benefits under chapters 87, 87A, and 88, Hawaii Revised Statutes, if an elected official has been convicted of a felony that took place within the course and scope of the official's duties. The forfeiture will start from the date of the act constituting the felony.

The Campaign Spending Commission expressed concerns regarding this bill. The Hawaii Public Employees Health Fund commented on this bill.

Although concerns were raised regarding the severity of forfeiting benefits, your Committee believes that this is an important issue that should be looked at more closely by your Committee on Finance.

A House member informed your Committee that this bill is not unconstitutional since the benefits do not accrue until the date of retirement.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2842 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 285 Legislative Management on H.B. No. 2612

The purpose of this bill is to allow public employers to access any of their employee's state-owned computers for any work-related reason.

The Campaign Spending Commission supported the intent of this bill. The Hawaii State Ethics Commission, Office of Information Practices, and Hawaii Government Employees Association opposed this bill.

Your Committee has amended this bill by deleting its contents and inserting language that limits the scope of the bill to only the Legislature. More specifically, this bill:

- (1) Allows the Speaker of the House of Representatives and the Senate President to access any of their employee's state-owned computers for any work-related reason, suspected misuse, or random inspection for misuse;
- (2) Provides that before any such computer at the Legislature is accessed by the employer, except for normal maintenance or repair, the employer shall consult with a committee made up of a proportional number of majority and minority members from the affected house reflecting the makeup of each house; and
- (3) Provides that the members on each committee shall be appointed by the employer.

Concerns were raised that chapter 84, Hawaii Revised Statutes (HRS), may not be the most appropriate place to put this new language since this chapter pertains to the Ethics Code. Therefore, your Committee on Judiciary and Hawaiian Affairs may want to consider placing this language in a more appropriate chapter.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2612, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2612, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 286 Health on H.B. No. 2523

The purpose of this bill is to improve the State Comprehensive Emergency Medical Services System by:

- (1) Establishing a trauma registry for the collection of information concerning the treatment of critical trauma patients at state-designated trauma centers to be implemented and maintained by the Department of Health (DOH);
- (2) Allowing the recording of information concerning treatment received before and after a trauma patient's admission to a hospital or medical center; and
- (3) Requiring all state-designated trauma centers to submit to DOH periodic reports of each patient treated for trauma in the state system.

DOH testified in support of this measure.

Your Committee finds that a trauma registry is a crucial component of an emergency medical services system. A trauma registry provides the necessary information for the trauma program to conduct quality assurance, engage in injury surveillance, perform research, and develop injury prevention and control strategies.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2523 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 287 Labor & Public Employment on H.B. No. 2527

The purpose of this bill is to provide for increased public safety and better customer service by allowing the Department of Labor and Industrial Relations (DLIR) to set reinspection frequencies of boilers and pressure systems, elevators, and kindred equipment, based on safety considerations.

DLIR testified in support of this measure.

DLIR explained that it is unable to recruit and retain qualified inspectors in order to meet the current law's requirement to conduct reinspections at least every 8 months for elevators and kindred equipment and at least every 13 months for boilers and pressure systems. Moreover, DLIR informed your Committee that due to technological advances, mandated inspections, at the frequency currently prescribed for by law, are unnecessary, increases costs to building owners and managers and to the public without a valid reason, and in the case of boilers, actually create greater hazards.

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. 2527 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Moses and Rath.

SCRep. 288 Labor & Public Employment and Economic Development & Business Concerns on H.B. No. 2835

The purpose of this bill is to review mandated health care coverage.

Specifically, this bill relieves the State Auditor of duties to review mandated health care coverage proposals by creating a Health Insurance Services Review Panel (Review Panel) which shall:

- (1) Evaluate the health benefits provided to public employees, to be used as a baseline;
- (2) Assess the social, medical, and financial impacts of mandated health insurance coverage; and
- (3) Conduct evaluations of the cost of existing mandated health insurance services.

The Chamber of Commerce of Hawaii, Hawaii Medical Services Association, Hawaii Psychological Association, and the Department of Commerce and Consumer Affairs testified in support of this bill. Kaiser Permanente and Hawaii Medical Association supported the intent of this measure. The Office of the Auditor and the Office of Information Practices submitted comments stipulating their concerns with this measure.

The Prepaid Health Care Act was enacted in 1974 as a means to provide health care coverage to all of Hawaii's citizens through means of equal sharing of health care costs between an employee and the employer. However, skyrocketing health care costs have caused this benefit to put a strain on businesses, especially small businesses who often are forced to cut back an employee's hours or lay off employees as a means of reducing health care premium costs. Moreover, mandated health care coverage for numerous conditions have been passed since 1974, including 13 new mandates since 1998, adding to the burden on employers. Many of these mandates have also been passed without a review being conducted by the State Auditor and without knowledge of the implications of these mandated benefits.

In 2001, a Mandated Benefits Advisory Task Force (Task Force) was convened by the Legislature to determine a process to review all future mandated health benefits and assess their implications. This Task Force recommended the creation of a Review Panel.

However, your Committees understand the concerns of the State Auditor that the inclusion of the Office of the Auditor on the Review Panel may result in a conflict of interest. Nevertheless, your Committees feel that this is an important matter that warrants further discussion.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2835 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Rath and Takumi.

SCRep. 289 Energy & Environment Protection on H.B. No. 2731

The purpose of this bill is to address the solid waste management situation confronting this State by authorizing the issuance of special purpose revenue bonds up to \$25,000,000 to assist Central Oahu Recycling and Disposal Facility, Inc., in acquiring land, planning, designing, and constructing a private solid waste recycling and disposal facility on the island of Oahu.

Central Oahu Recycling and Disposal Facility, Inc., and Eco-Feed, Inc., submitted testimony in support of this measure. The Department of Health commented on the bill.

While your Committee delved into whether the proposed project qualifies as a processing enterprise under part IV, chapter 39A, Hawaii Revised Statutes, your Committee considers further examination of this issue by the Committee on Finance to be prudent.

Your Committee has amended this measure by making technical and clarifying amendments to conform to the requirements of chapter 39A, Hawaii Revised Statutes.

Other technical, nonsubstantive amendments were made for 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. 2731, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2731, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Kanoho.
(Representative Hale voted no.)

SCRep. 290 Human Services and Housing and Health on H.B. No. 1870

The purpose of this bill is to require the Department of Human Services (DHS) to provide presumptive Medicaid or QUEST coverage to low-income pregnant women.

The Hawaii State Commission on the Status of Women, Good Beginnings Alliance, Mothers Care for Tomorrow's Children, Kokua Kalihi Valley, March of Dimes Hawaii Chapter, Healthy Mothers, Healthy Babies Coalition of Hawaii, and several individuals testified in support of this measure. Hawaii Primary Care Association supported the intent of this measure.

DHS opposed the measure.

Your Committees find that DHS provides Medicaid or QUEST coverage for low-income pregnant women on the 46th day, if an application is not processed within 45 days, until an eligibility determination can be made. However, outreach workers claim that it sometimes takes up to six or eight weeks for eligibility to be granted. Additionally, at the time of the initial application, some individuals may already be several months into the pregnancy.

Your Committees find that this is an issue of expeditious processing of applications. Although DHS has greatly reduced their backlog of pending applications, this measure would require additional positions on each island.

Accordingly, your Committees have amended this bill by:

- (1) Removing references to federal waivers;
- (2) Removing the requirement for confirmation of a pregnancy test;
- (3) Simplifying the presumptive eligibility requirement to applicants that are Medicaid eligible;
- (4) Appropriating funds for eligibility workers and clerks on each island to expeditiously process applications; and
- (5) 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 H.B. No. 1870, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1870, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 291 Human Services and Housing on H.B. No. 2103

The purpose of this bill is to require Medicaid and QUEST coverage of chiropractic services.

Several concerned individuals testified in support of this measure.

The Department of Human Services (DHS) opposed this measure.

Your Committee finds that many individuals under QUEST or Medicaid seek chiropractic services for a variety of conditions and ailments, but must pay out-of-pocket. Testifiers claim that under workers' compensation and certain health plans, chiropractic care is covered, yet it is not covered under Medicaid and QUEST.

Your Committee believes that this measure is worthy of consideration, as more individuals are relying on chiropractic care as a reliable source of health care, and it is a legitimate concern that workers' compensation insurance covers chiropractic care, but QUEST and Medicaid doesn't. Your Committee notes that DHS is working on a cost-analysis of the chiropractic coverage under QUEST and Medicaid.

Your Committee has amended this bill by changing the effective date to July 1, 2020 to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2103, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 292 Human Services and Housing on H.B. No. 2696

The purpose of this bill is to protect the elderly and dependent adults by creating a system of accountability of persons who have access to their financial records and accounts.

The Hawaii Government Employees Association and Honolulu Police Department (HPD) testified in support of this measure. The Department of Human Services supported the intent of this measure. The Office of the Public Defender submitted comments.

Your Committee finds that there is growing concern over financial abuse of the elderly and dependent adults. HPD testified that it is currently difficult to prosecute unless the elderly or dependent adult individual is able to testify.

Your Committee notes that the intent of this bill is worthy, but the Public Defender expressed concerns about the proposed language that may have unintended results against innocent people. However, your Committee finds that this bill merits further consideration and respectfully requests your Committee on Judiciary and Hawaiian Affairs to further investigate these concerns.

Accordingly, your Committee has amended this bill by:

- (1) Removing provisions that any person in violation of misapplication of property or theft against elders or dependent adults automatically be subject to the maximum sentence;
- (2) Changing the effective date to July 1, 2020, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2696, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2696, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 293 Consumer Protection & Commerce and Health on H.B. No. 2834

The purpose of this bill is to establish the Hawaii RX Program to make prescription drugs more affordable to all residents of the State.

Testimony in support of this measure was received from the Lieutenant Governor, Commissioner for the Maine Department of Human Services, Assistant Attorney General for the State of Maine, AARP Hawaii, Hawaii Alliance for Retired Americans, Hawaii State AFL-CIO, Hawaii State Teachers Association, ILWU Local 142, Kokua Council, Policy Advisory Board for Elder Affairs, Legal Aid Society of Hawaii, Healthcare Association of Hawaii, Hawaii Academy of Physician Assistants, The Medicine Bank, Unity House, Inc., Retirees Unit of the Hawaii Government Employees Association, and several concerned individuals. The Department of Commerce and Consumer Affairs and Department of Health supported the intent of this bill. Pharmaceutical Research and Manufacturers of America testified in opposition (PhRMA).

Your Committees heard testimony in overwhelming support of the Hawaii RX Program. Approximately 25 percent of Hawaii's population, or about 250,000 persons, do not have drug insurance and must pay full retail prices for prescription drugs. More than 70,000 elderly and disabled individuals in Hawaii receive medical coverage under Medicare but do not have outpatient drug coverage. Therefore, your Committees find that establishment of a state prescription drug assistance program is critical.

Compelling testimony was heard regarding individuals who have suffered as a result of the high cost of prescription drugs. In many instances, families who are unable to afford prescription medications must forego filling their prescriptions in order to buy food and other necessities. Others try to "stretch" medications by taking less than the prescribed dosage, thereby reducing their effectiveness. When access to prescription drugs is restricted due to prohibitive costs, public health problems arise and overall health-care costs increase.

Pharmaceutical drug manufacturers, who generally oppose state prescription drug assistance programs, contend that many pharmaceutical companies have already implemented patient assistance programs. Through these programs, patients are provided with medications either free of charge or at reduced prices. Your Committees recognize that manufacturer-sponsored programs help some individuals, but program income limits and strict eligibility requirements, exclude many. Furthermore, pharmaceutical companies may terminate their programs at any time. The Hawaii Rx Program is designed to provide all Hawaii residents with uninterrupted access to affordable prescription drugs.

Manufacturers further contend that "prior authorization," an essential component of this bill, will greatly limit access to medicine. This component authorizes DOH to exclude a manufacturer's products from State prior authorization lists if the manufacturer and Director of Health fail to reach a drug rebate agreement. Manufacturers argue that prior authorization would remove the profit incentive for companies to research and develop new medicines.

Your Committees find that this argument is contradicted by data released by the Henry J. Kaiser Family Foundation which includes:

- (1) The pharmaceutical industry, which spends more than any other industry on consumer advertising in the United States, is also the most profitable;
- (2) Profits as a percent of revenues for the pharmaceutical industry have been greater than four times the median rate for all Fortune 500 firms in the late 1990s (18.6 percent of revenues compared to 4.5 percent for all Fortune 500 firms in 2000); and

- (3) Fourteen percent of pharmaceutical company revenues are spent on research and development, the same amount spent on marketing and advertising.

Finally, some testifiers expressed concern regarding lawsuits challenging the legality of state prescription drug assistance programs. Specifically, in the State of Maine, PhRMA filed a lawsuit challenging the constitutionality of the Maine Rx Program, the same program upon which the Hawaii Rx Program is modeled. The Maine Rx Program was upheld by the First Circuit United States (U.S.) Court of Appeals, which found that the program did not violate the Supremacy or Commerce Clause of the U.S. Constitution.

Your Committees agree with following quote of Supreme Court Justice Louis Brandeis, in the Court of Appeals' opinion:

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the nation. It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country."

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2834 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Morita, Souki, Whalen and Kawakami.

SCRep. 294 Consumer Protection & Commerce on H.B. No. 2618

The purpose of this bill is to enhance a patient's access to quality care by allowing patients the option of having their insurance reimbursement sent directly to a dentist of their choice, regardless of whether the dentist is a preferred provider.

Your Committee receive testimony in support of this measure from the Hawaii Dental Hygienists' Association, Hawaii Medical Association, and numerous dentists and consumers. The Chamber of Commerce of Hawaii and Hawaii Medical Service Association testified in opposition to this bill. Hawaii Dental Service commented on the measure.

Your Committee finds that an important function of health plans (plans) is their ability to manage costs. This occurs when providers that participate in a plan contractually agree to a negotiated rate and reimbursement. In exchange, the provider is acknowledged as a "participating" (par) provider, and the plan directly reimburses the par provider for services to plan members, usually at rates more favorable than for nonparticipating (nonpar) providers.

Nonpar providers may charge fees exceeding the plan's eligible charges and will still be reimbursed for services provided to members. However, nonpar providers are excluded from direct reimbursement. This means that patients may select a nonpar provider, but must pay for the cost of service "up front" and be reimbursed later by the plan.

Your Committee finds that withholding direct reimbursement from nonpar providers is a tool that encourages providers to participate in a plan and allows plans to negotiate lower fees with par providers. This benefits plan members, and in turn, the general public, since fees set by providers in a community must be competitive with par provider fees. By mandating direct reimbursement of nonpar providers, this bill would remove a substantial incentive for providers to participate in a plan, and would deny plans an important cost management tool. Your Committee is therefore concerned that this bill may have the effect of generally increasing the cost of dental care in Hawaii.

Your Committee further finds that in most cases, withholding direct reimbursement merely makes it more inconvenient for plan members to see a nonparticipating provider. Your Committee finds that this inconvenience is one reason that withholding direct reimbursement is an effective health plan cost management tool.

However, your Committee is concerned about the effect of withholding direct reimbursement on the group of persons with limited incomes, who live in communities with limited numbers of participating providers. These persons may need immediate dental care, but be unable to obtain an appointment with a par provider, and also unable to pay the "up front" cost of treatment by a nonpar provider. In these cases, necessary care may be denied or delayed because nonpars are excluded from direct reimbursement.

Your Committee thus finds that further discussion of the issues raised by this bill is merited. To facilitate discussion, your Committee has amended the bill's effective date to July 1, 2050. Your Committee has also made technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2618, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2618, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 295 Consumer Protection & Commerce and Health on H.B. No. 1761

The purpose of this bill is to allow the Insurance Commissioner (Commissioner) to regulate the rates of "managed care plans" (health plans), which include health insurers regulated under the Insurance Code, as well as health maintenance organizations and mutual benefit societies.

The bill establishes a prior approval system where proposed rates must be filed with the Commissioner and are subject to a 90-day waiting period before becoming effective. The Commissioner may disapprove rates that are inadequate, excessive, or unfairly

discriminatory. The system is similar to that applicable to workers' compensation, motor vehicle, and other property and casualty insurance lines.

Rate filings are to be accompanied by statistical health plan experience, investment income, reserves, and other information and interpretation upon which they are based. The rate may be disapproved during the 90-day waiting period, which may be extended by 15 days by the Commissioner. Disapprovals may occur after the waiting period upon a contested case hearing. If a rate is disapproved, the Commissioner may set interim rates upon request by the affected health plan.

The bill also requires reserves exceeding 50 percent of a health plan's annual expenses to either be returned to enrollees or applied to stabilize or reduce the health plan's rates and other charges.

Testimony in support of this bill was received from the Insurance Division of the Department of Commerce and Consumer Affairs (DCCA), Hawaii State Teachers Association (HSTA), HSTA-Retired, ILWU Local 142, Hawaii State AFL-CIO, Hawaii Primary Care Association, Hawaii Independent Physicians Association, National Alliance for the Mentally Ill Oahu, Mental Health Association in Hawai'i, Equal Insurance Coalition, Hawaii Coalition for Health, Kokua Council, Advocates for Consumer Rights, Tsunami Marketing, and six concerned individuals. Comments were provided by the National Federation of Independent Business, HSTA Member Benefits Corporation, Legislative Information Services of Hawaii, and Benefit Plan Consultants(HI), Inc.

Testimony in opposition to this measure was submitted by Hawaii Medical Service Association, Kaiser Permanente, Hawaii Pacific Health, Royal State National Insurance Company, Ltd., Voluntary Employees' Benefit Association of Hawaii, Hawaii Medical Association, Healthcare Association of Hawaii, Maui Medical Group, Inc., Pacific Medical Administrative Group, Inc., Hawaii Management Alliance Association, Building Industry Association of Hawaii, Hawaii Business Roundtable, Pharmacare, and several individuals. The Office of Information Practices opposed the informational practices provisions of the bill.

Your Committees heard testimony that this bill is needed because Hawaii's noncompetitive health plan market provides no incentive for health plan efficiency and product development. DCCA asked whether Hawaii's rates are actually lower than those of other states if our health plans are compared to plans with the same advantages of nonprofit status and the State's geographical compactness.

DCCA testified that the purpose of rate regulation is not to lower health care costs, although this may be its effect, but rather to make rate-making practices more transparent. Testifiers stated that this openness will:

- (1) Encourage competition by assuring potential market entrants that existing plans do not underprice coverage or engage in predatory pricing;
- (2) Ensure that rates are fair and not excessive for the benefits provided and that plans are solvent;
- (3) Prevent cost shifting that discriminates against certain groups or services;
- (4) Allow consumers to make informed purchases; and
- (5) Give government information about the actual costs of medical benefits that may be used to focus regulatory policy.

DCCA also testified that the prior approval system proposed by this bill is one in a range of possible regulatory approaches. These include "file and use," which allows immediate rate implementation upon filing and subject to subsequent review and challenge, and "open competition," in which insurers use rates which are subject to review and invalidation if inadequate or discriminatory.

In addition, DCCA testified that 48 states have some form of health premium rate regulation, with most states using prior approval, file and use, and file only systems depending on the type of insurance product. DCCA stated that regulation has resulted in health premium decreases in other states.

Those opposed to the bill stated that regulation is unnecessary, and testified that:

- (1) DCCA has existing authority over health plans including authority to ensure solvency;
- (2) Regulation will not reduce health care costs which are driven by hospital care, drug, and mandated benefits costs, and high consumer expectations of care divorced from accountability for costs; and
- (3) Rate decreases in other rate-regulated insurance industries were driven by factors not present in the health care arena.

Your Committees recognize that rate regulation cannot be ignored as a possible response to a number of trends that include the continuing upward climb in health insurance rates, the impending crisis in the property and casualty insurance market caused by the events of September 11th, and the alarming trend in our state toward monopolies in our telephone, airline, gasoline, newspaper, and health industries.

Your Committees are seriously concerned about the potential impact of these trends on small employers and on the affordability and availability of health care in Hawaii in the near future. Your Committees find that the State must prepare for and try to minimize any future crisis. However, your Committees also recognize that an approach toward new regulation should be taken cautiously, and that even if adopted, rate regulation may only be a temporary and limited solution.

Your Committees find that discussion of the approach proposed by this bill should continue. Your Committees also request that in examining this bill other Committees seriously consider the measure as a means of implementing one testifier's suggestion that the bill provide a health insurance rate discount of ten percent for safety net employers who are nonprofits providing services to the physically, financially, and emotionally frail among us.

Your Committees have amended this measure by:

- (1) Changing its effective date from upon approval to July 1, 2009, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1761, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1761, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kawakami, McDermott and Stonebraker.
(Representatives Gomes, Jaffe and Meyer voted no.)

SCRep. 296 Energy & Environment Protection and Consumer Protection & Commerce on H.B. No. 1770

The purpose of this bill is to protect Hawaii's consumers by bringing oil companies under the regulatory jurisdiction of the Public Utilities Commission (PUC), which will facilitate access to oil pricing information and require a justification for gasoline prices.

The Hawaii Renewable Energy Alliance and one concerned individual testified in support of this bill. Testimony in opposition was submitted by the Department of Business, Economic Development, and Tourism, Consumer Advocate, and one concerned individual. PUC commented on the bill.

Your Committees find that the price of gasoline in Hawaii has remained artificially high in comparison to gasoline prices on the mainland. Further, the wholesale price of crude oil to refineries in Hawaii has remained constant while in other markets the price of the same crude oil has experienced a 50 percent drop. Your Committees find that a disturbingly disproportionate amount of oil company profits come from Hawaii's small, but captive market.

Although your Committees are proponents of a free market, your Committees feel that the interests of Hawaii consumers cannot be adequately protected under current market conditions. It is the intent of your Committees to regulate oil companies as public utilities that fall under the purview of the PUC, as a means of gathering more information on the oil companies' rate setting policies. This will ensure that Hawaii's consumers are not being charged excessively for gasoline.

Your Committees recognize that at this time, many questions remain unanswered with regards to this proposed measure. However, your Committees believe that until the terms of the settlement of the antitrust suit *Anzai v. Chevron* are disclosed to the public, and more information is made available about the most effective methods of lowering excessive gasoline prices, this bill should remain alive as a means to gather pertinent information on the rate setting practices of the oil industry.

Your Committees have amended this measure by:

- (1) Changing the effective date to July 1, 2050, to allow further discussion of the issues; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection 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. 1770, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1770, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Whalen, Bukoski and Meyer.
(Representatives Jaffe, Marumoto and Thielen, voted no.)

SCRep. 297 Energy & Environment Protection and Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 2198

The purpose of this bill is to:

- (1) Require the Department of Business, Economic Development, and Tourism (DBEDT) to establish and publish each quarter a maximum wholesale gasoline price for the State based on the average price of four types of crude oil: New York, Texas, Alaskan North Slope, and Indonesian Minas;
- (2) Prohibit oil companies from charging more than this maximum price to retailers; and
- (3) Establish civil penalties for noncompliance, equal to the greater of three times the actual damage sustained, or \$500,000.

Your Committees received testimony in support of this measure from a few concerned individuals. Testimony in opposition was submitted by DBEDT, the Western States Petroleum Association, and Tesoro Hawaii Corporation.

Your Committees find that it is of paramount importance to ensure the lowest fair gasoline prices for Hawaii's consumers. At the same time that mainland consumers have been enjoying the lowest gasoline prices in years, Hawaii consumers inexplicably continue to pay a large premium at the pump. Where the price of several types of crude oil used at oil refineries on Oahu has declined 50 percent since October 2000, and other types have also dropped by comparable amounts, wholesale prices that oil companies charge Oahu retail dealers have not similarly declined.

Your Committees find that one way to prevent this type of unfairly discriminatory pricing by oil wholesalers is to apply a benchmarking process to establish an upper limit, or cap, on the wholesale price of gasoline that large oil companies may charge to retailers in the State. This bill creates this benchmark process to prevent oil companies from unfairly increasing wholesale prices, and lowers Hawaii's artificially high wholesale gasoline prices. This bill also recognizes the possibility of an abrupt change in the world market, and in this event, allows manufacturers or jobbers to petition DBEDT to readjust the maximum wholesale price of gasoline. Your Committees further find that while this bill provides a benchmark for the wholesale price, it does not interfere with subsequent retail pricing by refiners.

Your Committees have amended this measure by:

- (1) Using gasoline with an octane rating of 87 as the basis for calculating the maximum wholesale price for each gallon of gasoline;
- (2) Providing a mechanism to calculate the maximum wholesale price for each gallon of gasoline with octane ratings higher or lower than 87; and
- (3) Changing the effective date of this bill to July 1, 3000, to facilitate further discussion.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection, 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. 2198, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2198, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, Chang, Ahu Isa, Souki and Auwae.
(Representatives Bukoski, Meyer and Marumoto voted no.)

SCRep. 298 Legislative Management on H.B. No. 2672

The purpose of this bill is to prohibit political fundraisers or fundraising on any state government property.

The Representative of the 32nd District, Common Cause Hawaii, and two individuals testified in support of this measure. The Hawaii State Ethics Commission opposed this measure. The Campaign Spending Commission commented on this measure.

The Hawaii State Ethics Commission testified that section 76-92, Hawaii Revised Statutes (HRS) addresses prohibited activities and penalties under the civil service reform law. Your Committee was also informed that section 76-92, HRS, will be repealed on July 1, 2002.

Your Committee has amended this bill by deleting section 1 of the bill and replacing it with a new section in chapter 11, HRS, that prohibits certain political activities, including solicitation or contribution of money or things of value from any public officer or employee for any political purpose. The new language in section 1 was modeled after section 76-92, HRS.

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

During the public hearing, concerns were raised regarding the severity of the fines and whether chapter 11, HRS, is the most appropriate chapter to place this new language. Your Committee feels that your Committee on Judiciary and Hawaiian Affairs will be better able to address these concerns.

As affirmed by the record of votes of the members of your Committee on Legislative Management that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2672, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee.

SCRep. 299 Health on H.B. No. 2709

The purpose of this bill is to:

- (1) Specify how moneys in the Hospital and Medical Facilities Special Fund (Fund) should be spent;
- (2) Establish a cap on the Fund;
- (3) Require the Department of Health (DOH) to submit an annual report to the Legislature on the status of the Fund; and
- (4) Clarify that fees from administrative penalties are to be deposited into the Fund.

The Hawaii Coalition of Care Home Administrators and Alliance of Residential Care Administrators testified in support of this measure. DOH supported the intent of this measure.

Your Committee finds that this measure creates a system of accountability for the Fund by putting restrictions on the uses of the Fund, and establishing a cap with an amount yet to be specified. The remainder of the Fund will revert to the General Fund. Additionally, the Fund will be used to improve public outreach and education.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2709 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 300 Health on H.B. No. 2653

The purpose of this bill is to establish a prescription drug program administered by the Department of Health (DOH) and open to any senior citizen who is retired and 65 or older. This program will:

- (1) Require initial enrollment periods and disallow re-enrollment for a fixed number of years after voluntary cancellation, or cancellation for premium non-payment;
- (2) Provide an annual benefit maximum sufficient to meet most subscribers' needs; and
- (4) [*sic*] Include a mail-order service and subscriber and provider education plans.

The bill also makes an appropriation to fund the program.

Your Committee receive testimony in support of this measure from the Retirees Unit of the Hawaii Government Employees Association, Hawaii State Teachers Association, and Healthcare Association of Hawaii. The Department of Human Services, DOH, Executive Office on Aging, Department of Commerce and Consumer Affairs, and Hawaii Medical Association provided testimony in support of the intent of this bill.

Your Committee finds that this bill would provide a State solution that addresses the failure of Congress to enact a Medicare prescription drug program. Your Committee finds that some form of insurance coverage is necessary to help seniors meet the rising cost of needed prescription drugs, protect their health, and preserve their quality of life.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2653 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Yonamine.

SCRep. 301 Health on H.B. No. 2503

The purpose of this bill is to allow the Department of Health (DOH) to administer the death registration and disinterment permit process more efficiently and quickly by authorizing DOH to:

- (1) Charge a \$20 fee for the issuance of a burial-transit permit that allows burial or other disposition of a dead body;
- (2) Increase from \$5 to \$20, the fee for a disinterment permit to expose, disturb, or remove the remains of a dead body from its place of burial; and
- (3) Deposit half of the fees collected into the Vital Statistics Improvement Special Fund to computerize the death registration and disinterment permit process, with the remainder to be deposited into the general fund.

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

Your Committee finds that the initial phase of converting the death registration and disinterment permit process is already taking place. This bill will eliminate the need for in-person or mail-in requests and permit issuance, reduce governmental costs, and increase convenience and availability of permits to the public.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2503 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 302 Health on H.B. No. 1857

The purpose of this bill is to require parity in mental health coverage for minors to the same extent as provided to adults.

Among other things, this bill:

- (1) Amends the definition of "serious mental illness" to include major depression in minors; and
- (2) Adds mental illness and alcohol and drug dependence benefits for minors.

NAMI Oahu, Hawaii Medical Association, Mental Health Association in Hawaii, Hawaii Disability Rights Center, Equal Insurance Coalition, Hawaii Psychological Association, and a concerned individual testified in support of this measure. The Department of Health, Hawaii Psychiatric Medical Association, and the Hawaii Government Employees Association supported the intent of this measure.

Kaiser Permanente, the Building Industry Association of Hawaii, Chamber of Commerce of Hawaii, Hawaii Medical Service Association, and Royal State National Insurance Co., Ltd. submitted testimony in apposition to this bill. The Department of Commerce and Consumer Affairs and the Mutual Benefit Association of Hawaii submitted comments.

Your Committee finds that youth suicide, depression, and alcohol and substance abuse is a problem both nationwide and in Hawaii. Unfortunately, minors do not have the same access to mental health care that adults do. Although Felix-class children often receive mental health services, there are children who are not Felix-eligible and have become part of a "gap group" that does not receive adequate insurance coverage for mental health care. Your Committee finds that this is an urgent issue that needs to be addressed immediately to provide parity in mental health care benefits for minors.

Your Committee has amended this bill by:

- (1) Removing the provision that excludes minors who receive treatment under the Felix Consent Degree from benefits;
- (2) Removing the repeal date of the benefits;
- (3) Changing the effective date to January 1, 2003; 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 H.B. No. 1857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1857, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.

SCRep. 303 Health on H.B. No. 1901

The purpose of this bill is to require HIV testing of individuals:

- (1) Charged with sexual assault, including child abuse and incest, by court order; and
- (2) Convicted of sexual assault, including child abuse and incest.

The Department of the Prosecuting Attorney of the City and County of Honolulu, Child Welfare Services State Advisory Council, Sex Abuse Treatment Center, Hawaii Medical Association, Honolulu Police Department, and the Hawaii Coalition Against Sexual Assault testified in support of this measure.

The Office of the Public Defender submitted comments.

Your Committee finds that individuals convicted of sexual assault are tested for HIV upon the issuance of a court order. However, court orders are not always issued. Even if a court order is issued after the conviction, it is usually months after the assault took place. Your Committee finds that victims are often left wondering if they may have been infected with a sexually transmitted disease by their perpetrator, contributing to more mental anguish and suffering.

Your Committee has amended this bill by:

- (1) Removing offenses that do not transmit bodily fluids from the list of offenses that require HIV testing for charged or convicted individuals;
- (2) Removing the good faith exception to further protect confidentiality of the test results; 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 H.B. No. 1901, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1901, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

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

SCRep. 304 Judiciary & Hawaiian Affairs on H.B. No. 2201

The purpose of the bill is to require criminal defendants who, as civil plaintiffs, are awarded money from tort claims arising out of their own criminal conduct, to make restitution to the crime victim or to the Crime Victim Compensation Fund.

Your Committee received testimony in support of the measure from the Crime Victim Compensation Commission.

Your Committee finds that criminal defendants should not profit by filing civil suits for claims arising out of their criminal misconduct.

Your Committee has amended this bill by:

- (1) Correcting the name "criminal injuries compensation fund" to "crime victim compensation special fund"; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2201, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 305 Consumer Protection & Commerce on H.B. No. 2468

The purpose of this bill is to authorize the Director of Commerce and Consumer Affairs to contract with private consultants to assist in the review of cemetery and pre-need funeral authority license applications and regulatory issues both before and after licensure.

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

Your Committee finds that the cemetery and pre-need funeral industry has expanded from simple, family-owned operations to multi-million dollar corporate enterprises. National funeral companies are acquiring cemetery and pre-need funeral operations throughout the State, making their licensing more complex. In addition, trust fund amounts have drastically increased, resulting in the need for additional regulation and supervision to protect consumers.

DCCA explained that it is authorized to contract with consultants to audit trust fund records of any cemetery or pre-need funeral authority only after the entity is licensed, and that consultants are limited to the auditing of trust funds, while DCCA really needs the authority to contract with consultants who possess expertise to ensure compliance both pre- and post-licensure. This bill would provide DCCA with that authority.

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 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Meyer and Whalen.

SCRep. 306 Education on H.B. No. 2480

The purpose of this bill is to establish a school bus fare special fund into which school bus fares collected by schools from students, parents, or guardians are to be deposited.

Your Committee finds that an estimated \$2,000,000 collected will be used to partially fund the cost of providing contracted school bus service. Your Committee further finds that the creation of a school bus fare special fund will allow statewide bus fare collections to be deposited into a single account and will enable the Department of Education to account for a source of funds that was previously collected by contractors and avoid exceeding the Student Transportation Services Program's general fund appropriation. The Department will benefit from the increased accountability for the funds collected.

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. 2480 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, Takumi, Halford, McDermott and Stonebraker.

SCRep. 307 Education on H.B. No. 2483

The purpose of this bill is to establish a teacher education scholarship program funded through income tax check-offs.

Under this bill, persons submitting state income tax returns will be able to designate \$3 of the person's tax liability to help fund scholarships for students who are enrolled in a state-approved public teacher education program and, upon graduation, teach in the public school system for not less than four years.

Additionally, the bill establishes the scholarships for educators program, to be established and administered by the Department of Education, and the Hawaii scholarships for educators special fund, into which shall be deposited revenues from the scholarship income tax check-off and donations from private sources.

Your Committee is cognizant that public education faces a severe shortage of teachers that will extend into the coming decade and, therefore, there is a critical need to recruit and retain qualified teachers who are committed to Hawaii's public schools. Many teachers who have been recruited from the mainland tend to leave after a few years. Accordingly, your Committee finds that there is a pressing need to expand the local pool of eligible teachers who are committed to staying in Hawaii. Your Committee believes that one means of ensuring the availability of teachers is to provide scholarships to students pursuing a degree in teaching in a state-approved

program, who commit to teaching in the Hawaii public school system for not less than four years. At the same time, your Committee finds that it is appropriate to allow taxpayers the opportunity to support public education and to contribute to the effort to recruit and retain qualified teachers who are committed to Hawaii's public schools.

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. 2483 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, Takumi, Halford, McDermott and Stonebraker.
(Representative Ontai voted no.)

SCRep. 308 Education on H.B. No. 2849

The purpose of this bill is to establish high school career and technical education programs within the Department of Education.

Specifically, this bill appropriates \$250,000 for fiscal year 2002-2003 for two full-time equivalent educational specialist positions, one full-time equivalent state resource teacher position, and one full-time equivalent secretary II position within the Department of Education to:

- (1) Develop a career pathways system to ensure students understand scope of careers in the world of work;
- (2) Establish curriculum and instructional strategies;
- (3) Provide research-based professional development for departmental staff;
- (4) Devise a system to allow students to develop self-knowledge and design and implement career and life plans;
- (5) Form alliances to promote student learning;
- (6) Leverage resources to support school reform;
- (7) Design a data collection system to evaluate effectiveness of career and technical education programs; and
- (8) Establish policies to support implementation of the career pathways system.

Your Committee finds that this bill will support the development of a career pathways system, which allows resource allocation to enable students to learn and achieve success in career and technical education programs.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2849 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, Takumi, Halford, McDermott and Stonebraker.
(Representative Hale voted no.)

SCRep. 309 Education and Labor & Public Employment on H.B. No. 2851

The purpose of this bill is to transfer the authority for the certification of principals and vice-principals from the Department of Education (DOE) to the Hawaii Teacher Standards Board (HTSB).

HTSB and the University of Hawaii submitted testimony in support of the intent of this bill. DOE and the Hawaii Government Employees Association submitted testimony in opposition to this bill.

Your Committees find that while HTSB provides an independent licensing body for public school teachers, standards for school administrators are still determined by their employer, DOE. This represents a conflict of interest for DOE who must balance the need to address a shortage of qualified personnel with the need to establish fair, objective standards for certification. Your Committees further find that allowing HTSB to establish minimum standards for principals and vice-principals will actually broaden DOE's pool of administrators.

Upon further consideration, your Committees have amended this bill by changing the name of HTSB to "Board of Professional Practice in Education" to better reflect that body's new duties.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2851, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2851, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Stonebraker, Souki, Moses and Rath.
(Representative McDermott voted no.)

SCRep. 310 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 1825

The purpose of this bill is to:

- (1) Amend and update provisions in Article 9 of the Revised Uniform Commercial Code (Article 9) which controls secured transactions; and
- (2) Provide that the security interest of a party that purchases a right to payments from the winnings of another person in a lottery or other game of chance, is automatically perfected without filing or refile financing statements.

Testimony in support of this bill was received from Hawaii's Commission to Promote Uniform Legislation, members of which belong to the National Conference of Commissioners on Uniform State Laws.

Your Committees find that Hawaii's Article 9 should be revised to correct technical errors and inconsistencies to maintain uniformity with Article 9 as adopted by all other states and the District of Columbia.

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. 1825 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Souki, Yoshinaga and Auwae.

SCRep. 311 Judiciary & Hawaiian Affairs on H.B. No. 2231

The purpose of this measure is to assure the State Auditor access to student records necessary to audit or evaluate any federal or state supported educational program in a manner that preserves confidentiality of personally identifiable data.

Your Committee received testimony in support of this measure from the State Auditor and the Office of Information Practices. The state Department of Education submitted testimony opposing this measure, and deferring to the testimony of the Attorney General. The state Department of Health submitted comments, deferring to the position of the Attorney General. The Department of the Attorney General did not testify on this bill.

Your Committee finds that this measure will strengthen the Auditor's investigatory power without intruding on affected students' legitimate privacy interests.

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. 2231 and recommends that it be referred to the Committee on Finance.

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

SCRep. 312 Judiciary & Hawaiian Affairs on H.B. No. 2400

The purpose of this measure is to provide interim revenue to the Office of Hawaiian Affairs.

Your Committee received testimony in support of this measure from the Office of Hawaiian Affairs, the Association of Hawaiian Civic Clubs, the Hawaiian Caucus of the Twenty First Legislature and a concerned individual. Ka Lahui Hawaii and two concerned individuals testified in opposition to this measure.

Your Committee finds that general funds may be needed to enable the Office of Hawaiian Affairs to pursue its mission and to assure continuity of Office of Hawaiian Affairs programs that benefit native Hawaiians.

Your Committee has amended this measure by deleting the dollar amount of the appropriation to ensure further discussion.

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. 2400, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2400, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 313 Judiciary & Hawaiian Affairs on H.B. No. 2563

The purpose of the bill is to authorize crime victim compensation awards of over \$10,000 for medical expenses.

Your Committee received testimony in support of the measure from the Prosecuting Attorneys for the City and County of Honolulu, County of Maui (Victim/Witness Assistance Division), and the County of Kauai (Victim/Witness Program), the Crime Victim Compensation Commission, the Sex Abuse Treatment Center, and Mothers Against Drunk Drivers.

Your Committee finds that in the case of serious injury, the current maximum limit of \$10,000 is often insufficient to cover medical costs.

Your Committee has made technical, nonsubstantive 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 H.B. No. 2563, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2563, H.D. 1.

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

SCRep. 314 Judiciary & Hawaiian Affairs on H.B. No. 2565

The purpose of the bill is to:

- (1) Require the reporting of inventories of explosive materials under the control of manufacturers, dealers, and users; and
- (2) Provide penalties for those who do not comply with the reporting requirements.

Your Committee received testimony in support of this measure from the Department of the Attorney General, the Department of Labor and Industrial Relations, and the Department of Public Safety. The Legislative Information Services of Hawaii provided comments.

Your Committee finds that inventories of explosive materials must be closely tracked to prevent the illegal use of dangerous materials.

This measure would promote better care in securing inventories of explosives. However, your Committee also finds that there are legitimate businesses that should not be hindered from using explosives in their normal course of business.

Your Committee has amended the bill by making a technical, nonsubstantive change 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 H.B. No. 2565, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2565, H.D. 2.

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

SCRep. 315 Judiciary & Hawaiian Affairs on H.B. No. 2110

The purpose of this measure is to establish a process to develop appropriate warnings and signage for access to and use of Kaho'olawe Island Reserve. This measure creates a Task Force on Warning Signs and Devices for the Kaho'olawe Island Reserve ("Task Force").

Your Committee received testimony in support of this measure from the Kaho'olawe Island Reserve Commission. Consumer Lawyers of Hawaii commented on this bill.

Your Committee finds that Congressional authorization for the cleanup of Kaho'olawe by the United States Navy is expected to cease within the next year and a half. Before the Kaho'olawe Island Reserve becomes accessible, it is in the best interest of the public for a task force of knowledgeable professionals to determine how best to communicate warnings about hazards such as unexploded ordnance. Consistent with the testimony of the Kaho'olawe Island Reserve Commission, the sense of your Committee is that this task force ought to be formed as soon as practicable following approval of this measure.

Your Committee has amended this measure by:

- (1) Providing that the Task Force shall be administratively attached to the Kaho'olawe Island Reserve Commission ("Commission"), rather than the Department of Land and Natural Resources;
- (2) Deleting provisions that:
 - (a) Deny the State has a duty to warn of dangerous natural conditions in the ocean adjacent to the island;
 - (b) Create a conclusive presumption that warnings approved by the Commission are legally adequate; and
 - (c) Require consultation between the Task Force and the Commission before design or placement of a warning sign or device can be approved;
- (3) Delaying the effective date of revisions to chapter 662, Hawaii Revised Statutes, until the United States Navy transfers to the State of Hawaii control of access to the Kaho'olawe Island Reserve; and
- (4) 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. 2110, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2110, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Auwae and Whalen.

SCRep. 316 Judiciary & Hawaiian Affairs on H.B. No. 2559

The purpose of this bill is to repeal administrative rules that are either null and void or unnecessary.

Your Committee received testimony in support of this bill from the Office of the Lieutenant Governor, the Department of Commerce and Consumer Affairs, the Department of Education, and the Department of Land and Natural Resources. The Office of the Lieutenant Governor had originally proposed this bill as one of its measures to streamline Hawaii State government and to increase government efficiency. According to the Lieutenant Governor's testimony, null and void rules are those rules for which the underlying statutes have been repealed, and unnecessary rules include those rules that are redundant.

Your Committee has amended the bill by providing that as for any contracts entered into pursuant to the administrative rules being repealed by this bill, those contracts shall continue to be honored until the contracts' termination.

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. 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 317 Judiciary & Hawaiian Affairs on H.B. No. 2507

The purpose of this bill is to streamline the process of registering a divorce or annulment by allowing direct transmittal of information from the Judiciary to the Department of Health (DOH).

The Lieutenant Governor submitted testimony in support of this measure. DOH and the Judiciary provided comments on the bill.

Your Committee received testimony from DOH requesting that this bill be amended to repeal section 338-29, Hawaii Revised Statutes (HRS). DOH explained that the Judiciary is the governmental source of copies of divorce decrees, and that the certified divorce certificates issued by DOH contain information already found in the divorce decree. DOH noted that the number of certified divorce certificates it issues represents less than one percent of the annual total volume of vital statistics certificates that DOH issues upon request.

Your Committee has amended this bill, as requested by DOH, by deleting the original provisions that amended section 338-29, HRS, and providing instead for the repeal of this section.

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, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2507, H.D. 2.

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

SCRep. 318 Education on H.B. No. 2353

The purpose of this bill is to amend the law relating to statewide performance standards.

In particular, this bill requires the Department of Education to establish procedures and guidelines, and perform annual testing, of students in reading and math reasoning skills on a grade-by-grade basis using the Standard Achievement Test number 9.

Your Committee agrees with the intent of this bill, and finds that it will greatly increase the accountability of both the Department of Education and all public schools in ensuring a quality education for Hawaii's students.

As affirmed by the record of votes of the members of your Committee on Education that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2353, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Kahikina, Takumi, Halford, McDermott and Stonebraker.

SCRep. 319 Finance on H.B. No. 2566

The purpose of this bill is to effectuate its title.

H.B. No. 2566 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 the 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. 2566, 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. 2566, H.D. 1.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 320 Judiciary & Hawaiian Affairs on H.B. No. 2315

The purpose of the bill is to:

- (1) Increase the fine and decrease the period of imprisonment for refusal to obey an order to not obstruct ingress to or egress from a public or private place; and
- (2) Redefine "law enforcement" officer in the context of this offense.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu. The Hawaii Carpenter's Union provided testimony in opposition to the measure. The ILWU and the Hawaii State AFL-CIO provided testimony raising concerns on the measure.

Your Committee finds that there may be a need to redefine the offense of refusal to provide ingress or egress, however there is no apparent need to include in the term for "law enforcement officer" those officers from the "United States". Further, your Committee finds that there is no compelling reason to alter the penalty provisions concerning this offense.

Your Committee has amended this bill by:

- (1) Deleting from the term "law enforcement officer" those officers of the "United States"; and
- (2) Deleting references to penalty for the offense of refusal to provide ingress or egress.

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. 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 Case and Souki.

SCRep. 321 Labor & Public Employment on H.B. No. 2530

The purpose of this bill is to allow parties to an unemployment appeal to file their appeals directly with the Employment Security Appeals Referee's Office.

The Department of Labor and Industrial Relations and ILWU LOCAL 142 testified in support of this measure.

Currently, parties have to file appeals of unemployment insurance (UI) determinations in the UI office in their county of residence or the county of their last employment. The eight UI offices in the various counties then forward the appeals to the Employment Security Appeals Referee's Office (ESARO).

Allowing parties to file their appeals directly at the ESARO, in addition to the UI offices, will facilitate the filing of appeals and improve appeals service.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2530, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2530, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 322 Health and Human Services and Housing on H.B. No. 2638

The purpose of this bill is to provide for the long-term care needs of the elderly by:

- (1) Establishing the Hawaii Long-term Care Benefits Fund (Fund);
- (2) Imposing a mandatory premium to be withheld directly by the employer in the amount of \$10 per month from individuals aged 25 to 98, except for federal government employees and retirees;
- (3) Allowing the premium to be increased from time to time by the administrator; and
- (4) Appropriating funds for the Executive Office on Aging to:
 - (A) Prepare legislation for the Regular Session of 2003;
 - (B) Designate an entity that will serve as the Fund administrator; and
 - (C) Establish a governing board.

The Department of Human Services, Hawaii State Commission on the Status of Women, Department of Commerce and Consumer Affairs, Alliance of Residential Care Administrators, Healthcare Association of Hawaii, Kokua Council, the Coalition for Affordable Long Term Care, Hawaii Long Term Care Association, Hawaii Alliance for Retired Americans, AARP, and many individuals testified in support of this measure. The Executive Office on Aging, Policy Advisory Board for Elder Affairs, Hawaii Catholic Conference, and National Association for Social Workers Hawaii Chapter, supported the intent of this measure.

The Chamber of Commerce of Hawaii, PSH Insurance, Inc., NAIFA Hawaii, Legislative Information Services of Hawaii, and a concerned individual opposed this measure. The Office of Information Practices, Health Insurance Association of America, Tax Foundation of Hawaii, and a concerned individual submitted comments on this measure.

Your Committees recognize that the need for long-term care services is increasing and will continue to increase as our baby-boomers age. A special joint House-Senate committee was formed to develop and implement a plan to support the long-term care needs of Hawaii's citizens, regardless of income. This bill is a result of the committee's efforts.

This bill would mandate contributions to the Fund and would help to offset long-term care costs for contributors. The benefit payments could be paid to a long-term care service provider, a family member, or other legal representative of the recipient as a reimbursement for long-term care expenditures.

Several testifiers stated that they prefer the approach taken in S.B. 2416, S.D. 1, a similar measure.

Accordingly, your Committees have amended this bill by deleting its substance and inserting the substance of S.B. No. 2416, S.D. 1. As amended, this bill:

- (1) Establishes a blue ribbon panel to administer the Hawaii Long-term Care Financing Program (Program);
- (2) Refers to the premium as a tax and sets fixed annual increases in the amount of five percent through taxable year 2009;
- (3) Clarifies the administration of the Program including:
 - (A) Specifying the members of the blue ribbon panel;
 - (B) Allowing Fund moneys to be invested; and
 - (C) Allowing the blue ribbon panel to contract with a qualified entity to administer the Program if it chooses;
- (4) Removes the appropriation amount to promote further discussion; and
- (5) Makes technical, nonsubstantive amendments for purposes of style, consistency, and clarity.

As affirmed by the records of votes of the members of your Committees on Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2638, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2638, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 323 Agriculture on H.B. No. 2271

The purpose of this Act is to establish an interagency task force to abate agricultural theft.

The Pineapple Growers Association of Hawaii, Hawaii Aquaculture Association, Hawaii Farm Bureau Federation, and the Hawaii Forest Industry Association testified in support. The Department of Agriculture opposed this measure.

Theft is one of the largest problems facing the aquacultural and agricultural industries in Hawaii. Over a million dollars worth of product is stolen annually. Although sympathetic, police departments do not consider this high priority, and arrest and conviction of these thieves are often difficult. The formation of this task force is a first step in developing solutions to stem the tide of increased agricultural and aquacultural theft.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2271 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 324 Agriculture on H.B. No. 1976

The purpose of this bill is to authorize up to \$2,300,000 in special purpose revenue bonds (SPRBs) for the purpose of assisting Gay & Robinson, Inc., in purchasing a sugar and molasses terminal facility at Nawiliwili on the island of Kauai.

Testimony in support of this bill was submitted by the Mayor of the County of Kauai, Chair of the Kauai County Council, Kauai Chamber of Commerce, Agribusiness Development Corporation, Kauai County Farm Bureau, BEI Hawaii, Hawaiian Sugar and Transportation Cooperative, Kauai Veterans' Express Co., Ltd., Marsh USA, Inc., Gay & Robinson, Inc., a representative of Pacific Service and Development Corporation on Kauai, West Kauai Irrigation Cooperative, a representative from Syngenta Seeds, Inc.,

Hawaii Farm Bureau Federation, Hawaiian Commercial and Sugar Company, and two concerned citizens. The Department of Budget and Finance (B&F) offered comments.

Your Committee recognizes that B&F has voiced concerns with respect to this measure. The sugar and molasses facility to be purchased under this bill may not qualify under federal law as a processing enterprise. Furthermore, federal law does not permit refinancing for the purpose of converting taxable debt to tax-exempt debt.

Despite these concerns, your Committee recognizes the importance of this measure in providing jobs and economic stability for the people of Kauai and believes that the economic benefits of this bill outweigh the concerns raised. Your Committee strongly recommends that Gay & Robinson, Inc., address these issues as this bill makes its way through the legislative process.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1976 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 and Whalen.

SCRep. 325 Agriculture on H.B. No. 2725

The purpose of this bill is to authorize the issuance of up to \$10,000,000 in special purpose revenue bonds to assist Hawaii Macadamia Tree, Inc., to finance the establishment of facilities in the county of Hawaii to:

- (1) Process macadamia nuts; and
- (2) Manufacture and produce macadamia products.

Testimony in support of this bill was submitted by a representative from Hawaii Macadamia Tree, Inc. MacFarms of Hawaii offered comments. The Hawaii Farm Bureau Federation and the Hawaii Macadamia Nut Association opposed 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 H.B. No. 2725 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 and Whalen.
(Representative Halford voted no.)

SCRep. 326 Agriculture and Higher Education on H.B. No. 2172

The purpose of this bill is to appropriate \$1,000,000 for agricultural initiatives as follows:

- (1) \$500,000 for:
 - (A) Research and development of high-value agricultural products and biotechnology; and
 - (B) Creation and adoption of agricultural management practices that protect Hawaii's environment;and
- (2) \$500,000 for the development of the agribusiness incubator initiative.

Testimony in support of this measure was submitted by the Hawaii Agricultural Research Center, Hawaii Farm Bureau Federation, Pineapple Growers Association of Hawaii, Hawaii Forest Industry Association, Aloun Farms, Inc., Hawaii Macadamia Nut Association, Kilauea Agronomics, Limited Liability Company, Hawaii Tropical Fruit Growers, Land Use Research Foundation of Hawaii, Hawaii Leeward Planning Conference, and the Hawaiian Commercial and Sugar Company. The College of Tropical Agriculture and Human Resources and Hawaiian Host Chocolates supported the intent of this measure.

As affirmed by the records of votes of the members of your Committees on Agriculture and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2172 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Gomes, Whalen, Arakaki, Hale, Kahikina, Schatz, Bukoski and McDermott.

SCRep. 327 Economic Development & Business Concerns on H.B. No. 2385

The purpose of this bill is to authorize the issuance of up to \$3,000,000 in special purpose revenue bonds to assist Wines of Kauai, LLC, in the planning, design, construction, and equipping of a winery on the island of Kauai.

Wines of Kauai, LLC, testified in support of this measure.

Your Committee finds that the island of Kauai is in need of additional markets to enhance job growth. The construction of a winery would not only provide a job source for the construction industry, but the winery itself will enhance the growth of, and expand economic development opportunities for, all of Kauai.

Your Committee further notes that the bill description for this measure is incorrect as the winery is to be built on Kauai, not Hawaii. Your Committee supports future legislative efforts to address this issue.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2385 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi and Leong.

SCRep. 328 Economic Development & Business Concerns on H.B. No. 2570

The purpose of this bill is to amend the capital goods excise tax credit by:

- (1) Establishing the tax credit as four percent of the cost of eligible depreciable tangible personal property;
- (2) Deleting references to the county general excise and use tax surcharge;
- (3) Including canned computer software in the definition of "eligible depreciable tangible personal property" for taxable years beginning after December 31, 2001; and
- (4) Declaring that recapture provisions are not applicable to computer technology or equipment if:
 - (A) Contributed to a tax exempt section 501(c)(3) organization primarily for purposes of supporting elementary and secondary education;
 - (B) Contributed to public schools or the University of Hawaii;
 - (C) The contribution is made not later than three years after the date the taxpayer acquired the property;
 - (D) The original use of the property is by the donor or the donee;
 - (E) Substantially all of the use of the property by the donee is for use within Hawaii for educational purposes that are related to the purpose or function of the donee;
 - (F) The property is not transferred by the donee in exchange for money, other property, or services, except for shipping, installation, and transfer costs; and
 - (G) The property will fit into the donee's education plan.

Testimony in support of this measure was submitted by the Department of Taxation. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by excluding the actual invoice price of the tangible personal property from the definition of "cost".

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

Signed by all members of the Committee except Representatives Takumi and Leong.

SCRep. 329 Economic Development & Business Concerns on H.B. No. 2803

The purpose of this bill is to support motion picture and television film production in the State by:

- (1) Providing that the current film tax credit of 4 per cent apply to total costs incurred during film production;
- (2) Establishing an additional 22 per cent tax credit on the costs of wages and salaries incurred during film production;
- (3) Repealing the authority of the Director of Taxation to specify a schedule of allowable tax credits; and
- (4) Establishing a schedule of minimum production costs required to qualify for the tax credits.

Testimony in support of this measure was submitted by the Big Island Film Office, the Chairman of the Hawaii International Film Festival Development Committee, and a concerned citizen. The Department of Business, Economic Development, and Tourism, Hawaii Media Inc., and the Film Industry Development Coordinator for the City & County of Honolulu supported the intent of this measure. The Department of Budget and Finance opposed this measure. The Department of Taxation and the Tax Foundation of Hawaii offered comments.

Your Committee has amended this measure by:

- (1) Eliminating the double tax credit by making the 4 percent tax credit applicable to all costs except wages and salaries;
- (2) Reinstating the authority of the Director of Taxation to specify a schedule of allowable tax credits;
- (3) Limiting the tax credit to \$25,000 for each taxpayer;
- (4) Repealing the schedule of minimum production costs required to qualify for tax credits;
- (5) Making production costs of commercials eligible for the tax credit;
- (6) Defining "commercials"; and
- (7) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Economic Development and Business Concerns that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2803, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2803, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Takumi.

SCRep. 330 Public Safety & Military Affairs on H.B. No. 2131

The purpose of this bill is to appropriate funds to continue the Junior Reserve Officers' Training Corps (JROTC) programs at Waiakea and Kealakehe High Schools.

Many students, several teachers, and the principals at Waiakea and Kealakehe High Schools submitted testimony supporting this bill. The Department of Education (DOE) supported the intent of this bill.

Your Committee finds that students participating in the JROTC programs at Waiakea and Kealakehe High Schools have not only benefited personally from these outstanding programs, but have been model citizens, rendering service to the community. Moreover, several graduates of these programs have gone on to pursue military service as a career at our nation's top military academies.

Although the JROTC programs at these schools are relatively new, they have been among the most outstanding in the State and should not be allowed to expire because of the termination of state funding. All 26 of the public schools in Hawaii that have JROTC programs have permanent status under the DOE. Waiakea and Kealakehe High Schools are the only schools that are not under DOE's umbrella.

Your Committee respectfully requests your Committee on Finance to consider this fact and see what can be done to ensure the continuation of all JROTC programs throughout the State as part of the DOE budget.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2131 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 331 Public Safety & Military Affairs on H.B. No. 2234

The purpose of this measure is to reestablish, and appropriate funds for, the 50th Anniversary Commemoration of the Korean War Commission (Commission).

The Chamber of Commerce of Hawaii, the Office of Veterans Services, the Adjutant General, members of the Korean War Commemoration steering committee, and close to one hundred concerned veterans and individuals testified in support of this measure.

The Commission has been doing an admirable job to date, and plans for upcoming observances are currently underway. Its work will ensure that due respect and honor are paid to veterans of the Korean War. Your Committee notes that the observances will likely have a positive impact on tourism, both for domestic travelers and for veterans travelling from Korea. The President of the United States is tentatively scheduled to attend, and Hawaii will have a chance to showcase our Aloha Spirit through the international media.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2234 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 332 Public Safety & Military Affairs on H.B. No. 2132

The purpose of this bill is to promote the successful rehabilitation of female adult and juvenile offenders.

Specifically, this bill:

- (1) Requires adult women charged with or convicted of crimes, and juvenile females adjudicated for offenses that would be crimes if committed by an adult or who are adjudicated delinquents, to be provided a range and quality of programming substantially equivalent to the range and quality offered to males;
- (2) Requires the Department of Public Safety (DPS) to develop and implement gender-responsive, community-based programs for female offenders;
- (3) Requires the Office of Youth Services to develop and implement gender-responsive, community-based programs for female adjudicated youths;
- (4) Appropriates funds for gender-responsive, community-based programs for women and female adjudicated youths; and
- (5) Requires an annual report to the Legislature.

The Hawaii Commission on the Status of Women, T.J. Mahoney and Associates, the American Civil Liberties Union of Hawaii, the Community Alliance on Prisons, New Hope Christian Fellowship, Life of the Land, and concerned individuals testified in support of the bill. DPS supported the intent of the measure.

Your Committee finds that although DPS and the community are expending great effort to improve services for female offenders, it is also appropriate that the Legislature take a firm stand to support, reinforce, and continue the good work already underway.

Furthermore, your Committee finds that a need for expanded community-based, gender-responsive programming for female adjudicated youths exists. Such programming would provide many benefits to the participants and the community at large and would improve public safety.

Your Committee notes that the Governor vetoed a similar measure last year. In his veto message, the Governor cited several concerns--valid issues that your Committee has considered in drafting this bill. In particular, your Committee believes that the burdensome requirements for inmate litigation and the wide latitude offered to states regarding correctional policy suffice to satisfy concerns about exposure to litigation. Finally, your Committee notes that this measure includes appropriations to address the Governor's concerns with respect to unfunded legislative mandates.

Your Committee has amended the bill by:

- (1) Clarifying that the grants-in-aid made by the Director of Public Safety shall be funded via appropriations from the Legislature; and
- (2) Making other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2132, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 333 Public Safety & Military Affairs and Labor & Public Employment on H.B. No. 2478

The purpose of this bill is to enable the Department of Defense (DOD) to more effectively manage the wage constraints imposed by the federal government and the Master Youth Cooperative Agreement (Agreement) by exempting and excluding positions of the Hawaii National Guard Youth Challenge Academy (Youth Academy) from civil service and collective bargaining.

DOD testified in support of this measure.

Your Committees find that the Agreement between the State and the federal government governs the Youth Academy, identifies the number of positions the program can staff, and the pay ceiling for each position. These ceilings correspond to the federal pay scales.

Since the Youth Academy's inception, Youth Academy employees have been exempt from civil service because the Youth Academy was considered a pilot program. In 1998, however, Congress made the Youth Academy a permanent program. This bill clarifies that Youth Academy personnel are exempt from Hawaii's civil service law.

Currently, about 22 of the 42 Youth Academy employees are subject to Hawaii's collective bargaining law. Having two classes of employees, one group under state collective bargaining law and the other under federal pay scales, has created conflicts with the salary limits established in the Agreement. By exempting Youth Academy employees from Hawaii's collective bargaining laws, this bill provides the flexibility to develop a pay table that complies with the Agreement and ensures pay equity among all employees.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2478 and recommend that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 334 Public Safety & Military Affairs and Labor & Public Employment on H.B. No. 2561

The purpose of this bill is to improve the role of the Hawaii Paroling Authority (Authority) in our criminal justice system by:

- (1) Changing the two part-time positions of the Authority to full-time member positions;
- (2) Providing funds for the additional compensation, office equipment, and other related expenses;
- (3) Requiring the position of chairperson to rotate every two years among the members; and
- (4) Precluding Authority members from engaging in outside employment.

The Authority, the Department of Public Safety (PSD), and a concerned citizen submitted testimony in support of this bill. PSD also recommended deleting the provision allowing Authority members to be paid for travel expenses, including mileage from home to work.

Your Committees find that the appropriation made by this bill includes not only additional compensation to pay for the increased salaries of the part-time Authority members, but is also intended to pay for office equipment and other related expenses.

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

- (1) Deleting the provision allowing Authority members to receive payment for travel and incidental expenses; and
- (2) Making other technical, nonsubstantive amendments for clarity, style, and consistency.

As affirmed by the records of votes of the members of your Committees on Public Safety and Military Affairs and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2561, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2561, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 335 Health on H.B. No. 1842

The purpose of this bill is to enable pharmacists to provide services in a broader range of clinical settings.

The Department of Health, Board of Pharmacy, Hawaii Primary Care Association, Healthcare Association of Hawaii, Kaiser Permanente, American Society of Health-System Pharmacists, Hawaii Pharmacists Association, Hawaii Medical Service Association, Longs Drug Stores, and several concerned individuals testified in support of this measure.

The Board of Medical Examiners opposed this measure. Hawaii Medical Association submitted comments.

Your Committee finds that pharmacists are very capable as they are required to go through extensive education. This measure will allow pharmacists to work beyond the walls of the pharmacy and lend their services in other health care settings. Health care providers believe that this will be great assistance in settings such as nursing homes where a physician is on staff, but not always immediately available.

The roles and responsibilities of pharmacists are changing across the nation and in some states, pharmacists are counselors and educators in the evaluation of an individual's drug regimen.

Your Committee has amended this bill by removing language that requires the concurrence of the facility administrator in performing procedures or functions.

Other technical, nonsubstantive amendments were made for clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1842, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 336 Health on H.B. No. 2806

The purpose of this bill is to authorize pharmacists to dispense emergency contraception drug therapy without a prescription.

Additionally, this bill requires that:

- (1) Standardized procedures be developed by the pharmacist and a physician or other person authorized to prescribe contraceptive drugs;
- (2) Prior to initiating therapy, the pharmacist shall have a written standardized procedure and completed a training program;

- (3) The pharmacist provide the recipient of the drugs with a standardized fact sheet; and
- (4) The Board of Pharmacy develop the fact sheet.

The Hawaii State Commission on the Status of Women, ACLU of Hawaii, Planned Parenthood of Hawaii, Hawaii Women Lawyers, and many concerned individuals submitted testimony in support of this measure. The Board of Pharmacy submitted comments.

Your Committee finds that emergency contraception must be initiated within 72 hours of unprotected sex to prevent pregnancy. There are several purposes for using emergency contraception including failed birth control methods or unwanted sex. One testifier claimed that only about one in every ten sexually assaulted women report it. The accessibility of emergency contraception will assist those who do not report sexual assault.

Your Committee further finds that emergency contraception drugs are already available, but they must be prescribed by a physician. However, it may be difficult to obtain a prescription outside a physician's office hours. Time is important, as the drugs are more effective the sooner they are taken after unprotected sex. At the same time, your Committee is concerned about the accessibility of emergency contraceptives to minors.

Accordingly, your Committee has amended this bill by:

- (1) Allowing pharmacists to dispense emergency contraceptives only to individuals who are 18 or older; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2806, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2806, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

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

SCRep. 337 Transportation on H.B. No. 1729

The purpose of this bill is to set maximum speed limits for state freeways and through highways.

The Department of Transportation (DOT) submitted comments on this measure.

Recent debate over the Traffic Enforcement Demonstration Project has caused public outcry for the raising of outdated speed limits on the freeways and highways throughout the state. Your Committee believes that, although DOT is currently conducting a study into the feasibility and safety of increasing speed limits, further discussion on this matter is warranted.

However, your Committee notes that this bill sets the maximum through highway speed at 35 miles per hour even though many through highways currently have a maximum speed limit of 45 miles per hour. Accordingly, your Committee has amended this measure by changing the speed limit for through highways to 45 miles per hour.

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. 1729, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1729, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 338 Transportation on H.B. No. 2031

The purpose of this bill, as received, is to allow an "Electric Personal Assistive Mobility Device (EPAMD)" to be used on sidewalks and other areas where there is pedestrian traffic.

Specifically, this bill:

- (1) Adds the definition of EPAMD to current laws regarding vehicular weight tax, highway safety, used motor vehicle parts and accessories, the statewide traffic code, used motor vehicle tire recovery, and the motor vehicle lemon law; and
- (2) Amends various motor vehicle codes to allow for the operation of EPAMDs in public areas since these vehicles are neither motor vehicles nor mopeds.

Segway LLC testified in support of this measure. The Department of Transportation (DOT) supported the intent of this bill. The Honolulu Police Department (HPD) testified in opposition to this measure.

EPAMD is a self balancing, zero emission, electric powered transportation device that can travel as far as 17 miles on one charge and reach speeds of up to 12.5 miles per hour. These devices are currently being used and evaluated by the United States Postal Service, the National Park Service, the City of Atlanta, Michelin North America, Inc., GE Plastics, and Amazon.com. EPAMDs are expected to be available for consumer use by the end of 2002.

Although this technological apparatus appears to be one solution to combating traffic problems and pollution produced by internal combustion engine driven vehicles, this is a new device not currently regulated under state law, causing a dilemma with regards to the legality of where these devices can be used since they are technically not motor vehicles.

However, your Committee realizes the concerns raised by both DOT and HPD regarding safety issues for both the riders of these devices and the pedestrians and bike riders it may affect; the age of persons able to use these devices; and where these devices can actually be used. Accordingly, your Committee has amended this measure by removing the contents of the bill, as received, and inserting language which:

- (1) Defines an EPAMD; and
- (2) Restricts the use of EPAMDs to specific areas, age groups, and individuals.

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. 2031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2031, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 339 Transportation on H.B. No. 2167

The purpose of this bill is to repeal the traffic enforcement demonstration project.

In addition, this bill specifies that all summonses and citations issued before July 1, 2002 pursuant to the project are to remain valid and are not otherwise affected by the repeal of that project.

Your Committee finds that the traffic enforcement demonstration project, which began operations in December, 2001, has already produced a dramatic reduction in speeding on Oahu's roads and highways. Your Committee finds, however, that the public has expressed a number of concerns regarding the implementation of the project by the department of transportation that must be addressed at the earliest possible opportunity.

Accordingly, upon further consideration, your Committee has amended this bill by:

- (1) Repealing the traffic enforcement demonstration project in part I of this bill. As amended, part I uses language similar to that of the bill as introduced, with some technical changes, and adds a new provision requiring the Department of Transportation, as soon as legally possible after the bill's effective date, to terminate all contracts with private entities that are currently implementing the demonstration project;
- (2) Enacting a new traffic enforcement law in part II of the bill that corrects the problems of the previous project, including making the following changes from the previous law:
 - (A) Prohibiting increases in motor vehicle insurance premiums due to any speeding summons or citation, or a summons or citation generated by a photo speed imaging detector under the traffic enforcement demonstration project;
 - (B) Amending the traffic enforcement demonstration project to require the vendor to be paid a flat fee rather than a fee based on the number or percentage of summonses or citations issued, revenues generated, or on a commission basis;
 - (C) Clarifying that photo speed imaging detectors are intended to produce photographic identification of not only a speeding vehicle, but also the vehicle's license plate and the face of the operator of the vehicle;
 - (D) Requiring alleged speeding violators under the traffic enforcement demonstration project who contest their speeding tickets to show by clear and convincing evidence that the photographic information obtained from the photo speed imaging detector system is not the vehicle, the vehicle's license plate, or the face of the operator of the vehicle, in question; and
 - (E) Requiring the department of transportation, in determining where the photo speed imaging detectors are to be located, to place priority on areas where the greatest number of problems are known to occur, in terms of the number of speeding-related accidents, fatalities, or both; areas where racing is known to occur; and school zones, or areas that are affected by school-related traffic.

Your Committee finds that, upon the termination of the traffic enforcement demonstration project, strong consideration should be given to transferring the project to the counties, who should be able to decide for themselves whether or not they would like to implement this project through their respective police departments.

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. 2167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2167, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.
(Representatives Moses, Pendleton and Rath voted no.)

SCRep. 340 Judiciary & Hawaiian Affairs on H.B. No. 2493

The purpose of this bill is to enable a homestead lessee who:

- (1) Is at least one-quarter Hawaiian; and
- (2) Received an interest in the tract through succession or transfer,

to transfer the lessee's leasehold interest to a brother or sister who is at least one-quarter Hawaiian.

Your Committee received testimony in support of this measure from the Department of Hawaiian Home Lands, the State Council of Hawaiian Homestead Associations, the Association of Hawaiian Civic Clubs, and the Hawaiian Caucus of the Twenty First Legislature. A concerned individual provided comment.

Your Committee finds that this amendment will give the lessees the option to transfer their interests to their siblings to help ensure that the homestead leases remain in the family of the original lessee.

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. 2493 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 341 Judiciary & Hawaiian Affairs on H.B. No. 2424

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

The State of Hawaii Attorney General submitted testimony in support of the bill.

In its original form, this bill contained 20 claims totaling \$1,507,334.19. Among the 20 claims is a claim for \$36,720.48 to correct an appropriation paid via Act 168 of the 2001 Hawaii Session Laws from the Department of Transportation Harbors Fund instead of the General Fund. Since the introduction of the bill, six additional claims totaling \$416,656.16 have been resolved. Accordingly, your Committee has amended this bill by including the six additional claims. The amended appropriation accounts for 26 claims totaling \$1,923,990.35.

Other technical, nonsubstantive amendments were made 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 H.B. No. 2424, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2424, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 342 Judiciary & Hawaiian Affairs on H.B. No. 2300

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 1, Special Session Laws of Hawaii 2001, for the 2001-2002 fiscal biennium.

The Judiciary submitted testimony in support of this bill.

Your Committee finds that the Judiciary's request is a conservative one that addresses their most pressing needs. Your Committee also finds that two projects being requested by the Judiciary are essential to operations and providing safe and efficient public service.

Your Committee has amended the bill to include two additional capital improvement project requests, one for Ka'ahumanu Hale and the other for the Kauai Judiciary Complex, Lihue.

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. 2300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2300, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Chang, Kanoho, Souki and Whalen.

SCRep. 343 Judiciary & Hawaiian Affairs on H.B. No. 2521

The purpose of this bill is to allow the Department of Health (DOH) to contract with health care facilities and providers to:

- (1) Assist with epidemic control activities;
- (2) Require persons to provide information to the DOH concerning the location of individuals allegedly exposed to a dangerous disease; and
- (3) Assure the rights of quarantined individuals, including court review.

The Department of Health testified in support of this bill.

Your Committee made technical, nonsubstantive amendments to the 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. 2521, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2521, H.D. 2.

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

SCRep. 344 Water & Land Use on H.B. No. 2002

The purpose of this bill is to support efforts to transform the Holiday Inn Sunspree Resort Kauai (Hotel) into an economically viable resort by authorizing the Department of Land and Natural Resources (DLNR) to issue new State leases to Kauai Beach Resort, LLC (Lessee), the hotel's owner and operator.

The Lessee testified in support of this measure. DLNR offered comments.

The Lessee has long-term leases on three parcels in Wailua, Kauai. Approximately 29 years remain for the term of one lease, and 33 years remain for the term of the other two leases. Although the Lessee has invested over \$14,000,000 to improve and renovate the Hotel, additional financing is needed. The problem is that most lenders are reluctant to finance a property that has a ground lease that is less than 50 years in duration. As a result, the Lessee is unable to make further improvements to the property without a change in the terms of the leases.

Your Committee finds that DLNR and the Lessee have come to a conceptual agreement on mutually canceling the existing leases, determining the residual value of the existing improvements, and re-auctioning the leases. As discussions continue, it is your Committee's intent that this bill move forward in the event that unforeseen complications arise.

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. 2002 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 and Schatz.

SCRep. 345 Water & Land Use on H.B. No. 1816

The purpose of this bill is to provide adequate public notification of proposed shoreline certifications by requiring the applicant to mail copies of the application to the county planning department and neighboring property owners within three hundred feet of the applicant's property. The application must also be published in the Office of Environmental Quality Control's (OEQC) bulletin.

The Office of Planning supported the intent of this measure.

Currently, the burden is on neighboring property owners to learn about applications for shoreline certifications through OEQC's periodic bulletin, The Environmental Notice. Your Committee finds that shoreline certifications are too important for the burden to be placed on neighboring property owners.

Your Committee has amended this bill by:

- (1) Requiring the applicant to only notify abutting property owners instead of all shoreline property owners within 300 feet of the applicant's property;
- (2) Allowing notification to be sent to a board or association of an affected condominium property regime or cooperative housing corporation in lieu of individual owners; and
- (3) Making technical, nonsubstantive amendments to correct technical drafting errors.

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. 1816, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1816, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 346 Water & Land Use on H.B. No. 2091

The purpose of this bill is to support the development of the University of Hawaii (UH) West Hawaii campus by:

- (1) Authorizing the sale of public lands in North Kona, Hawaii, to Kamalani Development Corporation (KDC); and
- (2) Depositing the net proceeds from this sale into the UH West Hawaii Campus Special Fund to be used to develop that campus.

One individual testified in support of this bill. KDC supported the intent of this measure, and the Department of Land and Natural Resources offered comments. The Sierra Club, Hawaii Chapter, and two individuals opposed this measure.

Your Committee finds that:

- (1) It has been a longstanding policy governing the Public Land Trust to make lands available to the highest bidder via auction. This ensures an open and fair process that obtains the highest dollar while making the lands available to all qualified bidders; and
- (2) Discussion should continue on the merits of this bill.

Your Committee has amended this measure by:

- (1) Deleting provisions that require the sale of the property to KDC;
- (2) Requiring that the sale of the land shall be by public auction;
- (3) Deleting restrictions on the sale that were tied to the terms of memorandums of agreements or to a determination of a minimum sales price;
- (4) Changing the effective date to July 1, 2012, for the purpose of continued discussion; and
- (5) Making technical, nonsubstantive amendments for the purpose of 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. 2091, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2091, H.D. 2, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.
(Representatives Hale and Morita voted no.)

SCRep. 347 Water & Land Use on H.B. No. 2710

The purpose of this bill is to make Hawaii's ocean leasing laws for aquaculture and mariculture more economically attractive to potential investors by extending certain provisions for an additional five years to 2009.

The Department of Land and Natural Resources, the Department of Business, Economic Development, and Tourism, the Department of Agriculture, Ahi Nui Tuna Farming Co., Hawaii Aquaculture Association, Oceanic Institute, Black Pearls, Inc., Cates International, and two individuals testified in support of this measure.

Act 176, Session Laws of Hawaii 1999, clarified the law relating to the leasing of state marine waters for aquaculture and mariculture purposes. Among other things, Act 176:

- (1) Removed some of the barriers to business investment in these industries; and
- (2) Brought chapter 190D, Hawaii Revised Statutes (HRS), in conformance with chapter 183C, HRS, by regulating open ocean uses such as mariculture and aquaculture.

Since 1999, the Board of Land and Natural Resources has approved two ocean lease applications. The first lease to Cates International in 2001, for the cultivation of moi (finfish) represents the first open ocean, aquaculture lease in the nation. The Board also approved a lease to Black Pearls, Inc. for the cultivation of pearl oysters.

Your Committee has amended this bill by deleting the sunset provisions of Act 176, SLH 1999, in its entirety to make permanent the amendments to chapter 190D, HRS.

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. 2710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2710, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 348 Water & Land Use on H.B. No. 2545

The purpose of this bill is to enable the Department of Land and Natural Resources (DLNR) to use certain public lands in a more efficient and productive manner.

More specifically, this bill authorizes DLNR to directly negotiate the leases or master leases on industrial parks developed under a partnership or development agreement.

DLNR testified in support of this measure. Hawaii's Thousand Friends opposed this bill.

DLNR has identified several parcels of public land with possible development potential as industrial parks. The development of these sites would proceed under a partnership or development agreement with a private developer, because DLNR lacks the expertise to develop industrial parks. However, it is unclear how the leases or master leases within the industrial parks would be disposed. This

bill specifies disposition by direct negotiation instead of public auction, because a private developer will not enter a partnership or development agreement unless there is greater certainty over obtaining the lease. A public auction would be too risky of an option.

Your Committee has amended this bill by:

- (1) Requiring that the selection of a private party to participate in any partnership or development agreement shall be in accordance with the Procurement Code; 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 Water and Land Use that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2545, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2545, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 349 Water & Land Use on H.B. No. 2443

The purpose of this bill is to prevent the filing of frivolous financing statements by allowing the Bureau of Conveyances (Bureau) to reject documents that are not authorized by the debtors.

The State Attorney General (AG) testified in support of this bill. Opposing this measure were the Hawaii's Commission to Promote Uniform Legislation (Commission) and the Hawaii Bankers Association. The Department of Land and Natural Resources submitted comments.

Your Committee finds that there was a basic disagreement as to the cause of the problem as well as the specific statute to amend to resolve it. Some maintained that Act 241, Session Laws of Hawaii 2000, deleted a signature requirement, which was the most effective means for the Bureau to recognize when frivolous financing statements were filed. On the other hand, others testified that the State might incur liability problems if the Bureau were to be charged with the responsibility of recognizing and preventing the filing of frivolous financing statements.

Based on language jointly drafted by the Commission and AG, your Committee has amended this bill by:

- (1) Amending chapter 507D (Nonconsensual Common Law Liens), Hawaii Revised Statutes (HRS), instead of chapter 490 (Uniform Commercial Code), HRS;
- (2) Inserting a new definition of "financing statement" in section 507D-2, HRS;
- (3) Establishing a process for any party to request the Registrar to determine the validity of the filing;
- (4) Amending the title of the bill to correct a typographic error. As amended, the title reads: "RELATING TO THE PREVENTION OF THE FILING OF FRIVOLOUS FINANCING STATEMENTS;" and
- (5) Making other technical, nonsubstantive amendments to correct clerical errors.

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. 2443, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2443, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representative Ito.

SCRep. 350 Water & Land Use and Agriculture on H.B. No. 1978

The purpose of this measure is to ensure that agricultural district lands are used for agricultural purposes.

Specifically, this measure:

- (1) Requires the Land Use Commission to base the boundaries of agricultural districts on the actual or potential capacity of the land for productive cultivation;
- (2) Excludes open area recreational facilities, golf courses, and golf driving ranges, from agricultural districts, regardless of the productivity rating of the soil;
- (3) Allows the inclusion of areas that are not currently used for, or which are not currently suited to, agricultural and ancillary activities, in agricultural districts;
- (4) Transfers the authority to change the boundaries of agricultural districts, involving lands less than fifteen acres, from the county land use decision-making authorities to the Land Use Commission;
- (5) Requires farm dwellings, employee housing, and farm buildings on class A and B soils to be related directly to farming and animal husbandry on the affected agricultural district lands;

- (6) Allows the location and use of farm dwellings on class A and B soils only in connection with commercial farms on the affected agricultural district lands;
- (7) Limits the size of farm dwellings on class A and B soils to not more than 3,500 square feet on the affected agricultural district lands;
- (8) Allows commercial and recreational activities secondary to agricultural activities, such as ranch tours, on class A and B soils, on the affected agricultural district lands;
- (9) Requires the Land Use Commission, in assessing whether a project is agricultural or not, to examine the project as a whole and not in a piecemeal manner;
- (10) Prohibits the parceling of projects into multiple components in order to evade the intent of the law regarding permissible uses within the agricultural districts;
- (11) Creates a rebuttable presumption that a subdivision is not made for farm dwellings and is not agricultural when the subdivision includes such things as houses with pools, outdoor jacuzzis, and tennis courts;
- (12) Allows the presumption to be rebutted with plans and studies that demonstrate that agriculture is a real and significant component of each lot, and that crop production can pay for mortgage costs; and
- (13) Permits golf courses, clubhouses, driving ranges, and country clubs; eco-tourism; open space recreation; and home occupations, within rural districts.

Your Committees have amended this measure by:

- (1) Deleting the provision excluding open area recreational facilities, golf courses, and golf driving ranges from agricultural districts;
- (2) Deleting the provision transferring the authority to change the boundaries of agricultural districts from the county land use decision-making authorities to the Land Use Commission;
- (3) Adding a provision allowing the Land Use Commission to hear a petition for a declaratory ruling on a county land use or land use development action involving lands in the agricultural districts;
- (4) Deleting the provision limiting the size of farm dwellings on class A and B soils to not more than 3,500 square feet on the affected agricultural district lands; and
- (5) Making technical nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1978, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1978, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Bukoski, Meyer, Takumi and Whalen.

SCRep. 351 Water & Land Use and Energy & Environment Protection on H.B. No. 2552

The purpose of this bill is to allow safe harbor agreements and habitat conservation plans to take place on public lands by broadening the definition of "landowner".

The Department of Land and Natural Resources (DLNR), the Housing and Community Development Corporation of Hawaii, the Hawaii Leeward Planning Conference, and an individual testified in support of this bill. The Land Use Research Foundation of Hawaii supported the intent of this measure. Earthjustice and Hawaii's Thousand Friends offered comments. Opposing this bill were the Hawaii Audubon Society, Life of the Land, and Sierra Club, Hawaii Chapter.

Under chapter 195D, Hawaii Revised Statutes:

- (1) Safe harbor agreements provide encouragement and regulatory certainty for landowners who are interested in promoting endangered and threatened species on their property, but are concerned by the long-term liabilities those species might create; and
- (2) Habitat conservation plans provide a flexible framework for landowners to proceed with land use projects, despite the presence of endangered or threatened species on their land.

Both the safe harbor agreements and habitat conservation plans provide opportunities to promote the conservation and recovery of threatened and endangered species in concert with economic development and regional conservation efforts.

However, the law currently applies only to "the owner of fee simple interest in private land", thereby excluding State and county lands and private lease lands from consideration. This can limit the flexibility of government. For example, DLNR currently manages land near Kapolei, where *Abutilon menziesii*, an endangered species, is found. Housing and a road are planned in this area. However, because safe harbor agreements and habitat conservation plans are not applicable to public lands, the State lacks the option of accommodating the endangered species found on the site and allowing the planned development to proceed.

Your Committees have amended this bill by subjecting Board of Land and Natural Resources approval of any habitat conservation plan or safe harbor agreement for public lands to legislative disapproval. This will ensure public scrutiny on proposed actions to take place on public lands.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2552, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2552, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.
(Representatives B. Oshiro, Jaffe and Thielen voted no.)

SCRep. 352 Economic Development & Business Concerns and Labor & Public Employment on H.B. No. 1795

The purpose of this bill is to:

- (1) Exempt from the general excise tax (GET), amounts received by a professional employment organization (PEO) that is disbursed by the PEO for employee wages, salaries, and other benefits for assigned employees at a client company; and
- (2) Declare that assigned employees of a PEO working at a client company shall have the same rights as employees of the client company.

KilaKila Employment Service, National Federation of Independent Business – Hawaii, Ronald Heller, Altres, Inc., ProSERVICE HAWAII Inc., Sunrise Country Market, and JS Services, Inc. testified in support of this measure. The Department of Budget and Finance submitted testimony in opposition of this measure. The Department of Taxation and the Tax Foundation of Hawaii commented on this measure.

PEOs contract with employers, particularly small employers, to distribute payroll to the employers' employees as well as to take responsibility for making all their work-related payments, including but not limited to temporary disability insurance, unemployment insurance, workers' compensation, union dues, health benefit fees, etc. PEOs also provide a wide range of services that, based on the testimony presented before your Committees, substantially aids small businesses to meet their legal obligations to the government as well as to their employees.

Your Committees find that the income transfer of payroll is essentially a pass through. PEOs cannot exercise jurisdiction over payroll funds but merely distributes them. The GET imposed on these funds are far in excess of the charge PEOs make for the services they provide. Your Committees find that it is not a good policy to impose the tax on the transfer of payroll and payroll-related funds between an employer and a PEO.

Your Committees also conclude that this bill establishes a tax exemption to eliminate double taxation.

Your Committees understand that there is a compelling economic need to promote and facilitate small businesses in Hawaii and the growth of the PEO industry will contribute to the growth of our economy.

As affirmed by the records of votes of the members of your Committees on Economic Development and Business Concerns and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1795 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Souki and Rath.

SCRep. 353 Agriculture and Higher Education on H.B. No. 2194

The purpose of this bill is to:

- (1) Establish the Diversified Agricultural Loan Program Revolving Loan Fund (Fund) to assist agricultural businesses in obtaining financing otherwise unavailable to them; and
- (2) Appropriate \$2,000,000 to start up the fund.

Testimony in support of this measure was submitted by the Hawaii Small Business Development Center Network, Hawaii Taro Company, Hakalau Farm and Nursery, Designer Meats, Inc., Taro Dream, Anahola Farm Project, RETA-H Project Impact Study Group, KEI Ltd., Healthy Hawaiian Tropical Products, and a concerned citizen. The University of Hawaii supported the intent of this measure. Hamakua Heritage Farm commented on the bill.

Your Committees have amended this measure by:

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

As affirmed by the records of votes of the members of your Committees on Agriculture and Higher Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2194, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2194, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Gomes, Whalen, Arakaki, Hale, Kahikina, Schatz, Bukoski and McDermott.

SCRep. 354 Agriculture and Water & Land Use on H.B. No. 2168

The purpose of this bill is to appropriate \$200,000 to allow the Agribusiness Development Corporation (ADC) to provide all improvements required by the Commission on Water Resource Management to the Waiahole Water System.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources. Ka Lahui Hawaii, Sierra Club, Hawaii Chapter, and two concerned citizens opposed this measure. The ADC and Hawaii's Thousand Friends offered comments.

Your Committees note that two appropriations are made in this measure:

- (1) \$200,000 in general funds is deposited into the Waiahole Water System Revolving Fund (Fund); and
- (2) \$200,000 is then appropriated out of the Fund to be used to carry out the purposes of this bill.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2168 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Whalen, Ito, Bukoski and Meyer.
(Representative Thielen voted no.)

SCRep. 355 Agriculture and Water & Land Use on H.B. No. 2150

The purpose of this bill is to establish a temporary Task Force on Agricultural Industry Development (Task Force) that will identify ways to:

- (1) Improve the viability of agriculture in Hawaii;
- (2) Expand agricultural opportunities; and
- (3) Increase the role of agriculture in the diversification of Hawaii's economy.

Testimony in support of this measure was submitted by the Office of Planning, College of Tropical Agriculture and Human Resources, the University of Hawaii, and Hawaii's Thousand Friends. The Agribusiness Development Corporation, Department of Land and Natural Resources, and the Hawaii Farm Bureau Federation supported the intent of this bill.

Your Committees recognize that the appropriation for this Task Force lapses after June 30, 2003. However, the Task Force will likely be performing its duties subsequent to this date since the deadline for the final report to be submitted to the Legislature extends into December 2003. Your Committees support future legislative efforts to address this potential concern with respect to funding for the Task Force.

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

- (1) Specifying that the Task Force shall consist of twenty members;
- (2) Inserting \$40,000 as the amount to be appropriated; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Agriculture and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2150, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2150, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Takumi, Whalen, Ito, Bukoski and Meyer.

SCRep. 356 Agriculture and Energy & Environment Protection and Water & Land Use on H.B. No. 2242

The purpose of this bill is to promote state irrigation projects and low-head hydroelectric plants by:

- (1) Establishing the Irrigation System Special Fund (Special Fund) into which all proceeds paid by public utilities for the purchase of electricity generated by low-head hydroelectric plants are to be deposited. Funds in this Special Fund will be used to defray the cost of operations relating to state irrigation and water utilization projects;
- (2) Requiring the Public Utilities Commission (PUC) to direct public utilities that supply electricity to the public to:
 - (A) Acquire electricity generated from low-head hydroelectric plants that utilize water from state irrigation projects; and
 - (B) Employ and dispatch the generated electricity in a manner consistent with its availability;

- (3) Conferring additional powers to the Board of Agriculture (BOA) regarding low-head hydroelectric plants, including the power to:
 - (A) Make preliminary surveys and engineering studies for low-head hydroelectric plants that utilize water from state irrigation projects;
 - (B) Construct, operate, and manage these plants; and
 - (C) Sell electricity generated from these plants to public utilities;and
- (4) Authorizing the issuance of \$5,000,000 in general obligation bonds to finance the construction of low-head hydroelectric plants that utilize water from state irrigation projects.

Testimony in support of this measure was submitted by the Hawaii Agricultural Research Center and Hawaii Farm Bureau Federation. The Department of Agriculture, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company supported the intent of this bill. Ka Lahui Hawaii opposed this measure. The PUC, Life of the Land, and Hawaii's Thousand Friends offered comments.

Your Committees recognize the concerns raised regarding the issuance of general obligation (GO) bonds to fund the hydroelectric plants, especially in light of the recent fiscal challenges that the State faces. Suggested alternatives included issuance of revenue bonds instead of GO bonds, as the means of financing for the hydroelectric plants.

Your Committees also recognize the concerns raised regarding potential diminution of the powers of the Commission on Water Resource Management. To allay such concerns, your Committees declare that it is not the intention of your Committees to undermine the authority and responsibility of the Commission on Water Resource Management in passing out this measure.

Despite these issues, your Committees concur that the benefits of this bill in providing support for state irrigation projects and energy production outweigh such concerns.

Your Committees have amended this measure by:

- (1) Deleting the provisions requiring PUC to direct public utilities that supply electricity to acquire and dispatch electricity generated from low-head hydroelectric plants that utilize water from state irrigation projects;
- (2) Requiring PUC to direct public utilities to purchase electricity to ensure that:
 - (A) Utility rates are just and reasonable for all rate payers; and
 - (B) Electric service is provided in a safe and secure manner;
- (3) Clarifying that BOA shall have the power to make preliminary surveys and engineering studies for the establishment of low-head hydroelectric plants that utilize water from existing state irrigation projects;
- (4) Repealing the power of BOA to acquire by eminent domain, water and water sources, reservoir sites, rights-of-way over lands and property for paths, trails, roads, and other structures that may properly fall within the scope of BOA's activities in managing an irrigation and water utilization system; and
- (5) Making technical, nonsubstantive amendments for the purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Agriculture and Energy and Environmental Protection and Water and Land Use that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2242, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2242, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Bukoski, Meyer, Ahu Isa, Takumi, Halford and Whalen.

SCRep. 357 Health and Human Services and Housing on H.B. No. 2239

The purpose of this bill is to address the financial crisis faced by Medicaid and QUEST providers because of inadequate reimbursement rates by:

- (1) Requiring the Department of Human Services (DHS) to abstain from implementing certain Medicaid plan amendments; and
- (2) Appropriating funds to bring reimbursements to providers closer to the actual costs of care.

Hawaii Primary Care Association, Hawaii Health Systems Corporation (HHSC), Hawaii Long Term Care Association, Hawaii Psychiatric Medical Association, Healthcare Association of Hawaii, and the Hawaii Medical Association testified in support of this measure. DHS submitted comments.

Your Committees find that Medicaid and QUEST providers are facing a severe financial crisis due to inadequate reimbursement for services. Many providers are on the brink of closing their operations or are just barely getting by because reimbursement amounts do not cover the cost of care.

Your Committees note that several providers testified that this is the most important issue for them at this time. HHSC testified that they lose over \$30,000,000 per year by participating in Medicaid, Medicare, and QUEST, and that the losses are expected to worsen as reimbursements continue to be constrained.

Your Committees have amended this bill by:

- (1) Adjusting the amount of federal funds required for reimbursements for aged, blind, and disabled Medicaid recipients to \$6,200,000;
- (2) Adjusting the amount of general funds required for QUEST reimbursements to \$4,739,000;
- (3) Adjusting the amount of federal funds required for QUEST reimbursements to \$6,268,624; 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 Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2239, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2239, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 358 Higher Education and Education on H.B. No. 2558

The purpose of this bill is to resolve the shortage of teachers in the State's public school system by:

- (1) Creating the Hawaii Educator Incentive Program (HEIP) and Special Fund to be administered by a designated federal credit union that has been contracted to provide financial assistance to teachers who graduate from a state-approved teacher education program and agree to serve in the Department of Education (DOE); and
- (2) Establishing eligibility requirements, maximum reimbursement amounts, repayment schedules, and loan forgiveness payment guidelines to implement HEIP;

The Lieutenant Governor, DOE, University of Phoenix, Hawaii Association of Independent Schools, and Hawaii Business Roundtable submitted testimony in support of this bill. The University of Hawaii (UH) and Hawaii Teacher Standards Board submitted testimony in support of the intent of this bill. An individual submitted testimony in opposition to this bill.

Your Committees recognize that there is an extreme teacher shortage in Hawaii and steps should be taken to encourage students to become teachers and to remain in Hawaii to have a positive impact on our youth. Approximately 1,000-2,000 new teachers are needed in Hawaii every year, while UH produces only 450 graduates each year.

Your Committees recognize that not all graduates of UH's College of Education decide to teach in the DOE. Therefore, the DOE recruits teachers from other state-approved teacher education colleges such as Brigham Young University, Chaminade, and Hawaii Pacific University. These institutions assist the State by offsetting the shortage of teachers. Establishing HEIP will increase our pool of teachers in Hawaii and promote retention of our teachers, thereby helping to alleviate the teacher shortage.

Your Committees find that certain concerns may arise as to the constitutionality of the use of state general funds to support and benefit private educational institutions pursuant to the holding in *Spears v. Honda*, 51 Haw. 1, 449 P.2d 130 (1968) and Article X, section 1 of the Hawaii State Constitution. However, your Committees find that HEIP does not provide funds to private educational institutions, even indirectly, nor does it provide preferential treatment to private school students over public school students.

HEIP only provides financial assistance to teacher education students once they have completed school and have been hired by DOE. Therefore, moneys will not be provided indirectly to private institutions since students who receive funds through HEIP will have already paid off their tuition.

Your Committees further recognize that HEIP limits the amount of financial assistance available to any applicant to an amount equal to the tuition rate of UH's College of Education to ensure equal opportunity for all teacher applicants.

Your Committees also recognize that eligibility for HEIP is to be determined by the registrar of a state-approved teacher education program and payments to participants are to be administered by UH through its designated federal credit union with existing services for teachers.

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

- (1) Clarifying that HEIP has been created as a separate program from the Hawaii Educator Loan Program;
- (2) Clarifying that only students who attend state-approved institutions located within Hawaii shall be eligible to participate in HEIP;

- (3) Clarifying that the designated federal credit union shall be contracted by the University of Hawaii and not the Department of Education;
- (4) Deleting the appropriation section; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Higher Education and Education that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2558, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2558, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Kahikina, Bukoski, Halford, McDermott and Stonebraker.

SCRep. 359 Agriculture on H.B. No. 1940

The purpose of this bill is to stop the spread of fireweed by appropriating funds to the Department of Agriculture to implement short-term control methods.

The Pineapple Growers Association of Hawaii, Hawaii Farm Bureau Federation, Maui County Farm Bureau, and Ulupalakua Ranch, Inc., testified in support of this measure. The Department of Agriculture supported the intent of this measure.

Fireweed is an invasive, poisonous weed that could seriously damage Hawaii's livestock industry as well as its native ecosystem and plants. Your Committee supports state funding, to be matched with private funds, to assist in the on-going efforts to control or eradicate fireweed and protect Hawaii's fragile environment.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1940 and recommends that it pass Second Reading and be referred to the Committee on Finance.

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

SCRep. 360 Agriculture on H.B. No. 2248

The purpose of this bill, as received, is to amend a previous authorization of special purpose revenue bonds (SPRBs) made under Act 266, Session Laws of Hawaii (SLH) 2000, by:

- (1) Changing the entity receiving the SPRBs from Kauai Coffee Company, Incorporated to Poaka, Incorporated;
- (2) Deleting provisions relating to Kauai Coffee Company, Incorporated; and
- (3) Changing the type of facility to be constructed to a food processing plant.

The Department of Budget and Finance offered comments.

Your Committee notes that this bill, as received, raised serious concerns regarding the legality of awarding a previous SPRB authorization to a completely different entity.

Your Committee has thus amended this measure by deleting its contents and replacing it with a new authorization for special purpose revenue bonds. More specifically, the amended bill authorizes up to \$10,000,000 in SPRBs to assist Poaka, Incorporated, in planning and building a food processing plant for coffee and other agricultural products.

Your Committee recognizes that the provisions of Act 266, SLH 2000, providing for up to \$10,000,000 in SPRBs for the Kauai Coffee Company, Incorporated, is still in effect. However, your Committee has received assurances that this entity will not seek to expend the funds authorized and has authorized the new SPRB funds contained in the amended draft of this bill based on this assumption.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2248, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 361 Tourism & Culture and Economic Development & Business Concerns on H.B. No. 1945

The purpose of this bill is to amend the hotel construction and remodeling tax credit by deleting the date by which construction or renovation costs must be incurred and inserting an unspecified date.

Testimony in support of this measure was submitted by the Visitor Industry Coalition, American Institute of Architects Hawaii State Council, Hawaii Business Roundtable, Subcontractors Association of Hawaii, Waikiki Improvement Association, General Contractors Association of Hawaii, and a concerned citizen. The Department of Business, Economic Development, and Tourism, Hawaii Tourism Authority, Building Industry Association of Hawaii, and a representative from Ko Olina Resort and Marina supported the intent of the

bill. The Department of Taxation and the Department of Budget and Finance opposed this measure. The Tax Foundation of Hawaii offered comments.

Upon further deliberation, your Committees have amended this measure by:

- (1) Deleting the unspecified date by which costs must be incurred to qualify for the tax credit;
- (2) Making 4 per cent of the 10 per cent tax credit refundable and extending it to July 1, 2007;
- (3) Making 6 per cent of the 10 per cent tax credit non-refundable and declaring that this portion of the credit applies to costs incurred before July 1, 2003; and
- (4) Amending Act 10, Third Special Session of 2001, to reflect the above amendments.

As affirmed by the records of votes of the members of your Committees on Tourism and Culture and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1945, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1945, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Halford and Davis.

SCRep. 362 Labor & Public Employment and Economic Development & Business Concerns on H.B. No. 2641

The purpose of this bill is to void restrictive covenants or agreements between employees and employers in cases where the employee is or will be engaged in or employed by a technology business.

The Coalition for the Right to Innovate, NOVASOL, and a concerned citizen testified in support of this measure.

Non-compete agreements are contracts between an employer and an employee that prevent an employee from leaving the employer to either start or join a business that the employer considers to be competition. Currently, these agreements can and are being used in Hawaii. This has posed a problem for people in the technology business in Hawaii since there is only a small number of high technology companies in existence in the State. Moreover, employees affected by these agreements find that they are prevented from earning a living and oftentimes must move out of the State to continue to work in their profession.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2641 and recommend 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 Souki, Yoshinaga, Pendleton, Rath, Davis, Marumoto and Ontai.

SCRep. 363 Energy & Environment Protection and Consumer Protection & Commerce on H.B. No. 2836

The purpose of this measure is to implement the recommendations of the Energy Efficiency Policy Task Force.

The Energy Efficiency Policy Task Force was formed to recommend to the Legislature, the most cost-effective means to support increased energy efficiency and sustainability in Hawaii.

Specifically, this bill incorporated the preliminary recommendations of the Task Force, as the final report was not completed, to include:

- (1) Restricting energy tax credits to renewable energy technologies and setting appropriate credit levels and dollar caps; and
- (2) Requiring the Department of Business, Economic Development, and Tourism to provide and support efficiency and renewable energy education programs.

Your Committees amended the bill for discussion purposes to attempt to reflect the final recommendations of the Task Force. These recommendations include:

- (1) Restricting tax credits and recommending appropriate tax credit levels and dollar caps;
- (2) Encouraging the Department of Taxation to collect detailed data on tax credits to support future analyses and to prepare appropriate administrative rules;
- (3) Encouraging the Department of Human Services to use federal funds from the low-income home energy assistance program to install energy saving devices;
- (4) Providing and supporting efficiency and renewable energy education programs;
- (5) Supporting utility energy efficiency and renewable energy programs; and
- (6) Encouraging the Public Utilities Commission to continue to support increased energy efficiency and renewable resources.

The proposed bill was then heard and received favorable testimony from the Department of Business, Economic Development, and Tourism; the Hawaiian Electric Company; the Vice Chair of the Energy Efficiency Policy Task Force; the Gas Company; Inter-Island Solar Supply; the Hawaii Solar Energy Association; the Covanta Energy Group; Pacific Wind Energy, LLC; the Sierra Club; and the Hawaii Renewable Energy Alliance. Opposing testimony was submitted by the Department of Taxation and Powerlight Hawaii. The Tax Foundation of Hawaii submitted comments.

Your Committees are concerned with comments expressed in the legislative hearing that objected to the \$500,000 tax credit cap proposed in this bill. Your Committees defer this issue to your Committee on Finance to ascertain if a cap is necessary, given the State's fiscal condition. However, should the Committee on Finance find that the economic benefits of the tax credit exceeds the projected revenue loss, your Committees recommend that the caps be removed to realize the benefits as presented in the Task Force's economic analysis.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection 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. 2836, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2836, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Bukoski, Meyer, Souki, Yoshinaga and Whalen.
(Representative Gomes voted no.)

SCRep. 364 Education on H.B. No. 1730

The purpose of this bill is to raise the drivers education fund underwriters fee and to reallocate the fee among the Insurance Division of the Department of Commerce and Consumer Affairs, the Director of Commerce and Consumer Affairs, and the Department of Transportation for use in driver education and traffic safety programs.

Specifically, this bill raises from \$2 to \$3.50 the fee assessed against an insurer for each motor vehicle that the insurer insures. Furthermore, the bill allocates the \$3.50 in the following manner:

- (1) \$1 to the Insurance Commissioner to be expended for drivers education programs that a court orders a traffic violator to attend;
- (2) \$2 to the Director of Commerce and Consumer Affairs for drivers education and traffic safety education programs administered by the Department of Education; and
- (3) 50 cents to the Department of Transportation for the drivers education program that it administers.

Your Committee finds that under the present law the \$2 fee is allocated evenly between the Insurance Commissioner for court-ordered course attendance and the Director of Commerce and Consumer Affairs for programs administered by the Department of Education.

Your Committee further finds that the increased fee and its reallocation are necessary measures in the Legislature's continuing efforts to reduce teenage traffic injuries and deaths. Specifically, doubling the fee allocation to the Director of Commerce and Consumer Affairs for Department of Education programs will allow the Department of Education to double its programs, purchase new equipment, and serve approximately five thousand students a year. Furthermore, allocating 50 cents to the Department of Transportation will enable the Department to maintain its new program, for which only start-up funds were received from the federal government.

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

Signed by all members of the Committee except Representatives Abinsay, Kahikina, Takumi, Halford, McDermott and Stonebraker.
(Representative Hale voted no.)

SCRep. 365 Education and Labor & Public Employment on H.B. No. 2037

The purpose of this bill is to establish a new governance and management structure for the Department of Education (DOE).

The Board of Education, Hawaii Government Employees Association, and League of Women Voters submitted testimony in opposition to this bill. The Hawaii State Teachers Union and Hawaii Educational Policy Center submitted comments on this bill.

Your Committees find that this bill will effect many important changes that will improve DOE's performance by bringing resources closer to the schools and establishing clearer lines of authority. The inefficiency of the current system must be addressed through systemic change, as proposed in this bill. Your Committees find that if enacted, this bill will allow for more responsiveness to the needs of schools, while ensuring greater accountability in DOE leadership.

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

- (1) Deleting provisions establishing advisory councils to the Superintendent of Education in various subject matter areas;
- (2) Specifying that the Superintendent of Education shall be responsible for coordinating, rather than executing, statewide educational policy and the administration of programs of public education;
- (3) Specifying that school complex areas shall be established as determined by DOE;

- (4) Requiring school complex areas to cover a contiguous land area to the extent possible, except for the islands of Lanai, Molokai, and Lanai, which may be incorporated into other school complex areas;
- (5) Changing the name of "chief executive officers" to "complex area superintendents";
- (6) Providing for one area school board for each school complex area;
- (7) Specifying that complex area boards shall be responsible and accountable for the delivery of public education and the development of educational policy within each complex area
- (8) Devolving the authority for specific functions and responsibilities relating to the delivery of education and the development of policy from the superintendent to the complex area boards;
- (9) Requiring, rather than allowing, school complex areas to be assigned responsibility for the administration and operation of special education programs;
- (10) Specifying that each school complex area board shall consist of four members elected by residents of complex areas, and three members appointed by the Superintendent of Education;
- (11) Requiring school complex area boards to appoint their complex area superintendent from a list of three candidates provided by the Superintendent of Education;
- (12) Establishing guidelines for the election and appointment of area board members;
- (13) Requiring complex area superintendents to hire, evaluate, and remove school principals and vice-principals; and
- (14) Making technical nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Education and Labor and Public Employment that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2037, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2037, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Arakaki, Hale, Kahikina, Stonebraker, Souki, Moses and Rath.

SCRep. 366 Labor & Public Employment on H.B. No. 2525

The purpose of this bill is to ensure that when contractors bid on public works construction projects, it is done pursuant to standards that are fair, equitable, and uniformly applied.

The Department of Labor and Industrial Relations (DLIR) and the Pacific Resource Partnership testified in support of this measure.

The purpose of chapter 104, Hawaii Revised Statutes, is to ensure a level playing field for contractors who bid on public works construction projects. Chapter 104 requires that prevailing wage, overtime, recordkeeping, and other provisions are inserted in every State and county public works contract over \$2,000.

However, problems have arisen when some State and county agencies have inadvertently omitted these specific provisions from their contracts and specifications. When these contractors are cited for violations, they assert that chapter 104 does not apply to them because the specific provisions were not included in the contract.

Your Committee finds that this situation has created enforcement problems for DLIR because DLIR does not have control over what is contained in every State and county construction contract. This erodes the level playing field for contract bidders since contractors who do not pay prevailing wages can underbid contractors who base their bids upon prevailing wages.

Although your Committee finds that this bill addresses concerns about fairness and equity for public works construction contracts, your Committee has concerns about the provisions allowing the release of information submitted on collective bargaining agreements.

Upon further consideration, this bill has been amended to:

- (1) Specify that the Director of DLIR may only disclose the terms of the agreement to a federal or state agency authorized to enforce the provisions of this measure; and
- (2) Make other technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2525, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2525, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton and Rath.
(Representative Moses voted no.)

SCRep. 367 Health and Human Services and Housing on H.B. No. 1749

The purpose of this bill is to require the Department of Health (DOH) to disclose to adult residential care home (ARCH) operators the criminal history of a prospective resident if the resident had previously been:

- (1) Acquitted of a violent offense due to a physical or mental disease, disorder, or defect;
- (2) Admitted to the Hawaii State Hospital (Human Services and Housing) under DOH jurisdiction as a result of the acquittal; and
- (3) Released from Human Services and Housing to be placed by DOH in an ARCH.

The Hawaii Coalition of Care Home Administrators testified in support of this measure. DOH opposed this measure. The Office of Information Practices submitted comments.

Your Committees find that there have been some unfortunate acts committed against ARCH operators in the past and that they, and other ARCH residents, are constantly in a potentially dangerous situation.

Your Committees have amended this bill by:

- (1) Removing provisions that the criminal history of individuals acquitted of an offense due to a physical or mental disease, disorder, or defect, or individuals released from Human Services and Housing to be placed in ARCHs, need to be provided to ARCH operators;
- (2) Requiring that the criminal history of individuals who were acquitted or convicted of a violent offense against a person be provided to ARCH operators;
- (3) Adding that ARCHs are to be notified if a prospective resident is under the supervision of a probation or parole officer; 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 Health and Human Services and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1749, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1749, H.D. 1, and be referred to the Committee on Judiciary and Hawaiian Affairs.

Signed by all members of the Committee except Representatives Stonebraker, Case and Kanoho.

SCRep. 368 Labor & Public Employment on H.B. No. 2805

The purpose of this bill, as received, is to provide for the regulation of privatization contracts to:

- (1) Provide for a review of contract costs;
- (2) Monitor and enforce privatization services;
- (3) Provide public access to information; and
- (4) Provide for annual reporting of the efficiency and effectiveness of the services provided by the private contractor.

The United Public Workers, Office of Information Practices, and Hawaii Government Employees Association testified in support of this measure. The Department of Taxation submitted comments.

Although your Committee is concerned about the regulation of privatization contracts, your Committee feels that the needs of retired workers and economically troubled employers are more pressing during these troubled economic times. Accordingly, your Committee has amended this measure by replacing the entire contents of this bill. Specifically, this bill was amended to:

- (1) Provide special compensation annually to qualified pensioners beginning July 1, 2002;
- (2) Establish an Employers' Worker Retention Special Fund (Fund) to provide assistance to employers facing economic hardship; and
- (3) Transfer an unspecified amount from the Premium Supplementation Fund to be deposited into the Fund.

Your Committee designed the Fund to facilitate further discussion of ways to offset health care and other costs faced by employers without violating the Employee Retirement Income Security Act exemption of the Hawaii Prepaid Health Care Act.

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. 2805, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2805, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton and Rath.

SCRep. 369 Labor & Public Employment on H.B. No. 2228

The purpose of this bill is to enable a firefighter who retires because of a service-connected disability to return to government service in another capacity and receive a retirement benefit based on the 2.5 percent benefit formula used by firefighters for the period served as a firefighter.

The Honolulu Police Department and an individual firefighter testified in support of this measure. The Hawaii State Firefighters Association, the Honolulu Fire Department, and the State Fire Council supported the intent of this measure. The Employees' Retirement System provided comments on this bill.

Firefighters are in a dangerous profession, which brings them into contact with chemicals, smoke, and a number of pathogens on medical responses. Personal protective devices can only offer protection from these dangers to a limited extent. Exposure to these dangers may produce disabilities in firefighters that do not allow them to continue their work as a firefighter, but does not preclude them from performing any other government service to continue to serve their community.

Although your Committee agrees that firefighters who can no longer perform their duties as a firefighter due to a service-connected disability and who return to government service in any other position besides that of a firefighter should be entitled to service credits they have earned as firefighters, concerns were raised regarding the years of service a firefighter must have performed before becoming eligible for this benefit and what exactly constituted a service-connected disability.

Accordingly, this measure has been amended by providing that if the member has at least 10 years of credited service as a firefighter, is deemed permanently medically disqualified by the employer's physician, and subsequently returns to service in any position other than a firefighter, the member's retirement allowance shall be derived by adding the allowances computed based on section 88-81, HRS.

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. 2228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2228, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton and Rath.

SCRep. 370 Tourism & Culture on H.B. No. 1942

The purpose of this bill is to establish a commission to plan the celebration of the centennial anniversary of the arrival of the first Filipinos to Hawaii.

The Congress of Visayan Organizations, United Filipino Council of Hawaii, Big Island Filipino Community Council, Oahu Filipino Community Council, and Ilocos Surian Association of Hawaii testified in support of this measure.

Your Committee finds that members of the Filipino community have contributed significantly and substantially to Hawaii. Your Committee further finds that since the arrival of the first Filipinos to Hawaii in 1906, the rich culture and proud heritage of the Filipino people have been and continue to be a positive influence upon life in Hawaii.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1942 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Marumoto and Ontai.

SCRep. 371 Tourism & Culture on H.B. No. 2421

The purpose of this bill is to provide the State Foundation on Culture and the Arts (SFCA) the statutory authority to administer:

- (1) The State Art Museum (Museum);
- (2) The Art in Public Places program; and
- (3) The Relocatable Works of Art program.

In establishing this authority, the bill further provides for the following:

- (1) Creation of the State Art Museum Special Fund to support the Museum's operations; and
- (2) Statutory definitions of "state art museum" and "works of art".

Testimony in support of the intent of this measure was submitted by the Department of Accounting and General Services, SFCA, and a concerned citizen.

As affirmed by the record of votes of the members of your Committee on Tourism and Culture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2421 and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Marumoto and Ontai.

SCRep. 372 Tourism & Culture on H.B. No. 2129

The purpose of this bill is to appropriate funds to establish a National Korean War Museum, provided that State funds are matched by federal or other sources, or both.

Testimony in support of this measure was submitted by the Aloha Chapter of The Chosin Few, Inc. The Department of Business, Economic Development, and Tourism supported the intent of this bill.

Your Committee has amended this measure 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 Tourism and Culture 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Takumi, Marumoto and Ontai.

SCRep. 373 Water & Land Use and Energy & Environment Protection on H.B. No. 2544

The purpose of this bill is to encourage the development of renewable forms of energy by authorizing the Board of Land and Natural Resources to lease public lands to renewable energy producers through direct negotiations.

The Department of Land and Natural Resources, the Department of Business, Economic Development, and Tourism, the Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, and Life of the Land testified in support of this measure.

Chapter 171, Hawaii Revised Statutes, allows for the leasing of public lands by direct negotiation to public utilities, including electric utility companies. However, the law currently excludes renewable energy producers who provide power to the electric utility companies. Accordingly, public lands can only be leased to these entities through auction. Since a substantial amount of upfront work is necessary to plan and develop these renewable energy projects, potential applicants are reluctant to go through the costly process when they are not assured of a lease. This bill seeks to eliminate this impediment.

Your Committees have amended this bill by:

- (1) Clarifying that up to 25 percent of the power produced by a renewable energy producer can be derived from fossil fuels. Because of the intermittent nature of some of these renewable energy resources, a producer may occasionally require backup power from fossil fuels to improve the availability and reliability of its power; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Energy and Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2544, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2544, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Ito.

SCRep. 374 Water & Land Use and Tourism & Culture on H.B. No. 2609

The purpose of this bill is to strengthen the State Park System by authorizing the annual transfer of up to \$4,000,000 in excess moneys in the Tourism Special Fund into the State Parks Special Fund. This bill also appropriates an unspecified amount of moneys from both the Tourism Special Fund and the State Parks Special Fund to support the operation and maintenance of the State Park System during fiscal year 2002-2003.

The Department of Land and Natural Resources, Hawaii's Thousand Friends, Life of the Land, The Trust for Public Land, Sierra Club, Hawaii Chapter, and an individual testified in support of this measure. The Department of Business, Economic Development, and Tourism and the Hawaii Tourism Authority supported the intent of this bill. The Tax Foundation of Hawaii offered comments. The Hawaii Activities and Tours Association opposed this measure.

Given the recent economic downturn, some predict that there will be no surplus in the Tourism Special Fund this year. That means that the State Park System may not receive any funding during fiscal year 2002-2003. Nevertheless, this bill lays the groundwork for future infusion of needed funds to improve our State parks once Hawaii's economy improves.

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

- (1) Reducing the maximum amount that may be transferred annually out of the Tourism Special Fund from \$4,000,000 to \$2,000,000; and
- (2) Making technical, nonsubstantive amendments to correct technical drafting errors.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Tourism and Culture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2609, as amended herein, and

recommend that it pass Second Reading in the form attached hereto as H.B. No. 2609, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Morita, Thielen, Takumi, Halford and Ontai.
(Representative Meyer voted no.)

SCRep. 375 Water & Land Use on H.B. No. 2407

This bill defines:

- (1) A "natural ocean circulating system"; and
- (2) A "swimming Pool" or "pool" and clarifies that "swimming pool" does not include any pool using a natural ocean circulating system.

While this bill would apply to many salt water pools and lagoons throughout the State, the underlying purpose of this bill is to apply to the reconstruction of the Waikiki Natatorium Pool. This project has been held in abeyance due to a civil suit in which a court determined that the Waikiki Natatorium Pool is a "swimming pool" and further ruled that administrative rules to protect the health and well-being of persons using this pool must be developed and adopted.

The Department of Health opposed this bill because administrative rules are scheduled for a final public hearing on April 10, 2002, with gubernatorial approval and adoption to occur shortly thereafter. With the adoption of the rules, reconstruction of the pool can begin immediately. The Kaimana Beach Coalition, represented by two individuals, also opposed this bill.

Supporting testimony was presented by the City and County of Honolulu, The Historic Hawaii Foundation, Hawaii Ocean Swimming, Inc., Hawaii Engineering Services, Hawaii Committee of U.S. Water Polo, Inc., representatives of Veterans' groups, and several individuals. Success at salt water lagoons, the Natatorium's historic value particularly to its users in ages past, its meaning as a memorial to veterans, and future use by generations to come were cited as reasons for support.

To address concerns that this bill usurps the preferred administrative rule process, the effective date of July 1, 2002 contains provisions to repeal the Act if the Department of Health adopts administrative rules concerning pools using a natural ocean circulating system.

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. 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 referred to the Committee on Finance.

Signed by all members of the Committee except Representative Thielen.

SCRep. 376 Water & Land Use on H.B. No. 2542

The purpose of this measure is to clarify the rule making authority of the Board of Land and Natural Resources to designate areas of ocean waters and navigable streams for limited commercial use.

The bill also amends provisions relating to moorage fees.

Your Committee has amended the bill by deleting the provisions relating to the Board of Land and Natural Resources rule making authority and has retained the provisions concerning moorage fees. Additionally, your Committee has amended the bill by proposing a moorage fee increase of ___ per cent beginning July 1, 2002 with an annual increase of ___ per cent until July 1, 2006. The moorage fee will thereafter be set by department rule beginning July 1, 2007. Your Committee has also amended the bill by allowing the Department of Land and Natural Resources to increase moorage fees for commercial vessels.

Your Committee strongly believes that required infrastructure improvements at state small boat harbors should be accomplished primarily through moorage fees, whether or not these facilities are privatized--and not subsidized by ordinary taxpayers. Your Committee notes that with the proposed increase, fees at the premier Ala Wai Boat Harbor location will still be about sixty per cent of the fees charged at private facilities at Keehi and Ko Olina. Your Committee intends to further pursue this matter and initiate action to adjust fees on this measure as may be appropriate.

Finally, the reason your Committee has left the percentage amounts blank for the proposed increases in moorage fees for nonresidents is because your Committee believes that the Committee on Finance is in a better position to propose a percentage increase that is consistent with the State's fiscal condition. In establishing the percentages, however, your Committee recommends that the Committee on Finance consider thirty-five and five per cent figures, respectively, for the blank percentage amounts on page 1, lines 11 and 12 of the bill.

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

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

SCRep. 377 Labor & Public Employment on H.B. No. 2500

The purpose of this bill is to correct statutory reference or language changes made by reforms to the public employee laws pursuant to Act 253, Session Laws of Hawaii 2000.

The Department of Human Resources Development testified in support of this measure.

The Hawaii State Teachers Association provided comments.

Act 253, Session Laws of Hawaii 2000, reformed the State's public employment laws and most of its provisions, take effect on July 1, 2002. These conforming amendments need to be made to various sections of the Hawaii Revised Statutes and the Hawaiian Homes Commission Act, that were not expressly amended by Act 253.

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

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2500, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2500, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 378 Water & Land Use and Agriculture on H.B. No. 2662

The purpose of this bill is to establish standards for the identification of important agricultural lands, and to promote the usage of rural land use districts.

During the legislative interim, your Committees on Agriculture and Water and Land Use jointly conducted a series of informational meetings to address the state constitutional mandate in article XI, section 3, relating to agricultural lands. Meaningful testimony was received from involved government agencies including the Land Use Commission, Office of Planning, Department of Agriculture, Department of Land and Natural Resources, and the various counties; also from land owners and landowner organizations; and conservationists Sierra Club and Hawaii's Thousand Friends.

This bill represents the collaborative efforts of the aforementioned state agencies who were assembled at the request of your co-chairs to reflect the viewpoints expressed in those hearings.

This bill fulfills the State's constitutional mandate by establishing:

- (1) A process through which important agricultural lands would be identified;
- (2) Standards and criteria to be used by applicable state and county authorities to:
 - (A) Reclassify and rezone important agricultural lands;
 - (B) Conserve and protect agricultural lands; and
 - (C) Insure the availability of agriculturally suitable lands.

Your Committees note that provisions to address the constitutional mandates of promoting diversified agriculture and increasing agricultural self-sufficiency are contained in H.B. No. 2150 which was passed out jointly by your Agriculture and Water and Land Use Committees.

This bill creates a more viable rural land use district to absorb development pressures currently directed at agricultural lands by redefining its purpose and specifying the parameters of its physical development.

Specifically, this bill addresses the state constitutional mandate in article XI, section 3 to conserve and protect agricultural lands, promote diversified agriculture, and assure the availability of agriculturally suitable lands. The bill established standards and criteria for designation of important agricultural lands into three classes: prime, unique, and other important agricultural land. The bill also creates a more viable rural land use district to absorb development pressures currently directed at agricultural lands by redefining its purposes and specifying the parameters of its physical development.

The bill also requires the Office of Planning to identify potential areas for reclassification from agricultural to rural, to be submitted to the Land Use Commission for public hearing and approval, disapproval, or modification of the new boundaries.

Favorable testimony was received from the Office of Planning, the Land Use Commission, Department of Agriculture, College of Tropical Agriculture and Human Resources, the Hawaii Farm Bureau, and the Hawaii Association of Realtors. The Land Use Research Foundation, Hawaii Leeward Planning Conference, Life of the Land, and Hawaii's Thousand Friends offered comments.

Your Committees have amended this bill by:

- (1) Giving the Land Use Commission the authority to hear a petition for a declaratory ruling on a county land use or land use development action involving rural district lands; and
- (2) Modifying the effective date to make the appropriation effective on July 1, 2002, and to give the counties from July 1, 2002 until July 1, 2003 to adopt ordinances and rules to prepare for this transition.

Your Committees also made technical nonsubstantive changes.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2662, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2662, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Bukoski, Meyer, Takumi and Whalen.

SCRep. 379 Judiciary & Hawaiian Affairs on H.B. No. 1810

The purpose of this bill is to propose an amendment to Article III, section 16, of the Hawaii Constitution, to repeal the Governor's power to veto specific items in a bill appropriating funds for a specific purpose, except for appropriations to the Judiciary and Legislature.

Your Committee received testimony in support of this measure from the Member from the 40th Representative District and Common Cause Hawaii. The Department of Budget and Finance testified in opposition to this measure.

Your Committee concurs that allowing the Governor the power to repeal specific provisions within a bill is overexpansive and a potentially abusive encroachment on the integrity and legitimacy of the Legislature as a co-equal partner in our government.

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. 1810, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Gomes voted no.)

SCRep. 380 Judiciary & Hawaiian Affairs on H.B. No. 2562

The purpose of the bill is to:

- (1) Authorize the addition of analogues of controlled substances to the Uniform Controlled Substances Act which would allow them to be controlled in the same manner as the controlled substances that are currently controlled; and
- (2) Make housekeeping amendments to the controlled substances statutes.

Your Committee received testimony in support of the measure from the Department of Public Safety (DPS). The Office of the Public Defender testified in opposition to this measure.

Your Committee finds that the Legislature should not delegate its responsibilities by allowing the DPS to determine which controlled substance analogues are to be considered contraband.

Your Committee has amended this bill by:

- (1) Deleting references to "controlled substance analogue";
- (2) Deleting reference to the prohibition against prescriptions that exceed a thirty-day supply for controlled substance in schedule II;
- (3) Deleting the authority of the DPS to proscribe substances by rulemaking; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2562, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2562, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 381 Judiciary & Hawaiian Affairs on H.B. No. 2042

The purpose of this bill is to assist individuals in proving their Hawaiian ancestry by:

- (1) Establishing a task force to discuss and coordinate access to vital statistics records by these individuals and to secure federal and private moneys to match the state funds; and
- (2) Appropriating funds, to be matched by federal or private moneys, to establish a system to enable these individuals to have access to and make copies of these records to prove their ethnic identity without charge to them.

Your Committee received testimony in support of this measure from Ka Lahui Hawaii and the Oahu Council of Civic Clubs. The Department of Hawaiian Home Lands and the Department of Health provided testimony in support of the intent of this measure.

Your Committee recognizes that the increased costs of obtaining these records have created an economic hardship for individuals trying to document their eligibility for the Hawaiian Home Lands Program and other Hawaiian entitlement programs. Pending measures in Congress to provide federal recognition of Hawaiians, if passed, will result in even more requests for these records and will create additional economic burdens for our Hawaiian community. This bill will assist those individuals who need to verify their Hawaiian ancestry to be eligible for benefits.

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. 2042, H.D. 1, and recommends that it be referred to the Committee on Finance.

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

SCRep. 382 Judiciary & Hawaiian Affairs on H.B. No. 2166

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist not-for-profit schools, colleges, and universities serving the general public.

This bill will become effective upon ratification of the constitutional amendment authorizing the State to issue these bonds.

Your Committee received testimony in support of this measure from the Hawaii Association of Independent Schools, the Hawaii Catholic Conference, and concerned individuals. The Department of Budget and Finance and the Hawaii State Teachers Association opposed this measure. The Department of Education submitted comments.

Your Committee finds that all schools, public and private, should be supported in their efforts to provide the best education possible to students in the State. Many private schools in the State are small and have difficulty financing needed repair and construction work on their campuses. Allowing these schools to utilize special purpose revenue bonds would significantly increase their ability to improve their facilities and quality of education, at no cost to the State.

Moreover, authorizing these bonds will provide significant economic benefits to Hawaii's economy by providing construction jobs.

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. 2166 and recommends that it be referred to the Committee on Finance.

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

SCRep. 383 Judiciary & Hawaiian Affairs on H.B. No. 2848

The purpose of this measure is to propose amendments to the Hawaii state constitution to authorize the State to issue special purpose revenue bonds to assist not-for-profit private schools.

Your Committee received testimony in support of this measure from the Hawaii Association of Independent Schools, the Hawaii Catholic Conference, and the Hawaii Catholic Schools Office of the Roman Catholic Diocese of Honolulu. The Department of Education submitted comments. The State of Hawaii Department of Budget and Finance and the Hawaii State Teachers Association testified in opposition to this measure.

Your Committee finds that favorable economic benefits would accrue to not-for-profit private sectarian and nonsectarian schools if those schools were authorized to use special purpose revenue bond proceeds to finance construction and renovation projects.

Your Committee has amended this measure by making technical, non-substantive amendments for clarity. Specifically, references to "private and sectarian" schools have been modified to refer to "private nonsectarian and sectarian" schools.

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. 2848, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2848, H.D. 1.

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

SCRep. 384 Judiciary & Hawaiian Affairs on H.B. No. 2606

The purpose of this measure is to provide a mechanism for voters to recall and remove from office any member of the legislature.

Your Committee received testimony in support of this measure from Common Cause Hawaii.

Your Committee finds that a reasonable mechanism for constituents to remove legislators from office serves to promote accountability on the part of elected officials.

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. 2606, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2606, H.D. 1.

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

SCRep. 385 Labor & Public Employment on H.B. No. 2276

The purpose of this bill is to:

- (1) Allow negotiating parties to agree that non-cost items are valid and enforceable; and
- (2) Set forth when terms of a collective bargaining agreement takes precedence.

The United Public Workers Union and the University of Hawaii Professional Assembly testified in support of this measure. The Department of Human Resources Development commented on this bill.

In collective bargaining, it is common that concessions of cost items be traded off against reciprocal concessions on non-cost items. This may be the only way to reach an agreement and avoid a strike in many cases. Unfortunately, recent amendments to the collective bargaining law have made trade-offs between cost items and non-cost items difficult. By granting the negotiating parties the flexibility to agree that non-cost items are valid and enforceable, collective bargaining will be more effective.

However, your Committee does not feel that the movement of the reference to agreements taking precedence over rules and policies from section 89-10 to 89-19 is necessary and have amended this bill by deleting this provision.

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. 2276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2276, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton and Rath.

SCRep. 386 Energy & Environment Protection on H.B. No. 657

The purpose of this bill is to encourage and support the glass recycling programs of the counties by:

- (1) Increasing the advance disposal fee from 1.5 to 2 cents per glass container paid by glass importers and distributed to the counties; and
- (2) Deleting the criteria by which the Legislature sets the advance disposal fee.

The Department of Health (DOH), Office of Environment Quality Control, and Maui Disposal submitted testimony in support of the bill. The Office of the Mayor of Maui supported the intent of the measure. The Tax Foundation of Hawaii and Aloha Glass Recycling, Inc., commented on the bill. Anheuser Busch Companies and Hawaii Food Industry Association opposed the measure.

Your Committee finds that the county glass recovery programs have been very successful in diverting glass from landfills. The recovery rate of glass in the State is about 33 percent, potentially exceeding the national average of 24 percent.

Some counties are in need of increased funding to increase or maintain the effectiveness of their glass recovery programs.

Your Committee has amended this measure by:

- (1) Making the requirements for the county glass recovery program more flexible;
- (2) Exempting the revenues from the advance disposal fee deposited into a special account in the Environmental Management Special Fund from the central service expenses under section 36-27, Hawaii Revised Statutes;
- (3) Amending the termination date of the 1.5 cent advance disposal fee from August 31, 2001, to August 31, 2002;
- (4) Amending the effective date of this bill from September 1, 2001, to September 1, 2002; and
- (5) Making other technical, nonsubstantive amendments to conform with drafting conventions.

To address concerns relating to the disposition of the advance disposal fee, your Committee has requested information from DOH regarding the expenditures, disbursements, and a comprehensive review of the programs on a state and county level.

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. 657, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 657, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Meyer and Thielen.

SCRep. 387 Energy & Environment Protection and Transportation on H.B. No. 2190

The purpose of this bill is to increase the effectiveness of controlling the invasion of harmful alien pests into Hawaii by:

- (1) Making invasive species control programs the first priority for the disbursement of conveyance taxes paid into the Natural Area Reserve Fund; and
- (2) Requiring that one percent of the annual airport landing fees and port entry, wharfage, and demurrage fees collected by the Department of Transportation be used for invasive species control and prevention pursuant to legislative budget proviso.

The Sierra Club, Hawaii Chapter, and a concerned citizen submitted testimony in support of the bill. The Department of Land and Natural Resources and the Nature Conservancy of Hawaii supported the intent of the measure. The Tax Foundation of Hawaii commented on the bill. The Department of Transportation and Matson Navigation Company opposed the measure.

Your Committees find that the invasion of alien pests in Hawaii is very costly, far reaching in its consequences and aggravated by funding issues relating to the control and prevention of alien pests in Hawaii. A more comprehensive, strategic, and long-term approach to this serious problem is warranted. Accordingly, your Committees have amended this measure by deleting its substance and inserting provisions to:

- (1) Establish a 13-member Pest Species Task Force (Task Force) consisting of scientists, representatives from air and marine common carriers, and representatives, from the agricultural, horticultural, and aquacultural industries;
- (2) Require the Task Force to develop and implement a program of preventative measures to reduce the introduction of pest species through aircraft or vessels;
- (3) Require the Department of Agriculture (DOA), to the extent permitted by federal law, to levy for pest species inspection, quarantine, and eradication facilities an \$85 and \$200 service charge on air and marine carriers, respectively, from a port of departure where prohibited or restricted pest species may originate or transit; provided that the Task Force has developed the preventative measures program;
- (4) Establish under the DOA the Pest Species Inspection, Quarantine, and Eradication Fund:
 - (A) For deposit of air and marine common carrier levies, legislative appropriations, inspection and certification fees, fines, and federal funds; and
 - (B) For the operation of inspection and monitoring facilities and the execution emergency remedial measures.

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

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection and Transportation that are attached to this report, your Committees are in accord with with the intent and purpose of H.B. No. 2190, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2190, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Kanoho, Bukoski, Meyer, Souki, Nakasone and Pendleton.
(Representatives Moses and Rath voted no.)

SCRep. 388 Judiciary & Hawaiian Affairs and Consumer Protection & Commerce on H.B. No. 2479

The purpose of the bill is to coordinate and enhance the civil-defense capability of the State by clarifying the protections and immunities afforded to private agencies and entities engaged in civil-defense functions.

The Department of Defense, Department of Business, Economic Development, and Tourism, Department of Public Safety, Honolulu Police Department, Hawaii Hotel Association, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company testified in support of the measure.

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. 2479 and recommend that it pass Second Reading and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Auwae, Whalen and Meyer.

SCRep. 389 Judiciary & Hawaiian Affairs on H.B. No. 2123

The purpose of the bill to:

- (1) Prohibit discrimination by employers against domestic violence victims;
- (2) Entitle victims to employment leave;
- (3) Establish eligibility for unemployment insurance; and
- (4) Provide for a workplace program tax credit.

Your Committee received testimony in support of the measure from the Hawaii Civil Rights Commission, the Hawaii State Commission on the Status of Women, the ACLU Hawaii, the Domestic Violence Clearinghouse and Legal Hotline, the Hawaii State Coalition Against Domestic Violence, Hawaii Women Lawyers, and Volunteer Legal Services Hawaii. The Department of Taxation provided testimony in opposition to the measure.

Your Committee finds that victims of domestic violence are prone to job discrimination and often suffer job loss as a fallout effect from their injuries. This measure will assist in the recovery of domestic violence victims. However, your Committee finds that further discussion is required to ensure that all valid concerns can be addressed.

Your Committee has amended the bill by changing the dates in the effective section of the bill to February 30, 3025, and December 31, 3026, to ensure continued discussion.

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. 2123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2123, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representatives Gomes and Whalen voted no.)

SCRep. 390 Judiciary & Hawaiian Affairs on H.B. No. 1983

The purpose of the bill is to:

- (1) Revise standards for adoption, amendment, or repeal of administrative rules; and
- (2) Establish a Rule-drafting Policy Task Force (Task Force) and an Administrative Rules Review Pilot Program (Pilot Program).

A concerned individual testified in support of this measure. The Department of Business, Economic Development, and Tourism, Hawaii Agriculture Research Center, and National Federation of Independent Business supported the intent of the measure. The Department of Commerce and Consumer Affairs submitted testimony in opposition to sections 2 and 3 of the bill.

Your Committee finds that efforts to simplify the regulatory process have been under consideration for a number of years. This measure represents one step toward this goal.

Your Committee has amended this measure by:

- (1) Deleting a provision that would have required an agency adopting rules required by federal law to submit the rules with justification to the Legislature ten days prior to each regular session;
- (2) Clarifying that the automatic repeal provisions do not apply to rules authorized by statutes or ordinances that are repealed for the purpose of transferring their authorizing provisions to another statute or ordinance;
- (3) Requiring the Task Force to consult with business and environmental groups;
- (4) Providing that the Pilot Program consider the feasibility of repealing rules within "a specified period" after adoption, instead of "three years" after adoption, to allow the agency flexibility in determining the appropriate time frame; 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 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, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 1983, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Kanoho, Souki and Whalen.

SCRep. 391 Consumer Protection & Commerce on H.B. No. 1754

The purpose of this bill is to repeal section 281-33.1, Hawaii Revised Statutes (HRS), which allows an unlicensed consumer to apply for a permit to receive a single shipment of liquor from outside the State for personal use and consumption.

Legislative Information Services of Hawaii submitted testimony in opposition of this bill. The Wine Institute commented on this bill.

Your Committee finds that the people of Hawaii have diverse and unique tastes with respect to wines and spirits. The Internet provides a convenient and affordable mechanism to purchase select liquors that may not be sold by local vendors. Consumer purchases of out-of-state wines were facilitated by the passage of the reciprocal shipping law, Act 58, Session Laws of Hawaii 2001, codified as section 281-33.5, Hawaii Revised Statutes (HRS). Act 58 allowed up to two cases of wine to be shipped to an adult Hawaii resident by a winery located in a state that extends the same reciprocal shipping privilege to Hawaii wineries. Act 58 was intended to be exempt from the section 281-33.1, HRS, permit requirement. Your Committee finds that this bill corrects this oversight by repealing section 281-33.1, HRS.

However, your Committee finds that repealing section 281-33.1, HRS, in its entirety would have the inadvertent effect of prohibiting individuals taking up residency in Hawaii from bringing personal collections of liquor into the State.

Your Committee has amended this measure by retaining that portion of section 281-33.1 that allows an unlicensed person to apply for a permit to ship their household liquor collection into the 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 H.B. No. 1754, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1754, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case and Souki.

SCRep. 392 Consumer Protection & Commerce on H.B. No. 2245

The purpose of this bill is to:

- (1) Reform the leasehold renegotiation process by requiring that:
 - (A) The uniform standards of professional appraisal practice (USPAP) be used to calculate fair market value in any lease renegotiation in which lease rental is based in whole or in part on the fair market value of the land; and
 - (B) Renegotiation disputes shall be settled by a method other than arbitration and chosen by the lessee;and
- (2) Notwithstanding any clause in the lease to the contrary, provide a one-time adjustment of a lease to reflect fair market rental value determined under the USPAP, which adjustment is available to a leaseholder whose rental is based in whole or part on fair market value and whose lease:
 - (A) Exists on the effective date of the bill; and
 - (B) Was renegotiated after January 1, 1990.

Testimony in support of this bill was provided by the Hawaii Independent Condominium and Cooperative Owners, Hawaii Council of Associations of Apartment Owners, Moiliili Plaza, Windward Town and Country Plaza, Windward Business Center, L.L.C., University Plaza, and several concerned individuals.

Testimony in opposition was submitted by the Housing and Community Development Corporation of Hawaii, Hawaii Bankers Association, Land Use Research Foundation of Hawaii, Estate of James Campbell, A&B Properties, Inc., Hawaii Association of Realtors, Institute of Real Estate Management, Castle & Cooke Properties, Inc., Hawaii Reserves, Inc., and several concerned individuals.

Your Committee finds that this bill attempts to address the difficulties experienced by leaseholders whose leases were negotiated before the bursting of the Japanese real estate bubble in the late 1980s. Once the bubble burst, the economy slowed, land prices, and rents declined, except for leaseholders whose long-term leases contained a lease rent "floor," a clause prohibiting the lowering of rent upon renegotiation of the lease. These leaseholders' rents did not adjust with the market.

Commercial property leaseholders, in particular, may suffer because of this type of lease. These leaseholders have invested a good part of their lives in establishing their businesses at the leased location. Some have made substantial improvements to the leased property. In this difficult economy, some may be forced to breach their lease and forfeit improvements to the landowner. During rent renegotiations they have the unhappy choice of either agreeing to inflated or exorbitant rents, or vacating the site of their business. Those who remain on the property may be forced to cut their workforce, are unable to make property improvements and other long-term investments in their business, and may eventually be faced with foreclosure and bankruptcy.

Your Committee finds that the plight of leaseholders under these leases is in part the result of an abnormal land market. Leaseholders had little bargaining power in a market that featured oligopolistic land ownership, the concentration of population and business properties in a small area, and the unparalleled rise in land prices during the Japanese bubble. All of these factors, which were far beyond the control of leaseholders, resulted in the one-sided lease contracts that afflict leaseholders today.

Your Committee acknowledges that the remedy proposed by this bill raises constitutional issues concerning a landowner's property and contractual interests. Your Committee also acknowledges that the bill may not sufficiently address the issues that it seeks to resolve. However, contractual and property rights in this country have never been absolute and should accommodate other individual rights, interests, and needs. Your Committee finds that the plight of these lessees and the effect of their contracts on the State's economy are substantial interests that merit further legislative consideration.

For these reasons, your Committee recommends further discussion of the issues raised by this bill. To encourage further discussion, your Committee has amended the effective date from upon approval, to July 1, 2099.

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. 2245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2245, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.
(Representative Ahu Isa voted no.)

SCRep. 393 Consumer Protection & Commerce on H.B. No. 2567

The purpose of this bill is to conform the Tax Code to the federal Mobile Telecommunications Sourcing Act (MTSA), which was signed into law on July 28, 2000, and takes effect on August 1, 2002.

Testimony in support of this bill was received from the Department of Taxation, AT&T Wireless, Verizon Wireless, and VoiceStream Wireless. Comments were provided by the Tax Foundation of Hawaii.

Your Committee finds that MTSA provides a new method of sourcing the income of home service providers (mobile cellular phone companies) and also simplifies their tax reporting. State legislation is necessary to implement MTSA.

Prior to enactment of MTSA, the states applied the income sourcing method established by the U.S. Supreme Court in *Goldberg v. Sweet*, 488 U.S. 252 (1989) for purposes of taxing home service providers. Under *Goldberg*, a state was permitted to tax interstate telecommunications if a call either originated or terminated in that state and was also charged to a service address in that state. This method was not easily applied because it is difficult to identify the precise location from which a wireless call originates or terminates.

MTSA establishes a simpler method of sourcing wireless industry income. Under MTSA, all wireless calls are sourced to the subscriber's residential or business address, whichever is the place of primary use. MTSA is a uniform method for sourcing wireless services that may be adopted by all states. This bill adopts the MTSA sourcing method.

This bill also provides a simplified tax filing system for home service providers. Under current state law, home service providers must pay public service company taxes on intrastate calls and general excise taxes on interstate calls. This bill allows a home service provider to elect to pay the general excise tax on all of its income, regardless of whether it is intra- or interstate in nature.

Your Committee finds that language in this bill creates ambiguity with respect to when the MTSA sourcing method will apply. Specifically, provisions relating to the home service provider election may be interpreted to prevent the MTSA method from applying to gross income received from interstate phone calls until July 1, 2004, rather than August 1, 2002, the date the federal MTSA law becomes effective.

Your Committee has amended this measure by:

- (1) Clarifying that the MTSA sourcing method applies to gross income received from interstate calls beginning on August 1, 2002, regardless of whether a home service provider has elected to be taxed solely under the general excise tax system; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2567, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Morita, Souki and Whalen.

SCRep. 394 Consumer Protection & Commerce on H.B. No. 1778

The purpose of this bill is to support competition in the lending community and contribute to the economic health of Hawaii's financial services loan industry while protecting consumers, by repealing Article 9 of the Code of Financial Institutions, which governs depository and nondepository financial services loan companies, and replacing it with two separate articles. This bill establishes an Article A for depository financial services loan companies, which are subject to dual regulatory oversight by the State and the Federal Depository Insurance Corporation (FDIC), and an Article B for nondepository financial services loan companies, which are subject to state regulation, only.

Among other things, this bill amends the law applicable to both non-depository and depository financial services loan companies by:

- (1) Removing the "laundry list" of allowed consumer loan fees and replacing it with a list of prohibitions similar to those applicable to FDIC-insured institutions; and
- (2) Eliminating the ability to make precomputed loans, and grandfathering existing precomputed loans.

In addition, the law applicable to depository financial services loan companies is revised by applying the same 24 annual percentage rate (APR) loan ceiling on simple interest loans that is applicable to other FDIC-insured institutions.

Regulation of nondepository financial services loan companies is reformed by:

- (1) Providing a 31.66 APR loan ceiling on certain simple interest loans of up to \$7,500 with a maximum term of 48 months, and 24 APR ceiling for all other loans;
- (2) Allowing nonrefundable discount, points, loan fees, and loan origination charges reasonably related to a consumer loan, but limiting fees permitted for consumer loans at rates higher than 24 APR that are not secured by real property;
- (3) Requiring additional, biannual filings with the Division describing loan fees collected, and non-loan products such as credit insurance, sold; and
- (4) Allowing imposition of a "bounced" check fee charge not to exceed \$20.

Testimony in support of this bill was received from the Hawaii Financial Services Association. The Department of Commerce and Consumer Affairs testified in support of this bill and suggested amendments.

Your Committee finds that in 1996, the Commissioner of Financial Institutions appointed a task force of representatives knowledgeable and experienced in the financial services loan industry, to update and recodify Article 9. This bill was drafted by the task force and represents a balancing of consumer and industry needs and protections.

Your Committee further finds that this bill as drafted creates ambiguity regarding what statutes will apply to financial services loan companies currently in existence once Article 9 is repealed.

Your Committee has amended this bill to:

- (1) Clarify the applicability of existing law and of the new Articles A and B to financial services loan companies;
- (2) Remove differences between this bill and the bill developed by the Task Force;
- (3) Change the effective date of this bill from July 1, 2003, to July 1, 2050, to encourage further discussion; and
- (4) Make other 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. 1778 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, Case and Souki.

SCRep. 395 Consumer Protection & Commerce and Health on H.B. No. 2216

The purpose of this bill is to ensure that mental health and substance abuse treatment benefits are continued by repealing the sunset of chapter 431M, Hawaii Revised Statutes (HRS).

Testimony in support of this measure was received from the Hawaii Medical Association, Hawaii Psychiatric Medical Association, Hawaii Psychological Association, Mental Health Association in Hawaii, National Association of Social Workers, National Alliance for the Mentally Ill Oahu, and four concerned individuals. The Department of Health supported the intent of the bill and suggested an amendment. The Chamber of Commerce of Hawaii submitted comments.

Your Committees find that employer-sponsored insurance for mental health and substance abuse treatment, benefits both the private and public sector. In the business community, work force productivity is increased and turnover is decreased when these services are made available. In the public sector, a similar savings should also be recognized. Yet, on a more fundamental level, your Committees believe that the alleviation of illness and increased well-being of persons who are provided with appropriate mental health and substance abuse treatment, is the most significant reason to continue to mandate this coverage.

However, your Committees also find that mental health and substance abuse treatment have yet to attain full parity in relation to other basic medical services, and face an uphill struggle in obtaining that status on a permanent basis.

Your Committees therefore believe that continued discussion of mental health and substance abuse treatment benefits, and the appropriate scope of coverage is needed. Therefore, your Committees have amended this measure by extending the sunset date of chapter 431M, HRS, for two years, from July 1, 2002, to July 1, 2004.

As affirmed by the records of votes of the members of your Committees on Consumer Protection and Commerce and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2216, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2216, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Morita, Souki, Whalen and Stonebraker.

SCRep. 396 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 1943

The purpose of this bill is to exempt from the definition of "public utility", persons with an exclusive wireless telecommunications license from the Federal Communications Commission (FCC).

Testimony in support of this measure was submitted by Verizon Wireless and VoiceStream Wireless. Testimony in opposition was provided by the Consumer Advocate and the Public Utilities Commission (PUC).

Your Committees find that the FCC has maintained regulatory authority over the wireless telecommunications industry since 1993, preempting the PUC in this matter for the past nine years. Yet, because wireless telecommunications companies doing business in our state are still classified as "public utilities," they are assessed a tax and PUC fee. These funds are entered into the PUC's operating budget, which among other things, is used to regulate the public utilities. Your Committees conclude that it is unfair to the wireless telecommunications industry to have to contribute funds to a state government agency that does not directly regulate its field of business.

Your Committees are cognizant of the concerns expressed by the PUC, but feel that unlike other monopolistic public utilities in Hawaii that require direct oversight by the government, the wireless telecommunications market is quite competitive. There are currently at least four major players in this industry in our state, and it is the intent of your Committees to try to create a more business-friendly atmosphere to entice more prospective wireless telecommunications providers into this growing market.

Your Committees have amended this bill by making technical, nonsubstantive amendments for purposes of consistency, clarity, 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. 1943, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1943, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Case, Kanoho, Souki, Yoshinaga and Auwae.

SCRep. 397 Judiciary & Hawaiian Affairs on H.B. No. 2006

The purpose of this bill is to:

- (1) Expand civil enforcement remedies for improper disposal of lead acid batteries; and
- (2) Clarify statutory requirements concerning motor vehicle tires' import, storage, disposal, surcharge fees, and reporting.

Your Committee received testimony in support of this bill from the Department of Health, Catrala-Hawaii, and the Hawaii Automotive Repair and Gasoline Dealers Association.

Your Committee has made technical, nonsubstantive amendments to this bill 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 H.B. No. 2006, as amended herein, and recommends that it and be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2006, H.D. 1.

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

SCRep. 398 Judiciary & Hawaiian Affairs on H.B. No. 2659

The purpose of this bill is to protect caves and their resources by limiting or prohibiting certain uses and activities within them.

Your Committee received testimony supporting the bill from the Board of Land and Natural Resources, the Department of Transportation, and the Office of Information Practices.

Your Committee amended the bill by making it unlawful to intentionally or recklessly cause damage to a cave or its resources or to harm native organisms in a cave. The bill previously provided that such acts were prohibited when intentional or negligent. Your Committee believes that the previous legal standard of negligence would criminalize accidental acts, and notes that, as already provided by this bill, a violation of the proposed statute or related rules would be a misdemeanor only when intentional or reckless.

Your Committee has also made technical, nonsubstantive amendments to the bill 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. 2659, H.D. 1, as amended herein, and be referred to the Committee on Finance in the form attached hereto as H.B. No. 2659, H.D. 2,

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

SCRep. 399 Judiciary & Hawaiian Affairs on H.B. No. 2831

The purpose of the bill is to preserve and protect Hawaii's unique coral reefs by establishing a network of statewide marine no-take refuges or "pu'uhonua" under the Department of Land and Natural Resources.

Your Committee received testimony in support of this measure from Hawaii's Thousand Friends and several concerned individuals. The Department of Land and Natural Resources, Department of Transportation, and the Sierra Club provided testimony supporting the intent of the measure. Testimony in opposition to the measure was received from the Captain Andy's Sailing, Inc., and a concerned individual. Environmental Defense and KAHEA submitted comments.

Your Committee finds that this measure would provide for no-take refuges to protect coral reefs. This will serve to promote ecological abundance, which in turn will have both economic and environmental benefits.

Your Committee has amended this bill by:

1. Defining "Board" as the Board of Land and Natural Resources;

2. Specifying that a majority of a quorum of the Pu'uhonua Committee that are present may adopt rules;
3. Limiting to \$1,000, the fine applicable to the misdemeanor penalty for violation of the laws and rules of the pu'uhonua network; and
5. [sic] Making technical and nonsubstantive changes for the purposes of consistency, 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. 2831, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2831, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Kanoho, Souki, Gomes and Whalen.

SCRep. 400 Labor & Public Employment and Economic Development & Business Concerns on H.B. No. 1966

The purpose of this bill is to require successor employers to retain incumbent employees upon the divestiture of a business employing 20 or more persons.

The Hawaii State AFL-CIO, ILWU Local 142 and a number of concerned citizens testified in support of this measure. The Department of Labor and Industrial Relations, Chamber of Commerce of Hawaii, and the National Federation of Independent Business-Hawaii testified in opposition to this measure.

In these troubled economic times, many employees live in fear of losing their jobs because of business takeovers. A mass layoff caused by a divestiture poses problems, not only to the employees directly affected, but to the community at large because of increased unemployment and decreased state tax revenues.

At the same time, your Committees understand concerns that this measure may also cause undue hardship for employers. Nevertheless, your Committees feel that a compromise solution can be worked out and that this issue warrants further discussion.

Instead of creating a new chapter in the Hawaii Revised Statutes (HRS), this bill has been amended by providing for worker retention provisions within the framework of the Dislocated Workers Program in chapter 394B, HRS. As amended, this bill:

- (1) Allows for retention of at least 50 percent of incumbent nonsupervisory workers in the event of a divestiture of a business;
- (2) Defines "divestiture" as the transfer of any covered establishment from one employer to another because of the sale, transfer, merger, and other business takeover or transaction of business interests;
- (3) Defines "covered establishment" as any industrial, commercial, or other business entity which employs at any time in the preceding twelve-month period more than 100 employees;
- (4) Requires the employer to provide notification of divestiture 60 days prior to its occurrence; and
- (5) Takes effect on July 1, 2002.

Your Committees would like to note that concerns were raised regarding the definition of "divestiture" because it is possible to be an owner and not an employer. In that instance, it is not clear whether the employer or owner would be responsible for the incumbent employees. After further consideration, your Committees agreed that this was an important matter worthy of further discussion and respectfully request your Committee on Finance to further scrutinize this issue.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1966, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1966, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton, Rath, Davis, Marumoto and Ontai.

SCRep. 401 Labor & Public Employment and Economic Development & Business Concerns on H.B. No. 2750

The purpose of this bill is to provide direct, temporary economic relief from increased medical care costs and insurance premiums to private employers for a period of two years. Specifically, this bill:

- (1) Gives private employers the flexibility to implement up to a 60/40 cost sharing for their employees' health insurance premiums; and
- (2) Sets the maximum employee contribution at 40 percent.

The Hawaii Business League, National Federation of Independent Businesses, The Kauai Chamber of Commerce, The Chamber of Commerce of Hawaii, Alphabetland, and a concerned citizen testified in support of this measure. Kaiser Permanente and the Hawaii Medical Association supported the intent of the measure. The Department of Commerce and Consumer Affairs (DCCA), Department of Labor and Industrial Relations (DLIR), Attorney General (AG), and the International Longshoremen and Warehousemen Union testified in opposition to this bill.

In 1974, The Prepaid Health Care Act (PHCA) was passed to provide equal sharing of health care costs between an employee and an employer. This was an attempt to ensure that all citizens of the State of Hawaii would receive health insurance coverage and could seek medical care without anguishing over its costs. To ensure that employees were not overburdened by the equal sharing requirement, however, a provision limiting the employee's contribution to premium costs to not more than 1.5 percent of a their monthly wages was added to the original measure. After surviving a legal challenge, the Congress of the United States allowed Hawaii to continue the PHCA by providing for a substantive exemption from the Employees Retirement Income Security Act (ERISA) but stipulating that PHCA could only be changed for administrative purposes.

However, continually rising health care and insurance premium costs have put an increasing burden upon employers, especially small businesses, causing some employers to lose their financial viability and other employers to scale back their workforce and working hours in order to be exempt from PHCA. This has resulted in an increased number of medically uninsured individuals.

Your Committees understand the concerns raised by businesses regarding this burden, as well as concerns regarding the fairness of the State and county governments' ability to implement a 60/40 cost sharing plan for public employees, but not allowing private providers this same benefit. However, your Committees also understand the concern of DLIR, DCCA, and the AG that this measure could jeopardize Hawaii's ERISA exemption. Nevertheless, your Committees find that this matter warrants further discussion.

Accordingly, this bill has been amended by providing that it be effective only after the enactment of legislation by Congress allowing amendments to be made to PHCA without loss of Hawaii's ERISA exemption.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment and Economic Development and Business Concerns that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2750, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2750, H.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Representatives Souki, Yoshinaga, Pendleton, Rath, Davis, Marumoto and Ontai.

SCRep. 402 Energy & Environment Protection and Judiciary & Hawaiian Affairs on H.B. No. 2212

The purpose of this bill is to:

- (1) Create an administrator/coordinator position administratively attached to the Office of the Governor to coordinate state efforts related to controlling invasive species;
- (2) Allow the administrator/coordinator to appoint an advisory body to advise and assist in efforts relating to invasive species;
- (3) Require the administrator/coordinator to designate a lead state agency for each invasive species identified to coordinate efforts relating to that species; and
- (4) Allow the Departments of Agriculture, Health, and Land and Natural Resources to enter premises on private, state, or county property to control or eradicate invasive species.

The Nature Conservancy of Hawaii, Coordinating Group on Alien Pest Species, and Hawaii's Thousand Friends submitted testimony in support of this bill. The Department of Land and Natural Resources submitted testimony in support of the intent of this bill. The Department of Agriculture submitted testimony in opposition to this bill.

Your Committees find that this bill addresses the potentially devastating threat to native plants and animals and the human population in Hawaii posed by invasive alien species. As Hawaii's economy is so closely tied to the beauty and pristine nature of Hawaii's environment, we cannot afford to let these alien species take hold.

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

- (1) Replacing the administrator/coordinator position with the Hawaii Invasive Species Council (Council);
- (2) Specifying that the Council shall be composed of the President of the University of Hawaii and the heads of the Departments of Agriculture, Land and Natural Resources, Business, Economic Development, and Tourism, Health, Transportation, and Commerce and Consumer Affairs;
- (3) Deleting provisions relating to the designation of lead state agencies;
- (4) Deleting the authorization for the Departments of Agriculture, Health, and Land and Natural Resources to enter premises to control or eradicate invasive species;
- (5) Appropriating funds to an unspecified state agency to which the Council shall be attached administratively to facilitate further discussion; and
- (6) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection 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. 2212, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2212, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Chang, Kanoho, Souki and Whalen.

SCRep. 403 Judiciary & Hawaiian Affairs and Consumer Protection & Commerce on H.B. No. 2429

The purpose of this bill is to:

- (1) Make the cigarette stamp tax permanent;
- (2) Expand the Department of Taxation's and the Attorney General's power of inspection;
- (3) Expand the forfeiture provisions relating to the cigarette stamp tax; and
- (4) Enable the Attorney General to seek assistance in enforcing the cigarette stamp tax from other law enforcement agencies.

Your Committees received testimony in support of this bill from the Department of the Attorney General.

Your Committees have amended this bill by deleting expanded forfeiture provisions that would apply to any instrumentality, proceeds, or property obtained with proceeds from activities violating chapter 245, Hawaii Revised Statutes. Your Committees note that the cigarette stamp tax law already specifies the maximum amounts of fines that may be imposed for 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 H.B. No. 2429, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2429, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Souki, Auwae, Whalen and Meyer.

SCRep. 404 Judiciary & Hawaiian Affairs on H.B. No. 1717

The purpose of the bill is to provide for mandatory ethics training for legislators and appointed state employees.

Common Cause Hawaii testified in support of the bill. The League of Women Voters of Hawaii supported the intent of the measure. The Hawaii State Ethics Commission (Commission) raised concerns about the bill.

Your Committee finds that mandatory ethics training will ensure that legislators and appointed state employees understand the ethics and lobbying laws. Your Committee also finds that such mandatory training should apply to legislators and appointed state employees who are required to file public financial disclosure records, including the amounts of their interests, pursuant to section 84-17, Hawaii Revised Statutes (HRS).

Your Committee has amended this measure by:

- (1) Requiring attendance at an orientation ethics course and, thereafter, a continuing education ethics course every two years;
- (2) Removing the ethics education manual requirement;
- (3) Applying training to legislators and appointed state employees filing public disclosures of their financial interests, including the amounts of their interests, and deleting section 2, which erroneously applies language pertaining only to legislators and appointed state employees to chapter 84, HRS;
- (4) Appropriating \$15,000 to enable the Commission to implement ethics training; and
- (5) 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1717, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 1717, H.D. 1.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Gomes voted no.)

SCRep. 405 Judiciary & Hawaiian Affairs on H.B. No. 2513

The purpose of the bill is to further environmental protection in Hawaii by establishing in the Department of Health (DOH) a Carbon Dioxide Emissions Reduction Program that provides for, among other things, the assessment of fees based upon an electric utility's total annual emission of carbon dioxide. The program applies to electric utilities owning or operating stationary fossil-fueled generators that provide sixty percent or more of the power generated to the public-utility grid.

The DOH, the Department of Business, Economic Development, and Tourism, the Board of Land and Natural Resources, and the Hawaii Chapter of the Sierra Club testified in support of the bill. The Hawaii Agriculture Research Center and Kauai Electric expressed concerns about the measure. The Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company opposed the bill.

Your Committee has amended the bill by amending the definition of the term "affected company" to exclude companies whose generators use both fossil and renewable fuels and where the percentage of renewable fuel is at least fifty percent. The measure previously set the percentage of renewable fuel at sixty percent or greater, but such a percentage might inadvertently include in the definition of "affected company" sugar mills that use sugarcane biomass to produce energy for sugar production and to supply power to the public-utility grid. Your Committee does not intend that such sugar mills be covered by this bill.

Your Committee also made technical, nonsubstantive amendments to the measure for purposes of clarity, style, 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. 2513, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance, in the form attached hereto as H.B. No. 2513, H.D. 2.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representative Gomes voted no.)

SCRep. 406 Judiciary & Hawaiian Affairs on H.B. No. 2723

The purpose of this bill is to reduce solid and liquid waste levels and the pressure on the State's existing landfill sites by establishing a Food Waste Recycling Program (Recycling Program) at the county level.

Your Committee received testimony in support of this bill from the Department of Health (DOH), Hawaii Chapter of the Sierra Club, Hawaii's Thousand Friends, Eco-Feed, Inc., and Pacific Forums.

Your Committee has amended this bill as recommended by DOH which testified that certain program requirements might necessitate state funding under section 5 of article VIII of the State Constitution. Accordingly, your Committee has deleted the following provisions from the county Recycling Program:

- (1) The counties shall approve recycling facilities for food waste;
- (2) The counties shall "include" a food waste recycling program; and
- (3) The counties shall require owners of specified types of food establishments arrange for separate collection of food waste and its recycling or delivery to a recycling facility.

As amended, this bill mandates that the county Recycling Program:

- (1) Identify and assess levels of food waste reduction in the county through recycling and bioconversion;
- (2) Identify and assess the type and amount of food waste technically and economically feasible to recycle or alter through bioconversion; and
- (3) Identify and assess methods to increase and improve food waste recycling and bioconversion.

Your Committee has also made technical and nonsubstantive amendments to the bill 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. 2723, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2723, H.D. 2.

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

SCRep. 407 Judiciary & Hawaiian Affairs on H.B. No. 2306

The purpose of this bill is to authorize the Hawaii Supreme Court to determine whether to create, accept, retain, store, or convert case, fiscal, and administrative records into electronic form.

The Judiciary testified in support of this measure.

Your Committee has amended this measure by:

- (1) Inserting the language allowing the Supreme Court to create, accept, retain, store or convert, case, fiscal, and administrative records into electronic form into section 602-5.5, Hawaii Revised Statutes, which already governs the disposition of Judiciary records; and
- (2) Making technical, nonsubstantive amendments for clarity, conformity, 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. 2306, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2306, H.D. 1, and be referred to the Committee on Finance.

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

SCRep. 408 Judiciary & Hawaiian Affairs on H.B. No. 2033

The purpose of this bill is to propose an amendment to the State Constitution to abolish the Board of Education (BOE) and require the Governor to appoint the Superintendent of Education (Superintendent) with the advice and consent of the Senate, from a list of individuals nominated by a superintendent selection commission.

Your Committee received testimony supporting the bill from the Representative from the 48th District. The Department of Education, Board of Education, and the Hawaii State Teachers Association testified in opposition to the bill. Your Committee also received comments from the Hawaii Government Employees Association.

Your Committee has amended this bill by deleting the provision that the Superintendent supervise and manage the statewide system of public education. The bill already requires the Superintendent to formulate statewide educational policy. Your Committee was informed by your Committee on Education that another bill is progressing through the legislative process, which proposes statutory changes to govern the administration of the Department of Education under the Superintendent.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2033, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as H.B. No. 2033, H.D. 2.

Signed by all members of the Committee except Representatives Case and Yoshinaga.
(Representatives Marumoto and Thielen voted no.)

SCRep. 409 Transportation on H.B. No. 2584

The purpose of this bill is to assist the Department of Transportation (DOT) in maintaining current concessionaires during a time of crisis when soliciting concessionaires through a bidding process may be difficult.

Specifically, this bill authorizes the Director of Transportation to extend revocable permits for concessions beyond the current, one-year limit, if an extension is necessary in light of a statewide emergency, such as a natural disaster, or, in the event that economic conditions would adversely affect the State's ability to solicit and obtain favorable bid proposals.

The DOT, APCOA, Catrala-Hawaii, testified in support of this measure. Host International and the Airport Concessionaires Committee supported the intent of this measure.

Unlike most state systems or departments that rely on general funds, the Statewide Airports System operates on funds generated by activities at state airports. The economic activity at the airports is largely dependent upon the airport's concessionaires who rely heavily upon passengers served by the air transportation system. During times of natural disasters or poor economic conditions, the number of travelers declines translating into decreased revenue for both the State and the concessionaires. Moreover, placing a concession out to bid at a time when economic conditions are poor result in fewer and lower bids being received which means in decreased revenue for the State.

Although your Committee concurs that this is an important measure and can be a win-win situation for all parties involved, concerns were raised regarding possible abuse and favoritism by the Director of Transportation; whether a statewide emergency includes a situation that only affects one airport and not all airports throughout the State; and what exactly was meant by the term "economic condition."

Accordingly, this measure has been amended by:

- (1) Limiting the extension granted by the Director of Transportation to no more than one year;
- (2) Replacing the language referencing a statewide emergency with natural disaster;
- (3) Clarifying the adverse economic conditions under which the Director of Transportation may grant a permit extension; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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 H.B. No. 2584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2584, H.D. 1, and be referred to the Committee on Finance.

Signed by all members of the Committee.

SCRep. 410 Public Safety & Military Affairs on H.B. No. 1970

The purpose of the bill is to replace the dean of the University of Hawaii School of Public Health (School of Public Health) with the dean of the University of Hawaii John A. Burns School of Medicine (School of Medicine) as a member of the Hawaii State Emergency Response Commission (HSERC).

The Department of Health and the alumni association of the School of Public Health testified in support of the measure. The School of Medicine supported the intent of the bill.

Your Committee finds that the demise of the School of Public Health produced a vacancy on the HSERC. The measure ensures that the public health community will once again receive voting representation on the HSERC.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1970 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 Souki.

SCRep. 411 Public Safety & Military Affairs on H.B. No. 2382

The purpose of this bill is to require notification and 90 days for public comment as part of the site selection process for any new correctional facility within the state.

Your Committee received testimony in support of this measure from the Keaukaha Community Association, the American Civil Liberties Union of Hawaii, the Community Alliance on Prisons, and the First Christian Church. The Department of Public Safety (PSD) supported this bill, but recommended reducing the period during which the Governor would accept public comments from 90 to 60 days.

Your Committee received testimony in opposition to this measure from a concerned individual.

Your Committee finds that the selection of sites for correctional facilities often becomes a surprise to the community. Requiring a notice and comment period would ease some of the difficulties usually encountered and facilitate a better dialogue between PSD and the community.

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

- (1) Requiring notification and a 90-day public comment period for proposed expansions of existing correctional facilities costing in excess of \$500,000; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2382, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2382, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Souki.

SCRep. 412 Water & Land Use on H.B. No. 2537

The purpose of this bill is to provide the Department of Land and Natural Resources (DLNR) with additional flexibility to manage aquatic resources by expanding and clarifying its authority to:

- (1) Use or possess illegal fishing gear, including the use of chemical, electricity, or explosive devices, to take aquatic life such as alien pest species from infested systems; and
- (2) Issue permits to those engaged in feeding or watching aquatic resources or other non-consumptive activities.

This bill also clarifies that permits issued for chemicals and electrofishing devices include possession or use of these devices.

DLNR testified in support of this bill, and a concerned individual opposed this measure.

Recent developments in fishing gear technology, watchable wildlife programs, and alien species infestations have underscored DLNR's current limited authority to deal with these issues. This bill will provide DLNR with the authority to better manage the State's resources.

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. 2537 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 Ito.

SCRep. 413 Consumer Protection & Commerce on H.B. No. 2832

The purpose of this bill is to permit the Director of the Department of Commerce and Consumer Affairs (DCCA) by rule, to:

- (1) Authorize an acquisition agent's (agent's) independent contractors to invite others to time share sales presentations;
- (2) Provide that an agent's independent contractors and employees do not need a real estate license to extend invitations to time share sales presentations, regardless of whether the agent possesses a broker's license; and

- (3) Replace references to the "real estate office" from which invitations may lawfully be extended, with the term "real estate place of business," for consistency with the administrative rules.

The American Resort Development Association of Hawaii and a concerned individual submitted testimony in support of this measure. DCCA supported this bill and suggested an amendment.

Your Committee finds that this bill would remedy an oversight in the law, which provides that an agent's employees may invite others to attend a time share presentation, yet makes no mention of independent contractors being able to do the same. Independent contractors are essentially employees of the agent and DCCA does not differentiate between the two for purposes of time share presentation invitations. This bill would revise the law to reflect this.

Under the law, the employees of an agent who is not a licensed broker, do not need a real estate license to invite others to time share presentations. This bill would clarify the law in cases where the agent is a licensed broker, by providing that this agent's employees also do not need a real estate license to invite others to time share presentations.

Furthermore, the law identifies the places from which invitations for time share presentations may be extended. These include a real estate "site office." The law no longer requires that site offices be registered and does not define what constitutes a site office. Instead, the administrative rules make reference to a "real estate place of business." Accordingly, this bill removes references to "site office." For further consistency with the rules, your Committee has amended this bill to replace all references to "real estate office" with "real estate place of business."

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2832, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2832, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 414 Judiciary & Hawaiian Affairs on H.B. No. 2613

The purpose of this bill is to amend, reenact, or repeal various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors and references, clarifying language, and deleting obsolete or unnecessary provisions.

Your Committee received testimony in support of the measure from the Department of Education, the Department of Land and Natural Resources, and the Legislative Reference Bureau.

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. 2613 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 415 Judiciary & Hawaiian Affairs on H.B. No. 2298

The purpose of this measure is to conform the filing date for nomination papers for the board of trustees for the Office of Hawaiian Affairs (OHA) to the filing date for other elections.

Your Committee received testimony in support of this measure from the Office of Elections.

Your Committee finds that staff resources can be used more efficiently if the Office of Elections and county clerks administer one rather than two candidate filing procedures within each general election cycle.

Your Committee has amended this bill:

- (1) To correct a drafting error by clarifying that the time for filing nomination papers for OHA is 4:30 p.m.; and
- (2) By making technical, nonsubstantive amendments for clarity and style, including restructuring the subsection.

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. 2298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2298, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Case.

SCRep. 416 Judiciary & Hawaiian Affairs on H.B. No. 2387

The purpose of the bill is to change the penalty for desecration for a misdemeanor to a class C felony.

Your Committee received testimony in support of the measure from a concerned individual. The Office of the Public Defender submitted testimony in opposition.

Your Committee finds that recent vandalism at cemeteries denotes that the current financial penalties of a misdemeanor offense for desecration are an insufficient deterrent. However, your Committee finds that raising the offense to the level of a class "C" felony is too severe.

Your Committee has therefore amended the bill by raising the fine to \$5,000, while leaving the length of imprisonment the same.

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. 2387, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2387, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 417 Judiciary & Hawaiian Affairs on H.B. No. 2426

The purpose of the bill is to deter crimes against minors by:

- (1) Creating two new offenses of first and second degree electronic enticement of a child, which prohibit the use of a computer or other electronic device to lure a minor to a meeting with intent to commit a felony;
- (2) Defining "child pornography" to encompass computer-generated representations of minors, in the existing offenses of first and second degree promoting child abuse which, among other things, prohibit the production and distribution of child pornography;
- (3) Adding a new offense of third degree promoting child abuse that prohibits the knowing possession of child pornography;
- (4) Providing an affirmative defense to child abuse that includes cooperation with law enforcement or destruction of the child pornography; and
- (5) Amending the forfeiture law to allow for forfeiture of computers and other equipment used in the commission of these electronic enticement of a child, and child abuse offenses.

Your Committee received testimony in support of the measure from the Department of the Attorney General, Department of the Prosecuting Attorney, Honolulu Police Department, and the Hawaii Family Forum. Testimony in opposition to the measure was provided by the Office of the Public Defender.

Your Committee finds that although this measure attempts to address the growing problem of the use of computer technology in crimes against children, there are still issues that need to be addressed. Your Committee finds that further discussion on the measure should continue in order to flesh out the perceived problems.

Your Committee has amended the bill by:

- (1) Inserting the qualifier "pornographic" in the definition of "sexual conduct";
- (2) Changing the effective date to February 30, 3025; and
- (3) 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. 2426, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2426, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 418 Judiciary & Hawaiian Affairs on H.B. No. 2427

The purpose of the bill is to extend the statute of limitations for civil suits by victims of criminal offenses.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of Public Safety, the Department of the Prosecuting Attorney for the City and County of Honolulu. The Judiciary testified in support of the intent of the bill. Testimony in opposition was provided by the Office of the Public Defender.

Your Committee finds that sentenced defendants under court jurisdiction are rarely able to pay for civil judgments against them for torts arising out of their crimes. Also, the statute of limitations for suits against these defendants often expire during this time.

Your Committee finds that this measure will extend the statute of limitations for suits against defendants into a period of time when they are more likely to be able to satisfy judgments against them.

Your Committee amended the bill by:

- (1) Inserting the provision for extension of the statute of limitations more appropriately into Chapter 657 of the Hawaii Revised Statutes; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2427, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2427, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 419 Judiciary & Hawaiian Affairs on H.B. No. 1864

The purpose of the bill is to encourage sibling visitation by:

- (1) Affirming sibling visitation rights;
- (2) Establishing procedures for enforcement of sibling visitation rights; and
- (3) Establishing a rebuttable presumption that sibling visitation is in the best interests of the child in cases involving the adoption of orphaned children.

Volunteer Legal Services Hawaii, Keiki Injury Prevention Coalition, and Hawaii Foster Youth Coalition testified in support of this measure. The Department of Human Services testified in support of the intent of the bill. The Department of the Attorney General opposed this measure. The Judiciary commented on this measure.

Your Committee believes that sibling visitation should be encouraged. However, your Committee believes that there may situations where a conflict may arise between the adoptive parent's right to decide whether sibling visitation is in the best interest of their adopted child, and the sibling's desire to visit the adopted child. In such situations, there should not be a presumption in favor of the sibling at the expense of the adoptive parents.

Your Committee has amended this bill by:

- (1) Removing the provision that would have allowed an adult sibling to file a petition with the court for reasonable visitation rights;
- (2) Removing the rebuttable presumption that sibling visits are in the best interest of children; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1864, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1864, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Kanoho, Souki and Whalen.

SCRep. 420 Judiciary & Hawaiian Affairs on H.B. No. 2307

The purpose of this bill is to facilitate electronic commerce by defining and allowing the use of electronic certification.

Testimony in support of the bill was received from the Judiciary, Department of Planning and Permitting of the City and County of Honolulu, and the Department of Information Technology.

Currently, chapter 498E, Hawaii Revised Statutes (HRS), the Uniform Electronic Transactions Act (UETA), establishes the legal validity of electronic records, signatures, and contracts, and provides that if the law requires a signature or record to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied through an electronic signature of the person authorized to perform such acts.

Your Committee notes that UETA does not define these methods of authenticating a document. Your Committee believes that the term "certification" should be understood in its general meaning in accordance with section 1-14, HRS.

Your Committee has amended this bill by:

- (1) Removing the definition of "electronic certification";
- (2) Allowing electronic seals to be used if the law requires a signature or record to be notarized, certified, acknowledged, verified, or made under oath or seal; and
- (3) 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. 2307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2307, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Kanoho, Souki and Whalen.

SCRep. 421 Judiciary & Hawaiian Affairs on H.B. No. 2844

The purpose of this bill is to:

- (1) Place a cap on the aggregate amount any individual or entity is permitted to contribute to all candidates during an election cycle;
- (2) Prohibit unions and corporations from giving direct campaign contributions;
- (3) Prohibit campaign contributions from persons who enter into state or county government contracts; and
- (4) Establish as a class C felony knowingly and intentionally falsifying any report required by the campaign financing law with the intent to circumvent the law or deceive the Campaign Financing Commission.

In addition, this bill:

- (1) Requires that campaign contributions used to qualify for public funding be received from individual residents of the state;
- (2) Prohibits candidates in special elections from receiving public funding;
- (3) Deletes adoption of the code of fair campaign practices as part of the campaign spending rules from enumerated duties of the Campaign Spending Commission; and
- (4) Clarifies provisions on return or escheat of excess contributions.

Your Committee received testimony in support of this measure from the State of Hawaii Campaign Spending Commission, Common Cause Hawaii, and the League of Women Voters of Hawaii. The Hawaii State Teachers Association submitted testimony in support of the intent of this measure.

Your Committee finds that restrictions on campaign contributions modeled after federal campaign spending law serve the public interest by reducing opportunities for improper influence, whether perceived or actual.

Your Committee has amended this measure by:

- (1) Including candidates for state senate office in section 11-204(a)(1)(c) to avoid disparate treatment occasioned by reapportionment;
- (2) Rewording the provision that caps the combined contribution any contributor may give to all candidates to clarify that the period extends for two years from one general election to another;
- (3) Adding "known" to proposed section 11-205.5(b) to clarify that the prohibition does not apply if the person seeking the contribution is unaware that the person from whom contributions are sought is a government contractor;
- (4) Revising the proposed definition of "person" in section 11-205.5(e) to render prohibitions applicable to spouses but not to more distant family members;
- (5) Changing the mental state required to be found guilty of a class C felony from both knowingly and intentionally to either knowingly or intentionally;
- (6) Changing the effective date to the day following the next general election;
- (7) Correcting an inadvertent reference to "candidate" rather than "noncandidate" committee; and
- (8) Making technical, nonsubstantive revisions 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. 2844, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2844, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 422 Finance on H.B. No. 1823

The purpose of this bill is to reduce state spending by:

- (1) Exempting from the general excise tax (GET) the sale of goods or services made by the State;
- (2) Increasing the amount deducted from special funds to seven percent for the purpose of defraying the prorated estimate of central service expenses; and
- (3) Repealing all central service fee exemptions.

The High Technology Development Corporation and the Natural Energy Laboratory of Hawaii Authority supported the intent of this bill.

The Department of Taxation, Department of Commerce and Consumer Affairs, Department of Health, the Judiciary, Department of Land and Natural Resources, Public Utilities Commission, Housing and Community Development Corporation of Hawaii, Hawaii Hurricane Relief Fund, Hawaii Tourism Authority, Hawaii Community Development Authority, and the Aloha Tower Development Corporation opposed this measure.

The Department of Budget and Finance, Tax Foundation of Hawaii, and Hawaii Health Systems Corporation offered comments.

Your Committee has amended this measure by:

- (1) Clarifying that the GET exemption includes contracting by the State;
- (2) Deleting the seven percent deduction from special funds for central services expenses in section 36-27, Hawaii Revised Statutes (HRS), and inserting an unspecified percentage;
- (3) Amending Act 142, Session Laws of Hawaii 1998, to preempt the repeal and enactment of section 36-27, HRS, on July 31, 2003; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1823, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 423 Finance on H.B. No. 2821

The purpose of this bill is to streamline state government operations by abolishing the position of deputy or assistant to the head of any department of the State, except the University of Hawaii and the Department of Education.

Government Efficiency Teams, Inc. testified in support of this measure.

The Department of Budget and Finance, Department of Accounting and General Services, Department of Human Resources Development, Department of Labor and Industrial Relations, Department of Human Services, Department of Agriculture, and the Hawaii State Ethics Commission submitted comments.

Your Committee has amended this bill by:

- (1) Removing reference to the vice-director of civil defense;
- (2) Amending the effective date to December 31, 2002; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2821, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2821, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 424 Finance on H.B. No. 2726

The purpose of this bill is to streamline state government by reducing the number of departments in the executive branch from eighteen to fifteen.

More specifically, this bill consolidates:

- (1) The Department of Human Resources Development (DHRD) with the Department of Labor and Industrial Relations;
- (2) The regulatory function of the Department of Agriculture with the Department of Commerce and Consumer Affairs;
- (3) The promotional function of DOA with the Department of Business, Economic Development, and Tourism; and
- (4) The Department of Accounting and General Services with the Department of Budget and Finance (B&F).

Government Efficiency Teams, Inc. submitted testimony supporting this bill. The College of Tropical Agriculture and Human Resources, Hawaii Governmental Employees Association, Hawaii Farm Bureau Federation, Hawaii Agricultural Research Center, Pineapple Growers Association of Hawaii, a member of the Board of Agriculture, Hawaiian Alliance for Responsible Technology and Science, Alluvion, Inc., Big Island Farm Bureau, Maui County Farm Bureau, Kauai County Farm Bureau, North Shore Farms, and the Waialua Farmers Cooperative opposed this measure. B&F and DHRD offered comments.

Your Committee has amended this bill by:

- (1) Removing references to deputy directors; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2726, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2726, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 425 Judiciary & Hawaiian Affairs on H.B. No. 1726

The purpose of this bill is to allow the examiner of drivers to waive the ninety-day waiting period for the driver's license examination if the applicant's instruction permit has expired and a new instruction permit was issued within thirty days of its expiration.

Testimony in support of this measure was submitted by the Department of Transportation and the Department of Customer Services of the City and County of Honolulu.

Current law requires that driver's license applicants between sixteen and seventeen years old must have had a valid instruction permit for at least ninety days prior to taking the road test. However, if a minor allows the one-year permit to expire, a new ninety-day waiting period would be required upon issuance of a new permit. Your Committee finds that this second ninety-day waiting period is unnecessary.

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. 1726 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Yoshinaga, Marumoto, Thielen and Whalen.

SCRep. 426 Judiciary & Hawaiian Affairs on H.B. No. 1746

The purpose of this bill is to require tow away zone notices to be clearly visible:

- (1) To the driver of a vehicle approaching any marked or unmarked parking space; or
- (2) Within any marked or unmarked parking space where a vehicle may be subject to tow.

Your Committee received testimony in support of this measure from the state Department of Commerce and Consumer Affairs.

Your Committee finds that this bill will clearly address concerns from citizens regarding areas where property owners and tow operators fail to post proper signage, towing vehicles of owners unaware of the tow away zone.

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. 1746, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Marumoto, Thielen and Whalen.

SCRep. 427 Judiciary & Hawaiian Affairs on H.B. No. 2509

The purpose of this bill is to create penalties for parking in the access aisle of a disabled parking stall by any person, with or without a disabled parking permit.

The Disability and Communication Access Board, Honolulu Police Department, and two concerned individuals testified in support of this measure.

Your Committee finds that people with disabilities often need the extra space afforded by the access aisles. It is necessary to impose penalties upon someone, with or without a disabled parking pass, who is blocking the access aisle to ensure that all of the handicapped parking spaces can be used efficiently.

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. 2509, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga, Marumoto, Thielen and Whalen.

SCRep. 428 Finance on H.B. No. 2848

The purpose of this bill is to propose amendments to the Constitution of the State of Hawaii that would authorize the State to issue special purpose revenue bonds to assist not-for-profit private nonsectarian and sectarian elementary schools, secondary schools, colleges, and universities.

Testimony in support of this measure was submitted by the Hawaii Association of Independent Schools and Hawaii Catholic Conference. The Department of Budget and Finance and the Hawaii State Teachers Association opposed this measure. The Department of Education 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. 2848, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 429 Finance on H.B. No. 2014

The purpose of this bill is to broaden the scope and effectiveness of the New Century Conversion Charter School (Charter School) Program by allowing a nonprofit organization to manage and operate a Charter School, with the nonprofit organization's board of directors serving as the Charter School's local school board.

The Kamehameha Schools, Hawaii Association of Independent Schools, Hawaii Business Roundtable, Chamber of Commerce of Hawaii, Department of Education, and member of the Maui County Council testified in support of this measure. The Hawaii State Teachers Association and the Hawaii Government Employees Association 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. 2014, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 430 Finance on H.B. No. 2192

The purpose of this bill is to ensure that the Hawaii Tourism Authority (HTA) Board more accurately represents the public by:

- (1) Increasing the number of public voting members to twelve;
- (2) Requiring that at least one public voting member comes from each county;
- (3) Expanding the knowledge area of the twelve public voting members to include transportation, retail, entertainment, or visitor attractions, and requiring at least one member to have knowledge, experience, and expertise in the area of Hawaiian cultural practices;
- (4) Adding the chairperson of the Board of Land and Natural Resources as an ex officio nonvoting member; and
- (5) Requiring seven voting members to constitute quorum.

The Department of Business, Economic Development, and Tourism, the Hawaii Tourism Authority, the Board of Land and Natural Resources, the Waikiki Improvement Association, the Retail Merchants of Hawaii, and the Visitor Industry Coalition testified or submitted testimony in support of the measure. Various health and human services providers, including the Domestic Violence Clearinghouse, the National Association of Social Workers, the Hawaii Behavioral Science Coalition, and the Waikiki Health Center also submitted testimony in support, with the additional request that the health and human services provider community be allowed to have representation on the HTA board.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2192, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 431 Finance on H.B. No. 2451

The purpose of this bill is to allow the Hawaii Convention Center (Center) to operate as a business by:

- (1) Providing the Hawaii Tourism Authority (HTA) the right to market, operate, manage, and maintain the Center;
- (2) Establishing the Convention Center Enterprise Special Fund (Enterprise Special Fund);
- (3) Establishing the Convention Center Facility Reserve Special Fund (Reserve Special Fund);
- (4) Appropriating \$40,300,000 out of the Enterprise Special Fund to be expended by the HTA for the purposes of this bill;
- (5) Appropriating \$3,000,000 out of the Enterprise Special Fund to be deposited into the Reserve Special Fund;
- (6) Appropriating \$3,000,000 out of the Reserve Special Fund to be expended by the HTA for the purposes of this bill; and
- (7) Defining "convention center facility" and "convention center."

The Department of Business, Economic Development, and Tourism, HTA, and the Hawaii Hotel Association submitted testimony 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. 2451 and recommends that it pass Third Reading.

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

SCRep. 432 Finance on H.B. No. 2609

The purpose of this bill is to strengthen the State Park System by:

- (1) Authorizing the annual transfer of up to \$2,000,000 in excess moneys in the Tourism Special Fund into the State Parks Special Fund; and
- (2) Transferring funds from the Tourism Special Fund to the State Parks Special Fund to support the operation and maintenance of the State Park System.

The Department of Land and Natural Resources and The Trust for Public Land testified in support of the bill. The Department of Business, Economic Development, and Tourism, Hawaii Tourism Authority, Sierra Club, Hawaii Chapter, and the Hawaii Hotel Association submitted testimony supporting the intent of the bill.

The Visitor Industry Coalition and the Waikiki Improvement Association opposed this measure.

The Tax Foundation of Hawaii submitted comments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2609, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 433 Finance on H.B. No. 2834

The purpose of this bill is to reduce the cost of drugs for all residents by establishing the Hawaii Rx Program (Program). This Program will combine the purchasing power of all persons in the Program to reduce prescription drug costs.

Testimony in support of the measure was submitted by the Office of the Lieutenant Governor, ILWU Local 142, Hawaii State AFL-CIO, President and Executive Director of Unity House, Inc., Hawaii Alliance For Retired Americans, AARP Hawaii, Kokua Council, Hawaii Catholic Conference, Healthcare Association of Hawaii, Hawaii State Teachers Association, Policy Advisory Board for Elder Affairs, and a concerned citizen. The Department of Health, Department of Commerce and Consumer Affairs, Executive Office On Aging, Board of Pharmacy, and Longs Drugs submitted testimony supporting the intent of the bill. The Department of Budget and Finance submitted comments on the bill. The Pharmaceutical Research and Manufacturers of America opposed 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. 2834 and recommends that it pass Third Reading.

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

SCRep. 434 Finance on H.B. No. 2805

The purpose of this bill is to assist retirees, pensioners, and employers by:

- (1) Providing special compensation annually to qualified pensioners beginning July 1, 2002;
- (2) Establishing the Employers' Worker Retention Special Fund (Special Fund) to provide assistance to employers facing economic hardship; and
- (3) Transferring an unspecified amount from the Premium Supplementation Fund to be deposited into the Special Fund.

The Hawaii Government Employees Association-Retirees Unit supported this bill. The Department of Labor and Industrial Relations and the Department of Budget and Finance opposed 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. 2805, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 435 Finance on H.B. No. 1761

The purpose of this bill is to allow the Insurance Commissioner to regulate the rates of "managed care plans", which include health insurers regulated under the Insurance Code, as well as health maintenance organizations and mutual benefit societies.

Testimony in support of this measure was received from the Department of Commerce and Consumer Affairs, ILWU Local 142, Hawaii State Teacher Association, Hawaii State AFL-CIO, Benefit Plan Consultants, Inc., The Kokua Council, and numerous individuals. The Office of Information Practices and Chamber of Commerce of Hawaii supported the intent of this bill. Kaiser Permanente, Hawaii Medical Service Association, Healthcare Association of Hawaii, Hawaii Medical Association, Hawaii Pacific Health, Hawaii Management Alliance Association, Kauai Chamber of Commerce, and Hawaii Business Roundtable submitted testimony in opposition to the bill. Comments were provided by Legislative Information Services of Hawaii and Gyotaku Japanese Restaurants.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1761, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Suzuki and Rath.
(Representatives Djou and Moses voted no.)

SCRep. 436 Public Safety & Military Affairs on H.C.R. No. 27

The purpose of this concurrent resolution is to request the Department of Defense, with the corporation of the Hawaii Emergency Preparedness Executive Committee, to conduct a study on statewide efforts to prevent terrorism, the State's level of preparedness in the event of a terrorist act, and the timeliness and effectiveness of the State's emergency response system.

The Department of Defense, the Emergency Management Command from the Honolulu Police Department, and the Department of Public Safety testified in support of this measure.

Although your Committee recognizes the Adjutant General's concerns of not divulging classified or law enforcement sensitive material to the public, it is not the intent of this measure to require such disclosure. Your Committee finds that this study is extremely necessary to continue a statewide effort to keep Hawaii secure and reduce our vulnerability to terrorism.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 27 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representative Souki.

SCRep. 437 Public Safety & Military Affairs on H.C.R. No. 25

The purpose of this concurrent resolution is to extend the reporting date of the task force convened to improve the efficiency of law enforcement and public safety agencies.

Your Committee received testimony in support of this measure from the Department of Public Safety.

Your Committee finds that significant progress was being made by the task force; however, the final report was delayed due to the immediate demands upon law enforcement after the events of September 11, 2001. This measure will provide more time for the task force to complete the report previously requested.

As affirmed by the record of votes of the members of your Committee on Public Safety and Military Affairs that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 25 and recommends its adoption.

Signed by all members of the Committee except Representative Souki.

SCRep. 438 Judiciary & Hawaiian Affairs on H.B. No. 2818

The purpose of this bill is to effectuate its title.

H.B. No. 2818 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 the 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the action to report out H.B. No. 2818, as amended herein, and recommends that it be recommitted to the Committee on Judiciary and Hawaiian Affairs, for the purpose of holding a public hearing thereon, in the form attached hereto as H.B. No. 2818, H.D.1.

Signed by all members of the Committee except Representatives Case, Souki, Yoshinaga, Gomes, Thielen and Whalen.

SCRep. 439 Agriculture on H.B. No. 1941

The purpose of this bill is to repeal the sunset date of section 2 of Act 120, Session Laws of Hawaii 1997. This will allow transporters of seed corn to processing facilities to continue to remain exempt from regulation by the Public Utilities Commission (PUC).

Testimony in support of this bill was submitted by the Chair of the Kauai County Council, Hawaii Farm Bureau Federation, Kauai County Farm Bureau, Hawaii Agriculture Research Center, Hawaii Crop Improvement Association, and the Location Manager of Pioneer Hi-Bred International, Inc. The Department of Agriculture supported the intent of this measure. PUC offered comments.

Your Committee recognizes that in addition to the growing seed corn transport industry, other agricultural business sectors in Hawaii may benefit from the PUC exemption reflected in this bill. One such area involves the transportation of animal feed. Your Committee supports future legislative efforts to exempt the transportation of animal feed from PUC regulation.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1941 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 and Whalen.

SCRep. 440 Agriculture on H.B. No. 2009

The purpose of this bill is to clarify the Department of Agriculture's (DOA) authority to regulate microorganism importation by:

- (1) Including emergency preparedness among the circumstances under which the DOA is authorized to issue emergency permits for import of microorganisms;
- (2) Clarifying that permits issued under rules prior to Act 211, Session Laws of Hawaii 2000, are valid until the expiration date shown on the permit with no entitlement to renewal on the original import terms and conditions;
- (3) Authorizing the Board of Agriculture to amend or cancel permits, registrations, and other documents upon discovery of new risks to agriculture, horticulture, the environment, or animal or public health;
- (4) Clarifying that letters of authorization or registrations related to import of soil, plants, animals, or microorganisms shall be issued pursuant to rules;
- (5) Providing that any violations of the conditions listed in letters of authorization or registrations shall be a violation of chapter 150A, Hawaii Revised Statutes (HRS); and
- (6) Changing the title of chapter 150A, HRS, to include "Microorganism Import".

Testimony in support of this measure was submitted by the Department of Agriculture.

As affirmed by the record of votes of the members of your Committee on Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2009, 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 Takumi and Whalen.

SCRep. 441 Consumer Protection & Commerce on H.B. No. 2854

The purpose of this bill is to amend the licensure requirements and peer review procedures for certified public accountants (CPAs) to conform to modern developments in the profession.

The Office of Information Practices, Hawaii Association of Public Accountants (HAPA), and Power Ten Capital commented on this measure. The Board of Public Accountancy, Hawaii Society of Certified Public Accountants (HSCPA), and several concerned individuals testified in opposition to the measure and suggested an amendment.

A number of testifiers stated that due to recent developments at the national level, this bill should not move forward in its present form. The recent ENRON Corporation bankruptcy has spurred Congress, the Securities Exchange Commission, and the American Institute of Certified Public Accountants to re-examine professional standards for accountants. Resultant changes in accountancy standards and federal law in areas such as peer review and disclosure requirements will determine what amendments to state law will be necessary.

Your Committee finds that there is consensus among the Board of Public Accountancy, HAPA, HSCPA, Power Ten Capital, and the individuals who testified that the educational requirements for CPA candidates should be amended to reflect changes in the Hawaii marketplace. Specifically, prior to the year 2000, CPA candidates were required to have completed 120 hours of university education (the equivalent of a bachelor's degree) prior to taking the CPA examination. In 2000, the educational requirement was increased to 150 hours. As a result, the number of students entering the profession has decreased. If the number of certified public accountants continues to decrease, the cost of public accounting services will increase at an accelerated rate unless corrective measures are taken immediately.

Therefore, your Committee has amended this measure to remove section 466-5.5, Hawaii Revised Statutes, and references to that section, which contained the 150 semester hour requirement for the CPA examination. As amended, this bill will:

- (1) Allow a candidate with a bachelor's degree, which requires approximately 120 hours of education, to sit for the CPA examination; and
- (2) Retain the 150-hour education requirement for licensure.

Technical, nonsubstantive amendments were also made 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. 2854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2854, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Gomes, Jaffe, Marumoto, Meyer and Whalen.

SCRep. 442 Judiciary & Hawaiian Affairs on H.B. No. 2305

The purpose of this bill is to:

- (1) Provide deadlines for contesting informally probated wills that will prevent a will contest after an informal probate has been closed; and
- (2) Set a deadline of eighteen months for a creditor to challenge a disallowance by a personal representative when the notice of disallowance does not advise of the 60-day limitations period to challenge it.

Your Committee received testimony in support of the bill from the Judiciary, the attorney members of the Judiciary Committee on the Uniform Probate Code and Probate Court Practices, and the Hawaii Bankers Association.

Your Committee finds that the amendments to the Hawaii Probate Code will address issues that can arise in the administration of probate estates.

Your Committee has made technical, nonsubstantive amendments for style, 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. 2305, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2305, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 443 Judiciary & Hawaiian Affairs on H.B. No. 2304

The purpose of this bill is to:

- (1) Provide that juror qualification forms shall not be part of the court record and not a public record, but shall be disclosed in redacted form to the litigants; and
- (2) Require personal information on certified lists of jurors to be confidential, except for individuals' names.

The Judiciary and Common Cause Hawaii submitted testimony in support of this bill. The Hawaii State Bar Association and Office of the Public Defender submitted comments on this bill.

Your Committee finds that this bill will enhance the protection of privacy for jurors and potential jurors in court cases in Hawaii. While there are legitimate purposes for some information regarding jurors to be made available to litigants, some personal information elicited on juror qualification forms is only necessary for administrative purposes, and should not be made available to litigants. However, your Committee notes that requiring that juror qualification forms not be part of the court record entirely may limit the right to appellate review of the jury selection process.

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

- (1) Specifying that juror qualification forms shall be made available to the public only after the redaction of jurors' social security numbers, driver's license numbers, street addresses, and home and business phone numbers;
- (2) Adding general geographic location to the items that are elicited on juror qualification forms;
- (3) Clarifying that juror qualification forms shall be made available for purposes of determining compliance with jury selection procedures under section 612-23, Hawaii Revised Statutes;
- (4) Requiring that the street address of jurors be redacted from juror qualification forms when the forms are made available to litigants; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2304, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 444 Judiciary & Hawaiian Affairs on H.B. No. 2428

The purpose of the bill is to protect children by:

- (1) Requiring producers of visual depictions of sexual conduct to:
 - (A) Verify, keep, and make available to law enforcement, records showing that their performers are adults; and
 - (B) Affix information disclosing the location of records on produced material that contains visual depictions of sexual conduct;and
- (2) Prohibiting dissemination of such material without the required information affixed.

Your Committee received testimony in support of this measure from the Department of the Attorney General, Department of the Prosecuting Attorney for the City and County of Honolulu, Honolulu Police Department, and Hawaii Family Forum. The Office of the Public Defender provided testimony in opposition.

Your Committee finds that this measure attempts to address the difficulty in enforcing child pornography laws by placing the burden on producers to verify and maintain records of the age of performers, and that the measure's possible adverse impact on the legitimate film-making industry in Hawaii should be further investigated.

Your Committee has amended this bill by:

- (1) Requiring records to be maintained at the site of live performances and made available upon request of law enforcement;
- (2) Deleting birth certificates, which are difficult to verify and do not include a photograph, from the list of identification records that qualify as age verification records;
- (3) Defining "live audience" to mean members of the public present during an on-going performance, excluding persons producing the performance;
- (4) Changing the effective date to February 30, 3025, to ensure continued discussion; and
- (5) Making technical, nonsubstantive changes 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 H.B. No. 2428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2428, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 445 Judiciary & Hawaiian Affairs on H.B. No. 2433

The purpose of this bill is to authorize the Child Support Enforcement Agency (CSEA) to:

- (1) Impose fines for failure to provide information;
- (2) Send notices to employers to enforce child support withholding; and
- (3) Serve notice by leaving copies with suitable persons at the responsible parents' residences.

This bill also clarifies the confidentiality of child support case records and access by out-of-state child support agencies to the responsible parents' employment and financial records held by private entities in the State.

CSEA testified in support of this bill explaining that this bill will allow CSEA to comply with federal statutory requirements and will streamline the child support enforcement process.

Your Committee has amended this bill by making technical, nonsubstantive corrections.

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. 2433, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2433, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Souki.

SCRep. 446 Judiciary & Hawaiian Affairs and Consumer Protection & Commerce on H.B. No. 2438

The purpose of the bill is to make the following acts criminal:

1. Stealing the identity of another;
2. Obtaining identity documents under false pretenses; and
3. Using a false or fictitious identity.

Your Committees received testimony in support of this measure from the Department of the Attorney General, Department of the Prosecuting Attorney for the City and County of Honolulu and the County of Maui, the Police Departments for the City and County of Honolulu and the counties of Maui and Hawaii, and Retail Merchants of Hawaii. The Office of Information Practices testified in support of the intent of the bill. The Office of the Public Defender provided testimony in opposition to the measure.

Your Committees find that misappropriation of other people's identification information is on the rise. This measure begins to address the criminal conduct associated with identity theft. However, your Committees find that further discussion is needed to prevent criminalizing legitimate conduct included in the language of this measure.

Your Committees have amended this bill by:

1. Deleting reference to the crime of deceptive use of a fictitious identity; and
2. Changing the effective date to February 30, 3025, to ensure further discussion.

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. 2438, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2438, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Souki, Auwae, Meyer and Whalen.

SCRep. 447 Finance on H.B. No. 2459

The purpose of this bill is to enable the State to meet its statutory obligations to cover the employer's share of contributions for Social Security/Medicare costs.

Your Committee has received a message from the Governor dated February 5, 2002:

- (1) Stating that additional funding of \$10,125,000 in general funds is needed to pay for the projected shortfall in Social Security/Medicare costs for the remainder of fiscal year 2001-2002; and
- (2) Requesting immediate passage of the bill to enable the State to meet its obligations under part VI of chapter 88, Hawaii Revised Statutes.

The Department of Budget and Finance (B&F) testified in support of this measure.

According to B&F, because a Convention Center Enterprise Special Fund was not established to provide the necessary funds to operate the Hawaii Convention Center (Center), there was concern that the Center would not be able to meet its operations and events costs. To offset this anticipated shortfall, section 5 of Act 259, Session Laws of Hawaii 2001, authorized the Governor to transfer up to \$15,000,000 from any general fund savings in the General Appropriations Act of 2001 to assist the Hawaii Convention Center. The sum of \$10,125,000 that had been earmarked for the payment of Social Security and Medicare expenses was diverted for this purpose. Because the fund balances for Social Security/Medicare costs may not be sufficient to cover the costs for the remainder of fiscal year 2001-2002, this emergency appropriation has been requested by the Governor to reimburse the State Retirement Program.

As affirmed by the record of votes of the members of 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 Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 448 Finance on H.B. No. 2501

The purpose of this bill is to ensure that there are sufficient funds allocated to the Department of Human Resources Development (DHRD) to pay for workers' compensation claims by:

- (1) Increasing the amount allocated for workers' compensation claims by \$1,000,000 for fiscal year 2001-2002; and
- (2) Reducing the amount allocated for the unemployment insurance (UI) claims of former state employees by \$1,000,000 for fiscal year 2001-2002.

This bill will ensure that the State Workers' Compensation Fund will not be exhausted. At the same time, the \$1,000,000 reduction for UI claims will not violate federal law and will be sufficient to support the State's UI obligations.

The Department of Labor and Industrial Relations and DHRD testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2501, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 449 Finance on H.B. No. 2568

The purpose of this bill is to assist in the collection of taxes by:

- (1) Expanding the Department of Taxation's (DOTAX) authority to ascertain the true value of sales of products between affiliated companies or persons when the consideration paid is not indicative of the true value to sales of services and all taxes administered under Title 14, Hawaii Revised Statutes;
- (2) Providing a continuous levy on the salary or wages of a delinquent taxpayer;
- (3) Indemnifying a person from third parties when the person honors a state tax levy; and
- (4) Expanding the authority for recovering withholding taxes.

DOTAX testified in support of this bill. The Tax Foundation of Hawaii offered comments.

Your Committee has amended this bill by:

- (1) Replacing references to "true value" with the term "fair market value";
- (2) Adding a definition for "affiliated companies or persons"; and
- (3) 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. 2568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2568, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 450 Finance on H.B. No. 2569

The purpose of this bill is to provide relief from taxes paid to another state by allowing taxpayers to claim a credit for taxes imposed on any property, service, or contracting imported into the State that has not been accommodated by the use tax credit.

The Department of Taxation supported this measure. The Tax Foundation of Hawaii commented on this measure.

Your Committee has amended this bill by:

- (1) Substituting the word "credit" with the word "offset" to avoid any confusion with incentive-like credits;
- (2) Providing that the Director of Taxation has the flexibility to implement the offset by prescribing tax forms and instructions that require tax reporting and payment by deduction, allocation, or any other method to determine tax liability to the extent necessary to comply with the foregoing; 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. 2569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2569, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Davis and Rath.

SCRep. 451 Judiciary & Hawaiian Affairs on H.B. No. 2581

The purpose of this bill is to waive the knowledge and skill tests for persons already holding a commercial driver's license (CDL) in another state or Canadian province.

The Department of Transportation testified in support of this measure.

Your Committee finds that because there are minimum federal standards to issue a CDL, drivers have already been sufficiently tested. Canada also tests drivers in accordance with federal standards, therefore ensuring Canadian drivers also meet the same requirements.

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. 2581 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Marumoto, Thielen and Whalen.

SCRep. 452 Judiciary & Hawaiian Affairs on H.B. No. 1725

The purpose of the bill is to:

- (1) Allow renewal of all category (1), (2), and (3) driver's licenses by mail, regardless of whether the licensed driver is temporarily out-of-state;
- (2) Treat a driver applying for license renewal by mail more than ninety days after the expiration of the license, as an applicant for reactivation of an expired license; and
- (3) Make a technical, nonsubstantive amendment to the provisions of the license renewal law that prohibit more than two consecutive renewals by mail.

Your Committee received testimony in support of this measure from the Department of Customer Services of the City and County of Honolulu. The Department of Transportation testified in support of the intent of the bill.

Your Committee finds that only residents who are out-of-state may renew their driver's license by mail, and finds no reason to restrict renewal by mail to this group since these renewal applicants must first undergo a physical examination, and there are no residency restrictions on the initial issuance of a driver's license.

Your Committee has amended this bill by deleting the provisions that classify a renewal more than ninety days after expiration of a license as a reactivation of an expired license, because these provisions do not fall within the title of this bill. 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1725, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1725, H.D. 1.

Signed by all members of the Committee except Representatives Case, Yoshinaga, Marumoto, Thielen and Whalen.

SCRep. 453 Judiciary & Hawaiian Affairs on H.B. No. 1727

The purpose of the bill is to allow the holder of a driver's license instruction permit to renew the permit 30 days prior to and up to 90 days after the expiration date of the permit.

Your Committee received testimony in support of the measure from the Department of Customer Services of the City and County of Honolulu. The Department of Transportation testified in support of the intent of the measure.

Your Committee finds that although renewal of a driver's license instruction permit is mentioned within the instruction permit statutes, there is no mention of the time period within which the permit may be renewed. This measure would specify the time period for permit renewal.

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

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1727, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1727, H.D. 1.

Signed by all members of the Committee except Representatives Case, Marumoto, Thielen and Whalen.

SCRep. 454 Judiciary & Hawaiian Affairs on H.B. No. 1768

The purpose of this bill is to allow custom-made motorcycles to be registered with the Department of Motor Vehicles by:

- (1) Clarifying the definition of "vehicle identification number;" and
- (2) Allowing the county director of finance to identify and register a reconstructed vehicle by assigning it an identification number other than the federal vehicle identification number.

Your Committee received testimony in support of this measure from the Mayor of the County of Hawaii, the Chairman of the Hawaii County Council, Street Bikers United-Maui, Street Bikers United-Hawaii, T & K Motorcycles Inc., and concerned individuals. The Department of Transportation testified in support of the intent of the bill. Testimony in opposition was received from the Honolulu Police Department, Cycle City, Ltd., National Insurance Crime Bureau, Hawaii Automobile Dealers' Association, Pacific Harley-Davidson, Inc. and the Hawaii Motorcycle Dealers Association.

Your Committee finds that limiting the "vehicle identification number" to the federal vehicle identification number prevents many custom motorcycles from being registered. Allowing the county directors of finance to issue vehicle identification numbers would solve this unfair situation.

Your Committee has amended this measure by making technical, nonsubstantive amendments for clarity, consistency, 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. 1768, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1768, H.D. 1.

Signed by all members of the Committee except Representatives Case, Kanoho, Yoshinaga, Marumoto, Thielen and Whalen.

SCRep. 455 Judiciary & Hawaiian Affairs on H.B. No. 2302

The purpose of the bill is give the court discretion to allow persons with outstanding traffic citations to obtain or renew driver's licenses or permits in the event that the loss or lack of a license may result in loss of employment.

Your Committee received testimony in support of the measure from the Judiciary and the Department of Transportation. The Department of Customer Services for the City and County of Honolulu provided testimony indicating no objections to the intent of the bill, but submitted suggested amendments.

Your Committee finds that persons denied the ability to drive because of failure to pay traffic fines often lose their jobs because they cannot drive to work. This bill would allow the court to grant a conditional license in hardship cases.

Your Committee has amended this bill by:

- (1) Deleting the provision requiring a hole to be punched into a conditional license or permit and instead allowing a notation of restriction to be made on the license or permit; 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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2302, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2302, H.D. 2.

Signed by all members of the Committee except Representatives Case, Thielen and Whalen.

SCRep. 456 Judiciary & Hawaiian Affairs on H.B. No. 2582

The purpose of the bill is to conform the Commercial Driver Licensing laws to new federal law regarding railroad-highway grade crossing for commercial motor vehicles.

Your Committee received testimony in support of the measure from the Department of Transportation.

Your Committee finds that the passage of this measure would promote highway safety and prevent the loss of federal highway funds.

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 Judiciary and Hawaiian Affairs 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 Case, Thielen and Whalen.

SCRep. 457 Judiciary & Hawaiian Affairs on H.B. No. 2030

The purpose of the bill is to increase towing fees for storage from \$15 to \$25 per day for the first seven days and from \$10 to \$20 per day thereafter.

Your Committee received testimony in support of the measure from the Hawaii State Towing Association. Testimony in opposition to the measure was submitted by the Department of Commerce and Consumer Affairs and Hawaii Insurers Council.

Your Committee finds that towing companies provide a service to the public and increased operating costs, storage cost, and other financial hardships warrant a small increase in compensation to these companies. Your Committee also finds that while granting an increase may be justified, the average cost to owners is beyond the normal amount of cash carried by individuals. Therefore, owners redeeming their vehicles should be allowed to pay by means other than cash.

Your Committee has amended this bill by:

1. Allowing for an increase in storage fees from \$15 to \$20 for the first seven days;

2. Allowing for an increase in storage fees from \$10 to \$15 per day after the first seven days; and
3. Allowing for payment of the fees by cash and other means; and
4. 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. 2030, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2030, H.D. 1.

Signed by all members of the Committee except Representatives Case, Marumoto, Thielen and Whalen.
(Representatives Moses and Rath voted no.)

SCRep. 458 Finance on H.B. No. 2718

The purpose of this bill is to authorize the issuance of reimbursable general obligation bonds in the amount of \$100,000,000, and appropriate this sum to the University of Hawaii (UH) to finance the improvement of physical facilities at UH.

UH submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Providing that UH shall reimburse the general fund from its various special and revolving funds, as determined by UH; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2718, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2718, H.D. 1.

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

SCRep. 459 Finance on H.B. No. 2235

The purpose of this bill is to promote research in ecosystems, conservation biology, and similar fields of study by:

- (1) Establishing the Pacific Center for Ecosystem Science (Center);
- (2) Establishing the Pacific Center for Ecosystem Science Special Fund to support the Center;
- (3) Establishing five permanent associate professor positions to help the Center carry out its mission; and
- (4) Issuing general obligation bonds for the plans, design, and construction of the Center, provided that the federal government matches every State dollar appropriated with three federal dollars.

The Nature Conservancy of Hawaii, Hawaii Nature Center, Manoa Neighborhood Board No. 7, and numerous individuals testified in support of this measure. The University of Hawaii submitted comments on this measure.

Your Committee has amended this bill by:

- (1) Inserting the appropriation amount of \$1 to facilitate further discussion;
- (2) Inserting the general obligation bond amount of \$1 for purposes of continued discussion;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2235, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2235, H.D. 2.

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

SCRep. 460 Finance on H.B. No. 2599

The purpose of this bill is to improve the state's economy and protect Hawaii's environment by:

- (1) Providing employment for individuals who lost their jobs due to the recent economic downturn; and
- (2) Appropriating \$3,000,000 to continue the Emergency Environmental Workforce Program.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources, the Research Corporation of the University of Hawaii, Sierra Club, Hawaii Chapter, and the Maui Invasive Species Committee.

Your Committee has amended this measure by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2599, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2599, H.D. 2.

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

SCRep. 461 Finance on H.B. No. 2744

The purpose of this bill is to appropriate \$200,000 to assess the economic feasibility of establishing a world-class farmers' market in Hawaii.

Testimony in support of the bill was received from the Hawaii Tourism Authority, Hawaii Community Development Authority, Hawaii Farm Bureau Federation, Kauai County Farm Bureau, Hawaii Macadamia Nut Association, Meadow Gold Dairies, Pineapple Growers Association of Hawaii, and Hawaii's Thousand Friends. The Department of Agriculture submitted testimony supporting the intent of the measure.

Your Committee has amended this measure by:

- (1) Changing the appropriation amount to \$1 for the purpose of continued 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. 2744, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2744, H.D. 1.

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

SCRep. 462 Finance on H.B. No. 2460

The purpose of this bill is to reduce the annual contributions of public employers to the Employees' Retirement System (ERS) by amortizing liability over an unspecified period of time, beginning July 1, 2000.

Testimony in support of this measure was submitted by the Department of Budget and Finance. ERS and a concerned citizen opposed this bill.

Your Committee has amended this bill by:

- (1) Inserting 29 years as the payment period to liquidate ERS's unfunded accrued liability; 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. 2460, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2460, H.D. 2.

Signed by all members of the Committee except Representatives Suzuki and Rath.
(Representatives Davis, Djou and Leong voted no.)

SCRep. 463 Finance on H.B. No. 2166

The purpose of this bill is to authorize the State to use the proceeds of special purpose revenue bonds to assist not-for-profit private or sectarian elementary schools, secondary schools, colleges, and universities that serve the general public.

This bill will become effective upon ratification of the constitutional amendment authorizing the State to issue these bonds.

The Department of Education offered comments. The Department of Budget and Finance and the Hawaii State Teachers Association opposed this measure.

Your Committee has amended this bill by making:

- (1) This bill consistent with the proposed constitutional amendment; and

(2) Technical, nonsubstantive amendments to correct certain technical 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. 2166, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2166, H.D. 1.

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

SCRep. 464 Finance on H.B. No. 1717

The purpose of this bill is to create a mandatory Ethics Training Program (Program) for legislators and appointed state employees.

The Honolulu Police Department and Common Cause submitted testimony in support of this bill. The Hawaii State Ethics Commission and an individual submitted testimony in support of the intent of this bill.

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

- (1) Requiring only state legislators, executive department heads and deputies, trustees of the Office of Hawaiian Affairs, and elected members of the Board of Education to participate in the Program;
- (2) Reducing the minimum length of the ethics training course from three to two hours;
- (3) Deleting the continuing education requirement; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1717, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1717, H.D. 2.

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

SCRep. 465 Finance on H.B. No. 2531

The purpose of this bill is to clarify that the expenditure of funds appropriated for Consolidated Omnibus Budget Reconciliation Act (COBRA) reimbursement payments under Act 6, Third Special Session Laws of Hawaii 2001, shall be limited to the period beginning after September 11, 2001, through June 30, 2002, or until funds for these payments run out.

Testimony in support of this measure was submitted by the Department of Labor and Industrial Relations and the Department of Commerce and Consumer Affairs.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2531, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2531, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 466 Finance on H.B. No. 2311

The purpose of this bill is to increase, from three to four, the number of circuit court judges in the second and third circuits.

The Judiciary testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2311, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2311, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 467 Finance on H.B. No. 680

The purpose of this bill is to enable the Labor and Industrial Relations Appeals Board (LIRAB) to improve efficiency by:

- (1) Allowing the LIRAB chairperson to assign individual LIRAB members to conduct hearings de novo on cases on appeal to the LIRAB and to issue recommended decisions;

- (2) Except for motions for summary judgment or to dismiss, allowing the chairperson to assign one member of the LIRAB to hear and decide motions; and
- (3) Authorizing the LIRAB to appoint hearings officers to hear and recommend decisions on appeals under laws subject to the jurisdiction of the LIRAB.

LIRAB testified in support of 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. 680, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 680, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 468 Finance on H.B. No. 2164

The purpose of this bill is to support teacher education and retention by strengthening the Hawaii Educator Loan Program (Program) and the Hawaii Educator Loan Program Special Fund (Fund) by:

- (1) Reducing the loan forgiveness period for teachers from ten years to six years;
- (2) Specifying a schedule of loan forgiveness to conform to the reduction in the loan forgiveness period;
- (3) Authorizing additional sources of funding for the Fund;
- (4) Establishing an appropriation ceiling for the Fund;
- (5) Declaring that funds remaining at the end of each fiscal year shall remain in the Fund and shall not lapse to the general fund;
- (6) Specifying that not more than 5 per cent of the total amount of outstanding loans may be used for administrative expenses of the Fund;
- (7) Expediting the implementation of the Program by exempting the University of Hawaii (UH) from the public notice and public hearing requirements of chapter 91, Hawaii Revised Statutes, when adopting rules for the Program;
- (8) Appropriating an unspecified amount to be deposited in the Fund; and
- (9) Allowing collection agencies who enter into contracts with UH to collect delinquent loans from students to pass its fees on to the debtors.

The Lieutenant Governor, Department of Education, Hawaii Teacher Standards Board, Hawaii State Teachers Association, and Hawaii Association of Independent Schools submitted testimony in support of this bill.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2164, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2164, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 469 Finance on H.B. No. 2468

The purpose of this bill is to authorize the Director of Commerce and Consumer Affairs to contract with private consultants to assist in the review of cemetery and pre-need funeral authority license applications and regulatory issues both before and after licensure.

Your Committee received testimony in support of this bill from the Department of Commerce and Consumer Affairs.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2468, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2468, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 470 Finance on H.B. No. 2752

The purpose of this bill is to encourage beneficiaries of student loans, student loan repayment contracts, and scholarship contracts to honor their financial and service obligations by authorizing the licensing authority to suspend, deny, or refuse to renew, reinstate, or restore the license of any person who has defaulted or breached any obligation under a student loan, student loan repayment contract, or scholarship contract.

Testimony in support of this measure was submitted by the University of Hawaii and the Hawaii Credit Counseling Service. The Department of Education supported the intent of this bill. The Department of Commerce and Consumer Affairs, Legislative Reference Bureau, and a concerned citizen offered comments.

Your Committee has amended this measure by:

- (1) Making vocational licenses subject to the sanctions by this bill; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2752, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2752, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 471 Finance on H.B. No. 1770

The purpose of this bill is to protect Hawaii's consumers by bringing oil companies under the regulatory jurisdiction of the Public Utilities Commission (PUC) to facilitate access to oil pricing information and to require justification for gasoline prices.

Hawaii Renewable Energy Alliance and several concerned individuals submitted testimony in support of this measure.

The Department of Business, Economic Development, and Tourism, Division of Consumer Advocacy, Tesoro Hawaii Corporation, and Western States Petroleum Association opposed this measure. The PUC submitted comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1770, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1770, H.D. 2.

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

SCRep. 472 Finance on H.B. No. 2198

The purpose of this bill is to reduce artificially high gasoline prices in this State by establishing a maximum wholesale gasoline price that oil companies may charge Hawaii gasoline retailers that is based on an average of four international crude oil prices.

Your Committee received testimony in opposition to this bill from the Department of Business, Economic Development, and Tourism, and Rosehill and Associates.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2198, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2198, H.D. 2.

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

SCRep. 473 Finance on H.B. No. 2638

The purpose of this bill is to provide an equitable and affordable system of long-term care in Hawaii by establishing the Hawaii Long-term Care Financing Program (Program).

Specifically, this bill would:

- (1) Impose a mandatory long-term care income tax upon employees aged 25 to 98 and self-employed individuals in the amount of \$10 per month beginning in 2004 with fixed annual increases in the amount of five percent per year through 2009;
- (2) Establish the Hawaii Long-term Care Benefits Fund into which will be deposited the moneys collected as long-term care income taxes;
- (3) Establish a blue ribbon panel to administer the Program; and

- (4) Provide benefit payments for long-term care services for qualified individuals beginning July 1, 2008, of \$70 per day up to a cumulative period of 365 days.

The Department of Human Services, Executive Office on Aging, Department of Commerce and Consumer Affairs, Hawaii State Commission on the Status of Women, Healthcare Association of Hawaii, Hawaii Long Term Care Association, Kokua Council, Hawaii Alliance for Retired Americans, American Association of Retired Persons, Policy Advisory Board for Elder Affairs, and many concerned individuals submitted testimony in support of this measure. The National Association of Social Workers, Hawaii Chapter, Hawaii Catholic Conference, Coalition for Affordable Long Term Care, and Hawaii Coalition of Care Home Administrators supported the intent of this measure.

The Department of Taxation, Chamber of Commerce of Hawaii, Hawaii Medical Association, Health Insurance Association of America, and several concerned individuals opposed this measure. The Office of Information Practices, Tax Foundation of Hawaii, NAIFA Hawaii, and a concerned individual submitted comments.

Your Committee has amended this bill by:

- (1) Changing the effective date for the Program and appropriation to July 1, 2050, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2638, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2638, H.D. 2.

Signed by all members of the Committee except Representatives Suzuki and Rath.
(Representatives Djou and Moses voted no.)

SCRep. 474 Finance on H.B. No. 2764

The purpose of this bill is to address the immediate homeless crisis by reallocating the amounts collected from the conveyance tax by:

- (1) Decreasing the amount paid into the Natural Area Reserve Fund from 25 percent to 12.5 percent; and
- (2) Designating 12.5 percent to be paid into the Homeless Assistance Trust Fund (Trust Fund) established by this bill.

Catholic Charities, Affordable Housing and Homeless Alliance, Harm Reduction Hawaii, Hawaii Catholic Conference, Partners In Care, and several concerned citizens testified in support of this measure. The Housing and Community Development Corporation of Hawaii (HCDCH) and Nature Conservancy of Hawaii supported the intent of this measure.

The Department of Land and Natural Resources, Earth Justice, and Sierra Club opposed this measure. Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Removing the provision that established the Trust Fund;
- (2) Removing the 12.5 percent allocation from the conveyance tax that would have gone to the Trust Fund;
- (3) Appropriating \$1,000,000 for fiscal year 2002-2003 to provide homeless assistance;
- (4) Requiring HCDCH to submit a report to the Legislature detailing expenditures and identifying funding needs for providing homeless assistance in the future;
- (5) Amending the effective date to provide that section 247-7, Hawaii Revised Statutes shall be repealed on June 30, 2003, and reenacted in the form in which it read on the day before the approval of this Act; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2764, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2764, H.D. 1.

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

SCRep. 475 Finance on H.B. No. 2741

The purpose of this bill is to discourage smoking and enhance tobacco prevention and regulation efforts by:

- (1) Increasing the tax paid by wholesalers and dealers on cigarettes and tobacco products;

- (2) Allocating \$5,000,000 annually to the Hawaii Tobacco Prevention and Control Trust Fund from the excise tax revenues collected from tobacco products; and
- (3) Allocating an unspecified amount annually to the Department of Health to start up and maintain proposed tobacco regulation.

The American Lung Association, American Cancer Society, American Heart Association, and Coalition for a Tobacco Free Hawaii testified in support of this measure. Brown and Williamson Tobacco Corporation testified in opposition to this measure. The Department of Taxation and Tax Foundation of Hawaii commented on this bill.

Your Committee has amended this measure by:

- (1) Changing the increase in excise tax paid by wholesalers and dealers on cigarettes to six cents;
- (2) Changing the increase in the tax paid by wholesalers and dealers on tobacco products back to the original amount of 40 per cent of the wholesale price of each article or item of tobacco product sold;
- (3) Deleting provisions for the allocation of funds generated by the tax increase to the Hawaii Tobacco Prevention and Control Trust Fund and the Department of Health;
- (4) Amending language in Act 249, Session Laws of Hawaii 2000, to make these provisions permanent; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2741, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2741, H.D. 2.

Signed by all members of the Committee except Representatives Suzuki and Rath.
(Representatives Davis, Djou and Moses voted no.)

SCRep. 476 Finance on H.B. No. 2251

The purpose of this bill is to:

- (1) Repeal redundant or obsolete statutes relating to tourism by:
 - (a) Deleting the Office of Tourism; and
 - (b) Repealing Chapter 203, Hawaii Revised Statutes, relating to tourism development;and
- (2) Transfer key provisions from the repealed statutes and incorporate them under the powers and duties of the Hawaii Tourism Authority.

The Department of Business, Economic Development, and Tourism, State Auditor, and Hawaii Tourism Authority submitted testimony in support of this bill.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2251, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2251, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 477 Finance on H.B. No. 2306

The purpose of this bill is to update the record keeping process of the Judiciary by authorizing the Supreme Court to determine whether, and to what extent, the Judiciary will:

- (1) Create, accept, retain, or store in electronic form any case, fiscal, and administrative records; and
- (2) Convert written case, fiscal, and administrative records to electronic records.

The Judiciary testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2306, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2306, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 478 Finance on H.B. No. 2308

The purpose of this bill is to relieve the family court director of the duty of collecting statistics and preparing an annual report.

The Judiciary submitted testimony in support of the measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for clarity, conformity, 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. 2308, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2308, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 479 Finance on H.B. No. 1825

The purpose of this bill is to revise Hawaii's Uniform Commercial Code, Article 9 (Secured Transactions), to correct technical errors and inconsistencies and maintain uniformity with the law of other states.

Hawaii's Commission to Promote Uniform Legislation submitted testimony in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1825, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1825, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 480 Finance on H.B. No. 2473

The purpose of this bill is to modernize and clarify the State's securities laws by:

- (1) Exempting certain over-the-counter and foreign securities approved for margin by the Federal Reserve that are not meant to be covered by state securities laws;
- (2) Clarifying provisions relating to exemptions for private offerings within the meaning of section 4(2) of the Securities Act of 1933;
- (3) Clarifying provisions relating to exemptions under Regulation D of the Securities Act of 1933;
- (4) Reinstating a provision allowing a transactional exemption pursuant to rules adopted in accordance with chapter 91, Hawaii Revised Statutes;
- (5) Clarifying an exemption for non-issuer transactions;
- (6) Repealing the requirement of errors and omissions insurance for investment advisors; and
- (7) Authorizing the Commissioner of Securities to determine bond requirements for investment advisors through the rulemaking process.

The Business Registration Division of the Department of Commerce and Consumer Affairs testified in favor of this measure.

Your Committee has made a technical, nonsubstantive amendment to the bill to correct a drafting error.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2473, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2473, H.D. 1.

Signed by all members of the Committee except Representative Rath.

SCRep. 481 Finance on H.B. No. 682

The purpose of this bill is to transfer the responsibility of hearing appeals of occupational safety and health cases from the Labor and Industrial Relations Appeals Board (LIRAB) to the Hawaii Labor Relations Board (HLRB).

LIRAB and HLRB 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. 682 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 482 Finance on H.B. No. 1008

The purpose of this bill is to allow federal, state, and county elections, other than regularly scheduled primary or general elections, to be conducted by mail.

The Office of Elections, Disability and Communications Access Board, and Common Cause Hawaii submitted testimony in support of this bill. The League of Women Voters of Hawaii submitted comments 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. 1008 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 483 Finance on H.B. No. 1009

The purpose of this bill is to allow, in special cases, absentee ballots to be returned in a manner other than by mail.

The Office of Elections submitted testimony 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. 1009 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 484 Finance on H.B. No. 1542

The purpose of this bill is to update voting laws to clarify that mentally retarded individuals have the right to vote.

Your Committee received testimony in support of this bill from the Office of Elections, State Planning Council on Developmental Disabilities, the Arc in Hawaii, and the Disability and Communication Access Board.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1542, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 485 Finance on H.B. No. 1740

The purpose of this bill is to broaden the coverage of the enterprise zone law by including disease management services to the list of clients that may be served by call centers in an enterprise zone.

The Department of Business, Economic Development, and Tourism and American Healthways 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. 1740, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 486 Finance on H.B. No. 1772

The purpose of this bill is to allow police officer candidates to be nonresidents at the time of application, provided that upon employment, the police officer establishes residency.

The Maui County Police Department and a Maui County Council member 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. 1772 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 487 Finance on H.B. No. 1843

The purpose of this bill is to reinstate binding arbitration for bargaining unit 9 (Registered Professional Nurses).

The Hawaii Government Employees Association testified in support of this measure. The Department of Human Resources Development testified in opposition to 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. 1843 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Saiki and Rath.
(Representatives Djou and Moses voted no.)

SCRep. 488 Finance on H.B. No. 1942

The purpose of this bill is to provide for the celebration marking the centennial anniversary of the arrival of the Filipino people to Hawaii by:

- (1) Establishing a temporary commission, to be known as the Filipino Centennial Celebration Commission, to arrange commemoration ceremonies and activities; and
- (2) Allowing the Commission to seek grants and accept donations to finance projects, programs, and activities for the centennial anniversary celebration.

The State Foundation on Culture and the Arts, Ilocos Surian Association of Hawaii, Big Island Filipino Community Council, and Congress of Visayan Organizations submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1942 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 489 Finance on H.B. No. 1976

The purpose of this bill is to maintain the economic stability on Kauai by assisting Gay & Robinson, Inc., in purchasing a sugar and molasses terminal facility at Nawiliwili. This bill authorizes the issuance of \$2,300,000 in special purpose revenue bonds for this purpose.

Gay & Robinson, Inc., Hawaii Farm Bureau Federation, Kauai County Farm Bureau, and Hawaii Agriculture Research Center testified in support of this measure. The Department of Budget and Finance 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. 1976 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 490 Finance on H.B. No. 2002

The purpose of this bill is to support the efforts to transform the Holiday Inn Sunspree Resort Kauai into an economically viable resort by authorizing the Department of Land and Natural Resources to issue new State leases to Kauai Beach Resort, LLC, the hotel's owner and operator.

Kauai Beach Resort, LLC, testified in support of this measure. The Board of Land and Natural Resources 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. 2002 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 491 Finance on H.B. No. 2128

The purpose of this bill is to extend to June 30, 2007, the authorization to issue special purpose revenue bonds (SPRBs) previously authorized to assist Hui `Enekinia Hawaii. In addition, this bill:

- (1) Allows the Department of Budget and Finance to issue refunding SPRBs; and
- (2) Revises the SPRB authorization by deleting the reference to water production facilities to provide more flexibility in structuring the business venture.

Testimony in support of this measure was submitted by Hui `Enekinia Hawaii.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2128, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 492 Finance on H.B. No. 2132

The purpose of this bill is to promote the successful rehabilitation of female adult and juvenile offenders by:

- (1) Requiring adult and juvenile offenders to be provided with a range and quality of programming substantially equivalent to the range and quality of programming offered to males;
- (2) Requiring the Department of Public Safety (DPS) to develop and implement gender-responsive, community-based programs for female offenders;
- (3) Requiring the Office of Youth Services to develop and implement gender-responsive, community-based programs for female adjudicated youths; and
- (4) Providing that the Director of Public Safety shall make grants-in-aid available from funds appropriated by the legislature to private agencies that elect to participate in the DPS grant program.

ACLU Hawaii, Hawaii Youth Services Network, Hawaii State Commission on the Status of Women, Community Alliance on Prisons, and A Women's Voice, International, submitted testimony in support of this bill. DPS submitted testimony in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2132, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 493 Finance on H.B. No. 2195

The purpose of this bill is to limit the salary level used in calculating the average final compensation of the Executive Director of the Hawaii Tourism Authority (HTA), for retirement purposes, to the level set for state department heads in section 26-52(3), Hawaii Revised Statutes. This bill would be retroactive to January 18, 2002.

The HTA 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. 2195 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 494 Finance on H.B. No. 2216

The purpose of this bill is to extend the sunset date of mental health and substance abuse treatment insurance benefits provided under chapter 431M, Hawaii Revised Statutes, to July 1, 2004.

The Department of Health, Hawaii Government Employees Association, Mental Health Association in Hawaii, Equal Insurance Coalition, NAMI Oahu, Hawaii Psychological Association, Hawaii Psychiatric Medical Association, and an individual submitted testimony in support of this bill. The Chamber of Commerce of Hawaii commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2216, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 495 Finance on H.B. No. 2236

The purpose of this bill is to support efforts to enhance hydrogen production and use in Hawaii by establishing an income tax credit equal to 20 percent of the total cost of a geothermal-to-hydrogen system that is erected and placed in service after December 31, 2002, but before January 1, 2011. The tax credit applies only to the actual cost of the system, its accessories, and installation.

The Hydrogen Renewable Energy Enterprise and Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company, testified in support of the measure. The Department of Business, Economic Development, and Tourism and Hawaii Renewable Energy Alliance supported the intent of the bill. The Department of Taxation and the Department of Budget and Finance opposed the measure. The Tax Foundation of Hawaii 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. 2236, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabreros and Rath.

SCRep. 496 Finance on H.B. No. 2237

The purpose of this bill is to encourage and support the generation of electricity by hydroelectric sources by providing a tax credit equal to twenty percent of the total cost of hydroelectric systems erected and placed in service after December 31, 2002, and before January 1, 2011.

Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company testified in support of the bill. The Department of Business, Economic Development, and Tourism and Kauai Electric supported the intent of the measure. The Hawaii Renewable Energy Alliance testified in support of the intent of the bill but expressed concerns related to the findings of the Energy Efficiency Policy Task Force. The Department of Taxation and the Department of Budget and Finance testified in opposition to the bill. The Tax Foundation of Hawaii submitted comments on the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2237, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabreros and Rath.

SCRep. 497 Finance on H.B. No. 2248

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Poaka, Inc., in planning and building a food processing plant for coffee and other agricultural products.

Poaka, Inc., AlphaGenesis, Inc., and Kona Pacific Farmers Cooperative submitted testimony 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. 2248, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabreros and Rath.

SCRep. 498 Finance on H.B. No. 2249

The purpose of this bill is to protect and provide public access to the Kohala Historical Sites Monument (Monument) in North Kona, Hawaii, by:

- (1) Directing the Department of Land and Natural Resources (DLNR) to use its eminent domain powers to purchase specific parcels of land adjacent to the Monument;
- (2) Appropriating an unspecified amount for this acquisition; and
- (3) Authorizing the Mookini Luakini Corporation to protect and care for Mookini Heiau, one of the sites that comprises the Monument.

The Mo'okini Luakini Foundation testified in support of this measure. The Department of Land and Natural Resources supported 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. 2249 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabreros and Rath.

SCRep. 499 Finance on H.B. No. 2278

The purpose of this bill is to require unions to give an employer ten working days advance notice of the intent to strike.

The Department of Human Resources Development 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. 2278, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 500 Finance on H.B. No. 2329

The purpose of this bill is to clarify Act 90, Session Laws of Hawaii 2001, which authorized the Governor and executives of other jurisdictions to use the managed competition process to provide government services more efficiently by:

- (1) Defining the term "managed competition" as the process by which the State or a county and a private contractor competes to provide government services; and
- (2) Including reference to the Office of Collective Bargaining and Managed Competition.

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. 2329 and recommends that it pass Third Reading.

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

SCRep. 501 Finance on H.B. No. 2385

The purpose of this bill is to assist Wines of Kauai, LLC, in the planning, design, construction, and equipping of a winery on the island of Kauai by authorizing the issuance of up to \$3,000,000 in special purpose revenue bonds.

The Hawaii Farm Bureau Federation, Kauai County Farm Bureau, Wines of Kauai, LLC, and several individuals, some with wine industry experience, submitted testimony 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. 2385 and recommends that it pass Third Reading.

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

SCRep. 502 Finance on H.B. No. 2429

The purpose of this bill is to ensure compliance with and enforcement of the cigarette tax stamp laws by:

- (1) Making the cigarette stamp tax permanent;
- (2) Expanding the Department of Taxation's and the Attorney General's (AG) power of inspection; and
- (3) Enabling the AG to seek assistance from other law enforcement agencies in enforcing the cigarette stamp tax.

The AG testified in support of this measure. 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. 2429, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 503 Finance on H.B. No. 2449

The purpose of this bill is to assist small businesses by modifying the provisions of the Hawaii Small Business Regulatory Flexibility Act (RFA).

Among other things, this bill:

- (1) Extends the sunset date of the RFA from June 30, 2002, to June 30, 2004;
- (2) Repeals the provision authorizing a small business defender;
- (3) Makes various amendments to the operations of the Small Business Regulatory Review Board; and
- (4) Amends the definition of "small business" to mean enterprises with fewer than one hundred rather than two hundred employees.

The National Federation of Independent Business and the Hawaii Business League testified in support of this bill. The Department of Business, Economic Development, and Tourism and The Chamber of Commerce of Hawaii supported 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. 2449, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 504 Finance on H.B. No. 2453

The purpose of this bill is to assist small businesses participating in the Hawaii Capital Loan Program (Program) by providing more timely and market-aligned interest rates.

More specifically, this bill changes the frequency for adjusting the Program's loan interest rate from semiannually to the first day of each month.

The Department of Business, Economic Development, and Tourism 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. 2453 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 505 Finance on H.B. No. 2454

The purpose of this bill is to minimize business failures and lay-offs by making it easier for firms participating in the Hawaii Enterprise Zones (EZ) Partnership to fulfill their hiring requirements.

This bill:

- (1) Allows EZ firms to fulfill their hiring requirements for any fiscal year that includes September 11, 2001, by using their average annual number of full-time employees as of August 31, 2001, rather than their average annual number at the end of the fiscal year;
- (2) Allows EZ firms to use their average annual number of full-time employees at the end of the fiscal year that includes September 11, 2001, as its base number of full-time employees if necessary to meet their hiring requirements in future fiscal years; and
- (3) Eliminates the use tax exemption for EZ firms.

The Department of Business, Economic Development, and Tourism 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. 2454 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 506 Finance on H.B. No. 2478

The purpose of this bill is to exempt and exclude positions of the Hawaii National Guard Youth Challenge Academy from civil service and collective bargaining.

The Department of Defense submitted testimony 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. 2478 and recommends that it pass Third Reading.

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

SCRep. 507 Finance on H.B. No. 2485

The purpose of this bill is to remove the Compliance Resolution Fund and the Insurance Regulation Fund, from the list of special funds that are exempt from central service assessments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2485 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 508 Finance on H.B. No. 2500

The purpose of this bill is to correct statutory reference or language changes made by reforms to the public employee laws pursuant to Act 253, Session Laws of Hawaii 2000.

The Department of Human Resources Development testified in support of this measure. The Hawaii State Teachers Association commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2500, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 509 Finance on H.B. No. 2525

The purpose of this bill is to maintain a fair public works bidding process by:

- (1) Clarifying that the provisions of chapter 104, Hawaii Revised Statutes (HRS), apply to every public works contract in excess of \$2,000 regardless of whether prevailing wage, overtime, and other requirements are stated in a contract or specifications;
- (2) Declaring that omission of these provisions shall not be used as a defense by a contractor who is not in compliance with the requirements of chapter 104, HRS; and
- (3) Authorizing the disclosure of the terms of a collective bargaining agreement to a federal or state agency authorized to enforce the provisions of chapter 104, HRS.

The Department of Labor and Industrial Relations supported this measure, but requested an amendment to 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. 2525, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 510 Finance on H.B. No. 2526

The purpose of this bill is to extend the deadline for employers to file year-end workers' compensation reports with the Department of Labor and Industrial Relations (DLIR).

DLIR 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. 2526 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 511 Finance on H.B. No. 2527

The purpose of this bill is to provide for increased public safety and improved customer service by allowing the Department of Labor and Industrial Relations (DLIR) to set reinspection frequencies of boilers, pressure systems, amusement rides, and elevator and kindred equipment based on safety considerations.

DLIR 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. 2527 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 512 Finance on H.B. No. 2536

The purpose of this bill is to allow the Department of Land and Natural Resources (DLNR) to continue to transfer certain management and jurisdictional directives relating to aquatic resources from specific statutes to administrative rules by deleting the sunset provision in the enabling act, section 17 of Act 85, Session Laws of Hawaii 1999.

The DLNR and Hawaii Audubon Society submitted testimony in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2536 and recommends that it pass Third Reading.

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

SCRep. 513 Finance on H.B. No. 2554

The purpose of this bill is to 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 noncommercial piers.

The Department of Land and Natural Resources and YWCA of Oahu submitted testimony 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. 2554 and recommends that it pass Third Reading.

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

SCRep. 514 Finance on H.B. No. 2563

The purpose of this bill is to authorize crime victim compensation awards of over \$10,000, and up to \$20,000 for medical expenses.

Your Committee received testimony supporting this measure from the City and County of Honolulu Prosecuting Attorney, Sex Abuse Treatment Center, a Commissioner on the Crime Victim Compensation Commission, and a concerned individual.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2563, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 515 Finance on H.B. No. 2565

The purpose of this bill is to require manufacturers, dealers, or users of explosive materials to report on the inventory of explosive materials under their control.

In addition, this bill:

- (1) Creates exemptions to the reporting requirements; and
- (2) Establishes penalties for failure to comply with the reporting requirements.

Testimony in support of this measure was submitted by the Department of Public Safety and the State Attorney General.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2565, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 516 Finance on H.B. No. 2595

The purpose of this bill is to appropriate funds for the enhancement of agricultural tourism venues.

The Department of Agriculture and the Hawaii Tourism Authority 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. 2595, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 517 Finance on H.B. No. 2659

The purpose of this bill is to protect caves as unique cultural and natural resources of the State of Hawaii by:

- (1) Limiting or prohibiting certain uses and activities within these caves;
- (2) Making theft of funerary objects, theft in the first degree; and
- (3) Allowing the Department of Land and Natural Resources (DLNR) to keep the location of a cave undisclosed.

DLNR and the Office of Information Practices testified in support of this measure. The Department of Transportation supported the intent of the bill. The American Public Works Association-Hawaii Chapter 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. 2659, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 518 Finance on H.B. No. 2710

The purpose of this bill is to make permanent the provisions of Act 176, Session Laws of Hawaii 1999, which:

- (1) Removed various barriers to business investment in aquaculture and mariculture; and
- (2) Provided for the regulation of open ocean activities such as aquaculture and mariculture.

The Department of Land and Natural Resources, Department of Agriculture, Department of Business, Economic Development, and Tourism, Hawaii Aquaculture Association, Oceanic Institute, Cates International, Inc., and Black Pearls Inc. submitted testimony 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. 2710, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 519 Finance on H.B. No. 2738

The purpose of this bill is to establish a Hawaii State Commission on Language Access to support persons with limited English proficiency.

Your Committee received testimony in support of this bill from the Inter-Agency Council for Immigrant Services, Hawaii Civil Rights Commission, Catholic Charities, Na Loio, and the Representative of the 30th District. Testimony in opposition to the measure was submitted by the Department of Budget and Finance. The Office of the Lieutenant Governor commented on the bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2738, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.
(Representative Djou voted no.)

SCRep. 520 Finance on H.B. No. 2837

The purpose of this bill is to examine the State's energy situation in relation to the State's energy objectives by:

- (1) Directing the Auditor to contract with an independent consultant to conduct a comprehensive statewide energy audit;
- (2) Requiring the full cooperation of all departments, agencies, and offices of the State and any private companies or agencies receiving state funds with respect to the audit;
- (3) Requiring the independent consultant to submit a progress report and a final report to the Governor and the Legislature; and
- (4) Appropriating an unspecified amount of funds from the Public Utilities Commission Special Fund to conduct the audit.

The County of Hawaii, County of Kauai, County of Maui, Hawaii Renewable Energy Alliance, Sierra Club, Hawaii Chapter, Na Leo Pohai, Life of the Land, and a concerned citizen testified in support of this measure. The Public Utilities Commission, Department of Business, Economic Development, and Tourism, Natural Energy Laboratory of Hawaii Authority, and Kauai Electric supported the intent of this measure. Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited 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. 2837, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 521 Consumer Protection & Commerce on H.B. No. 1900

The purpose of this bill is to require the posting of warning signs on premises licensed to sell intoxicating liquor regarding the possible effects of consuming alcoholic beverages while pregnant.

The State Planning Council on Development and Disabilities The Arc in Hawaii submitted testimony in support of this bill.

Your Committee finds that the consumption of alcohol while pregnant can cause birth defects and Fetal Alcohol Syndrome (FAS). Your Committee believes that the posting of warning signs will deter some pregnant individuals from consuming alcohol, thereby reducing the number of tragic and unnecessary cases of birth defects and FAS.

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. 1900, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Case.

SCRep. 522 Education on H.B. No. 2352

The purpose of this bill is to ensure that our children are better prepared to learn and succeed in school by:

- (1) Adding the definition of "school readiness" to provide a building block for positive learning for young children; and
- (2) Requiring an annual progress report by the Good Beginnings Alliance (GBA) and Interdepartmental Council to be submitted to the Governor and the Legislature describing the achievements of participation in school readiness and measuring performance.

The Office of the Lieutenant Governor, Department of Human Services, Special Assistant on Children and Youth, Kamehameha Schools, Institute for Native Pacific Education and Culture, Childcare Business Coalition, GBA, Good Beginnings Oahu County Council, Kauai Good Beginnings Council, Hawaii Association for the Education of Young Children, Hawaii Kids Watch, and Hawaii Careers with Young Children Registry submitted testimony in support of this measure. The Department of Education and Department of Health supported the intent of this measure. Hawaii Community Foundation submitted comments.

Your Committee finds that this measure will assist in building an even greater foundation for positive development in young children. This measure will establish a common set of indicators and expectations of young children prior to entering kindergarten and provides a method of measuring progress.

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. 2352, 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 Takai, Kahikina, Bukoski, Halford and McDermott.

SCRep. 523 Health on H.B. No. 2514

The purpose of this bill is to authorize the Department of Health (DOH) to suspend, revoke, or deny the renewal of a license to a tattoo artist applying to be licensed.

DOH testified in strong support of this measure.

Your Committee finds that DOH currently has the authority to revoke or suspend the license of a tattoo artist who violates the provisions of the statute or administrative rules. This measure purports to clarify that DOH would also have the authority to deny the renewal of a license to a tattoo artist.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2514 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 Kawakami, Yonamine and Stonebraker.

SCRep. 524 Water & Land Use and Economic Development & Business Concerns on H.B. No. 2448

The purpose of this bill is to exempt lands held by the High Technology Development Corporation (HTDC) from being classified as public lands.

HTDC testified in support of this measure. The Department of Land and Natural Resources (DLNR) submitted comments.

Your Committees recognize that public lands are to be managed and administered by DLNR unless exempted. This measure corrects an inconsistency within the Hawaii Revised Statutes to allow HTDC to acquire, own, lease, hold, clear, improve, and rehabilitate real, personal, or mixed property.

As affirmed by the records of votes of the members of your Committees on Water and Land Use and Economic Development and Business Concerns 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 Ito, Meyer, Thielen, Case, Takumi, Davis and Marumoto.

SCRep. 525 Water & Land Use on H.B. No. 2556

The purpose of this bill is to clarify that section 171-13, Hawaii Revised Statutes (HRS), will be reinstated in its original form on the sunset date of Act 15, Third Special Session of 2001.

The Department of Land and Natural Resources and Department of Transportation testified in support of this measure.

Act 15 authorized additional powers for the Governor to maintain economic stability for the State of Hawaii upon declaration of an economic emergency from September 11, 2001, to April 30, 2002. A provision of this Act amended section 171-13, HRS, relating to eligibility for leases, permits, easements, or other disposition of public lands.

However, your Committee finds that this Act does not contain a reenactment provision to restore section 171-13, HRS, to its original form upon repeal of this Act. This may cause the entire section 171-13, HRS, to be repealed on April 30, 2002.

This bill will correct this oversight and restore section 171-13, HRS, to the form in which it read prior to the effective date of Act 15, Third Special Session of 2001.

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. 2556 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 Ito, Schatz, Meyer and Thielen.

SCRep. 526 Judiciary & Hawaiian Affairs on H.B. No. 1093

The purpose of this bill is to prohibit the use of Washington Place for any events intended to solicit funds, support, or votes for any candidate for elective public office.

Your Committee received testimony in support of the measure from the Hawaii Ethics Commission, Common Cause Hawaii, and the League of Women Voters of Hawaii.

Your Committee finds that although Washington Place is the Governor's residence, it is also a historic building that should not be used for political campaign events.

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. 1093 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

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

SCRep. 527 Judiciary & Hawaiian Affairs on H.B. No. 1999

The purpose of the bill is to make permanent the provisions allowing handgun hunting in Hawaii by repealing the sunset date.

Your Committee received testimony in support of the measure from the Department of Land and Natural Resources, Hawaii Rifle Association, and Hawaii Citizens' Rights PAC.

Your Committee finds that the trial period for permitting handgun hunting has proven to be safe and popular. The Department of Land and Natural Resources has not encountered any safety incidents or problems to date with respect to handgun hunting.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1999 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho, Souki and Yoshinaga.
(Representatives Morita and Thielen voted no.)

SCRep. 528 Water & Land Use on H.C.R. No. 17

The purpose of this resolution is to obtain the prior approval of the Legislature to permit the lease of easement for submerged lands at Maunaloa, Honolulu, Oahu, for maintenance of the Hawaii Kai Marina entrance channel purposes.

Your Committee received testimony in support of this resolution from the Department of Land and Natural Resources.

Your Committee finds that in 1995, the Legislature appropriated funds to dredge the entrance channel to the privately-owned Hawaii Kai Marina. In 1998, the Board of Land and Natural Resources (BOARD) through the Conservation District Use Application (CDUA) process required the Hawaii Kai Marina Association (HKMA) to obtain an easement from the Department of Land and Natural Resources for all future dredging and maintenance of the erosion control groin. HKMA submitted an application for an easement on June 11, 2001 and approved by the Board on July 13, 2001.

This resolution meets the requirement of section 171-53, HRS.

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 concurs with the intent and purpose of H.C.R. No. 17 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Meyer and Thielen.

SCRep. 529 Water & Land Use on H.C.R. No. 21

The purpose of this resolution is to seek prior approval of the Legislature authorizing the lease of easement covering portion of submerged lands at Maunaloa, Honolulu, Oahu, for maintenance of breakwater purposes.

The Department of Land and Natural Resources testified in support of this resolution.

Your Committee finds that in the 1960's, Mr. Henry J. Kaiser constructed a private marina on fast and submerged lands in Hawaii Kai. The marina included, among other things, a breakwater and dredged channel on State owned submerged lands.

In March 2000, the Kaiser property was sold to Evershine VIII, a limited partnership. Because the breakwater was deteriorated, Evershine submitted a request to the Department to repair the breakwater and dredge the harbor and channel.

Discussions between the Department and Evershine on the issues of long-term maintenance and liability were held. The Department of the Attorney General determined that Evershine could not repair or use the breakwater without the State's permission,

and an agreement was reached to issue a non-exclusive easement to Evershine for the repair of the breakwater. The easement document would also require Evershine to indemnify the State.

On November 16, 2001, the Board of Land and Natural Resources approved the issuance of a term, non-conclusive use of State submerged lands for the repair and maintenance of the breakwater as required under section 171-53, HRS.

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 concurs with the intent and purpose of H.C.R. No. 21 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Meyer and Thielen.

SCRep. 530 Water & Land Use on H.C.R. No. 18

The purpose of this resolution is to seek prior approval of the Legislature to permit the lease of an easement for submerged lands at Lahaina, Maui for pier and deck purposes.

The Department of Land and Natural Resources testified in support of this measure.

Your Committee finds that in 1988, Patrick J. Ballenger and Mariana Van Blom, applicants, requested after-the-fact approvals for a wooden 3-level deck and concrete pilings which extends seaward from the applicant's property and used as part of the Lahaina Fish Company Restaurant. This structure has been in place since the 1920's or 1930's.

In 1989 the Board of Land and Natural Resources approved both a conservation district use application and the issuance of a term, non-exclusive easement for the state submerged lands.

This resolution is requested as required under section 171-53, HRS.

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 concurs with the intent and purpose of H.C.R. No. 18 and recommends that it be referred to the Committee on Finance.

Signed by all members of the Committee except Representatives Ito, Schatz, Meyer and Thielen.

SCRep. 531 Labor & Public Employment on H.C.R. No. 29

The purpose of this concurrent resolution is to convene a task force to examine the effectiveness of the Hawaii Prepaid Healthcare Act (PHCA).

The Department of Labor and Industrial Relations, The Chamber of Commerce of Hawaii, Hawaii Business League, Hawaii Medical Association, and Healthcare Association of Hawaii testified in support of this measure. Kaiser Permanente and the Hawaii Uninsured Project supported the intent of the measure. The Department of Commerce and Consumer Affairs commented on the measure.

PHCA is the cornerstone of health care access in Hawaii and was initially enacted in an attempt to provide a form of universal health care for all of Hawaii's citizens. After legal challenges over whether or not the federal Employee Retirement Income Security Act of 1974 (ERISA) superceded PHCA were upheld in federal court, Congress granted Hawaii a waiver to exempt PHCA from ERISA. In doing so, however, Congress stipulated that any changes to PHCA after September 2, 1974, were prohibited, unless the changes improved the effective administration of PHCA. Essentially, this froze PHCA in time, causing a burden to be placed on businesses in Hawaii as health care costs rose, thus increasing an employers' contribution to health care insurance. Moreover, prior legislative attempts to adjust PHCA to evolve with modern standards have met resistance due to the fear of losing ERISA exemption.

Your Committee understands the concerns regarding the complexity of PHCA and recognizes the number of stakeholders involved in attempting to resolve issues involving PHCA. Accordingly, your Committee has amended this measure by:

- (1) Including a list of the seven principles followed by the PHCA;
- (2) Noting that amending PHCA may actually expand medical coverage for Hawaii's residents;
- (3) Recognizing that some members of the community have already begun extensive efforts to analyze health insurance issues in Hawaii;
- (4) Increasing the PHCA Task Force membership to sixteen;
- (5) Adding the requirement that both a representative of Hawaii's hospitals and a representative of the Hawaii Uninsured Project be included as members of the PHCA Task Force;
- (6) Changing the date the PHCA Task Force is required to submit its report to the Legislature to November 30, 2002; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the record of votes of the members of your Committee on Labor and Public Employment that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 29, as amended herein, and recommends that it be referred to the Committee on Consumer Protection and Commerce, in the form attached hereto as H.C.R. No. 29, H.D. 1.

Signed by all members of the Committee except Representatives Yoshinaga, Moses, Pendleton and Rath.

SCRep. 532 Health on H.R. No. 1

The purpose of this resolution is to request the Department of Health (DOH) and Department of Education (DOE) to work together in:

- (1) Determining whether the diagnosis of children with attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD) in Hawaii has been excessive and whether children are being subjected to excessive use of psychiatric drugs for behavior modification;
- (2) Researching and examining non-drug alternatives for children who have difficulty paying attention or learning, and display hyperactive behavior; and
- (3) Submitting a report to the Legislature on their findings and recommendations.

Several individuals testified in support of this measure. The Christian Science Committee on Publication for Hawaii supported the intent of this measure. DOH, DOE, and the Hawaii Psychiatric Medical Association opposed this measure.

Your Committee finds that there is growing concern that children are being diagnosed with ADD or ADHD without doing an in-depth analysis of the child's behavior. Testifiers claim that any child, regardless of whether they actually have ADD or ADHD, will display milder behavior after taking psychiatric drugs. Your Committee shares these concerns.

Your Committee further finds that DOH and DOE have already prepared a report to the Legislature, as requested by S.C.R. No. 92, S.D. 1, Regular Session of 2001, on matters relating to children. Your Committee believes further research needs to be done in the area of prescribing psychiatric drugs for children and the possible misdiagnosis of ADD and ADHD in children, and would like additional information to be provided as a supplement to the report done by DOH and DOE relating to children.

Accordingly, your Committee has amended this resolution by:

- (1) Recognizing the report submitted to the Legislature on matters relating to children;
- (2) Changing the date that the report is to be submitted to the Legislature to the Regular Session of 2020, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

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

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 533 Health on H.C.R. No. 3

The purpose of this concurrent resolution is to request the Department of Health (DOH) and Department of Education (DOE) to work together in:

- (1) Determining whether the diagnosis of children with attention deficit disorder (ADD) or attention deficit hyperactivity disorder (ADHD) in Hawaii has been excessive and whether children are being subjected to excessive use of psychiatric drugs for behavior modification;
- (2) Researching and examining non-drug alternatives for children who have difficulty paying attention or learning, and display hyperactive behavior; and
- (3) Submitting a report to the Legislature on their findings and recommendations.

Several individuals testified in support of this measure. The Christian Science Committee on Publication for Hawaii supported the intent of this measure. DOH, DOE, and the Hawaii Psychiatric Medical Association opposed this measure.

Your Committee finds that there is growing concern that children are being diagnosed with ADD or ADHD without doing an in-depth analysis of the child's behavior. Testifiers claim that any child, regardless of whether they actually have ADD or ADHD, will display milder behavior after taking psychiatric drugs. Your Committee shares these concerns.

Your Committee further finds that DOH and DOE have already prepared a report to the Legislature, as requested by S.C.R. No. 92, S.D. 1, Regular Session of 2001, on matters relating to children. Your Committee believes further research needs to be done in the area of prescribing psychiatric drugs for children and the possible misdiagnosis of ADD and ADHD in children, and would like additional information to be provided as a supplement to the report done by DOH and DOE relating to children.

Accordingly, your Committee has amended this concurrent resolution by:

- (1) Recognizing the report submitted to the Legislature on matters relating to children;

- (2) Changing the date that the report is to be submitted to the Legislature to the Regular Session of 2020, to promote further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 3, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.C.R. No. 3, H.D. 1.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 534 Health on H.R. No. 2

The purpose of this resolution is to request the Department of Health (DOH), with the cooperation of the Department of Education (DOE), to establish a sun protection policy (Policy) for elementary school children and a sun protection program (Program) to educate elementary school children and their parents.

The Hawaii Medical Association and several dermatologists testified in support of this measure. DOH and DOE supported the intent of this measure.

Your Committee finds that Iolani School has been successful in implementing a sun safety program at minimal cost and believes a similar program could be implemented in public elementary schools.

Your Committee has amended this resolution by:

- (1) Including the American Cancer Society Hawaii Pacific as a collaborator in developing the Program and Policy and changing the title of the resolution to reflect this change; 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 concurs with the intent and purpose of H.R. No. 2, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.R. No. 2, H.D. 1.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 535 Health on H.C.R. No. 4

The purpose of this concurrent resolution is to request the Department of Health (DOH), with the cooperation of the Department of Education (DOE), to establish a sun protection policy (Policy) for elementary school children and a sun protection program (Program) to educate elementary school children and their parents.

The Hawaii Medical Association and several dermatologists testified in support of this measure. DOH and DOE supported the intent of this measure.

Your Committee finds that Iolani School has been successful in implementing a sun safety program at minimal cost and believes a similar program could be implemented in public elementary schools.

Your Committee has amended this concurrent resolution by:

- (1) Including the American Cancer Society Hawaii Pacific as a collaborator in developing the Program and Policy and changing the title of the concurrent resolution to reflect this change; 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 concurs with the intent and purpose of H.C.R. No. 4, as amended herein, and recommends that it be referred to the Committee on Education in the form attached hereto as H.C.R. No. 4, H.D. 1.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 536 Health on H.R. No. 6

The purpose of this resolution is to urge the Department of Education (DOE) to encourage students to increase their physical activity and calcium intake to reduce the incidence of calcium-deficient disease.

The Department of Health testified in support of this measure. DOE supported the intent of this measure.

Your Committee finds that inadequate calcium consumption among children and adolescents can be a serious threat to their health, growth, and development later in life. Bones grow and absorb more calcium during the teenage years, but only 13 percent of teenage girls consume an adequate amount of calcium for peak bone development.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.R. No. 6 and recommends its adoption.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 537 Health on H.C.R. No. 11

The purpose of this concurrent resolution is to urge the Department of Education (DOE) to encourage students to increase their physical activity and calcium intake to reduce the incidence of calcium-deficient disease.

The Department of Health testified in support of this measure. DOE supported the intent of this measure.

Your Committee finds that inadequate calcium consumption among children and adolescents can be a serious threat to their health, growth, and development later in life. Bones grow and absorb more calcium during the teenage years, but only 13 percent of teenage girls consume an adequate amount of calcium for peak bone development.

As affirmed by the record of votes of the members of your Committee on Health that is attached to this report, your Committee concurs with the intent and purpose of H.C.R. No. 11 and recommends its adoption.

Signed by all members of the Committee except Representatives Kawakami, Yonamine and Stonebraker.

SCRep. 538 Judiciary & Hawaiian Affairs on H.B. No. 2491

The purpose of this measure is amend Article I of the Hawaii State Constitution to provide explicit authority for the Legislature to allow a terminally ill adult patient to obtain from a physician a prescription for life-ending drugs.

Your Committee received testimony in support of this measure from the Office of the Governor and numerous concerned individuals. The American Center for Law and Justice of Hawaii, Hawaii Catholic Conference, Hawaii Family Forum, Hawaii Nurses' Association, Healthcare Association of Hawaii, Pro-Family Hawaii and approximately five concerned individuals submitted testimony in opposition to this bill.

A more thorough discussion of your Committee's rationale in adopting this measure appears in the House Standing Committee Report for House Bill No. 2487, H.D. 1, a Bill for an Act Relating to Death With Dignity, which was heard simultaneously with this bill.

Your Committee does not believe that the Hawaii constitution as written prohibits the legislature from enacting the provisions contemplated by H.B. No. 2487. As a precaution, however, your Committee passed this measure to keep it alive in this legislative session.

Your Committee has made technical, nonsubstantive amendments to this measure for purpose of 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. 2491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2491, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Auwae and Whalen.
(Representative Gomes voted no.)

SCRep. 539 Judiciary & Hawaiian Affairs on H.B. No. 2487

The purpose of this measure as introduced is to authorize, in certain circumstances, a patient suffering from an incurable and irreversible disease that will produce death within six months to obtain, upon request, death with dignity (painless inducement of death) from a licensed physician.

Your Committee received testimony in support of this measure from the Office of the Governor, Advocates for Consumer Rights, ACLU Hawaii, First Unitarian Church of Honolulu, ILWU Local 142, The Kokua Council, National Association of Social Workers, Hawaii Chapter, the Unitarian Church of Honolulu, and numerous concerned individuals. The American Center for Law and Justice of Hawaii, Hawaii Catholic Conference, Hawaii Family Forum, Hawaii Nurses' Association, Hawaii Right to Life, Healthcare Association of Hawaii, Pro-Family Hawaii, and approximately six concerned individuals submitted testimony in opposition to the measure.

Your Committee finds that a terminally ill patient's decision-making over the time and means of death is a highly personal matter. A terminally ill patient's request for the assistance of a physician to accelerate death ought to be treated with dignity and respect. Your Committee finds it appropriate, compassionate, and humane to authorize a physician to prescribe medication to empower a mentally competent, terminally ill, adult patient, who has a full understanding of options and consequences, to exercise control over this intensely private decision.

In 1996, Governor Benjamin J. Cayetano appointed eighteen citizens to a Blue Ribbon Panel of Living and Dying with Dignity ("Panel"). On June 9, 1998, the Panel transmitted its May 1998 final report to Governor Cayetano.

The majority of the Panel endorsed a recommendation that the Hawaii Revised Statutes "be amended to legalize physician-assisted suicide and physician-assisted death." (Final Report, 29). This measure is consistent with that recommendation.

In describing their approach to the question of physician-assisted suicide ("PAS") and physician-assisted death ("PAD"), the Panel noted:

"These are societal matters too important for any one profession to shoulder, and which must be brought out into the open and addressed by the best efforts of the society.

"Our respect for individual's rights of self-determination brings us to the view that requests for assistance with dying should be taken seriously. The major concern is whether such requests are made by competent patients who have been offered all the services available to address their situation.

"Great care must be taken to ensure that a decision follows a full exploration of other options which may ameliorate the grounds for the request.

"But when all avenues and methods of assistance have been exhausted or unsuccessful and the patient with a terminal condition or intractable and unbearable suffering persists in his or her request for assistance in dying, that request must not be refused lightly.

"We believe that in Hawaii especially, it is important that no one perspective be allowed to impose its beliefs and mores on another. We have concluded that individuals who have no compunction regarding physician-assisted dying should be allowed to follow the dictates of their conscience." (Final Report, pp. 27-28).

Your Committee finds that a need exists to provide a humane solution to a situation that has caused families anguish and turmoil. Your Committee heard descriptions of needless suffering, excruciating pain, lack of control, gasps for breath, and loss of bodily functions. Your Committee heard pleas to allow individuals who wish to die in peace and dignity to make this decision for themselves, and to live out their years without fear of being forced, at some future time, to continue living in the painful circumstances they have seen others endure.

A minority of the members of the Governor's Blue Ribbon Panel on Living and Dying with Dignity strongly opposed the recommendation of the majority. The author of a 32-page Dissenting Report that begins on page 70 of the Final Report included a copy of the Dissenting Report in testimony submitted to your Committee in opposition to H.B. No. 2487. Your Committee heard many of the same concerns expressed during the hearing.

Opponents to this measure warn that patients may feel obligated to end their lives to avoid burdening their families with costly medical care, and that health care providers may be tempted to assist with death rather than providing expensive treatment or hospice care. Opponents wonder whether this measure is but the first step in a "slippery slope" toward involuntary euthanasia. Opponents are also concerned that this measure could impede progress toward expanding availability of hospice services and increasing physician knowledge of pain management techniques. Finally, they suggest that undiagnosed depression may cloud patients' reasoning at this critical phase of life.

Your Committee's support of this measure is in no way intended to detract from improvements in health care, hospice care, and public and professional education concerning pain management. Your Committee received testimony that in Oregon, hospice care and pain management efforts increased rather than diminished following implementation of legislation similar to this measure.

This bill explicitly provides that nothing in this chapter is to be interpreted to authorize a physician or any other person to end a patient's life by lethal injection, mercy killing, or active euthanasia. Therefore, your Committee finds that the fear of euthanizing the frail and helpless of society is unfounded and most may take comfort in knowing that this option is available to terminally ill patients.

Your Committee has amended this measure to closely track the Oregon Death with Dignity law, after finding that additional considerations and requirements will protect patients against abuse. This measure requires that a person be:

- (1) 18 years or older;
- (2) A resident of the State of Hawaii;
- (3) Diagnosed with a terminal illness leading to death within six months; and
- (4) Capable or able to make and communicate health care decisions.

Upon meeting the requirements, the patient will be eligible to request a prescription for medication from a licensed Hawaii physician upon meeting the following criteria:

- (1) Two oral requests must be made by the patient to the physician, separated by at least 15 days;
- (2) A written request to the physician witnessed by two individuals; of which one is not any of the following:
 - (a) A family member,
 - (b) A beneficiary of the patient's estate,
 - (c) An owner, operator or employee of the treating medical facility, or
 - (d) A primary caregiver.

A third witness shall be required and designated by the long-term care facility if the patient is in that facility at the time of the written request;

- (3) The patient may rescind the request at any time;
- (4) The diagnosis and prognosis must be confirmed by the prescribing physician and a consulting physician;
- (5) The prescribing physician and a consulting physician must concur that the patient is capable;
- (6) If either physician determines that the patient's judgment is impaired, the patient must be referred for a psychological examination;
- (7) The prescribing physician must inform the patient of alternatives including palliative care, hospice, and pain management options; and
- (8) The prescribing physician must recommend that the patient notify their next-of-kin of the prescription request.

Furthermore, the measure requires that physicians report to the Department of Health all prescriptions for medication, and affords protection from criminal prosecution to all physicians and patients using this right. Additionally, the choice of legal-physician-assisted dying may not affect the status of a patient's health or life insurance policies, and physicians and health care systems are not obligated to participate.

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. 2487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2487, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Auwae and Whalen.
(Representative Gomes voted no.)

SCRep. 540 Judiciary & Hawaiian Affairs on H.B. No. 2117

The purpose of the bill is to clarify sentencing provisions in domestic abuse cases to delete overlapping references to first, second, third, and subsequent convictions.

Your Committee received testimony in support of this measure from the Honolulu Police Department and the Hawaii State Coalition Against Domestic Violence. The Department of the Attorney General and the Department of the Prosecuting Attorney for the City and County of Honolulu supported the intent of the measure.

Your Committee finds that overlapping references to first, second, third and subsequent convictions in the sentencing provisions of domestic abuse statutes present problems as indicated by the Hawaii Supreme Court case, State v. Modica. This measure will eliminate the problems and clarify the law.

Your Committee has amended this bill by:

- (1) Deleting the purpose section; and
- (2) Making technical, nonsubstantive 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 H.B. No. 2117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2117, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 541 Judiciary & Hawaiian Affairs on H.B. No. 2199

The purpose of this bill is to allow a person to remove an opened bottle of wine purchased for consumption with a meal at certain establishments licensed to serve liquor; provided that the wine is recorked or resealed in its original container.

Your Committee received testimony in favor of this bill from the Hawai'i Restaurant Association, the Wine Institute, the Legislative Information Services of Hawaii, and a restaurant owner.

Your Committee believes that this bill will promote more responsible liquor consumption because dining patrons will have the option of taking partially consumed bottles of wines instead of trying to quickly consume any remaining wine. This bill does not exempt dining patrons from existing prohibitions against driving under the influence of an intoxicant or carrying open containers of intoxicating liquor in motor vehicles. Your Committee notes that section 291-3.3, Hawaii Revised Statutes, allows a person to keep an opened receptacle of intoxicating liquor in the trunk, or other area of a motor vehicle not normally occupied by the vehicle's driver or passengers, when the motor vehicle is on a public street or a scenic lookout.

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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2199, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2199, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 542 Judiciary & Hawaiian Affairs on H.B. No. 2120

The purpose of this bill is to adopt the Uniform Child-Custody Jurisdiction and Enforcement Act (UCCJEA) which does the following:

- (1) Assigns priority to home state custody;
- (2) Provides continuing exclusive jurisdiction to the state that makes the initial custody determination, so long as a party to the original custody determination remains in that state;
- (3) Authorizes enforcement proceedings in a state other than the state issuing the custody order;
- (4) Provides an expedited process to enforce interstate child custody and visitation orders;
- (5) Authorizes the attorney general and prosecutors to locate the child and enforce custody orders; and
- (6) Provides uniformity among the states.

The UCCJEA was drafted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) in 1997 in order to replace the Uniform Child Custody Jurisdiction Act of 1968, which was codified in chapter 583, Hawaii Revised Statutes. The bill's provisions were designed to be consistent with federal statutes such as the Parental Kidnapping Act and the Violence Against Women Act.

Your Committee received testimony in support of this bill from the Judiciary, the Hawaii State Coalition Against Domestic Violence, and the Domestic Violence Clearinghouse and Legal Hotline.

Your Committee has amended this bill by:

- (1) Clarifying that the court shall order that the address of a child or party, or other identifying information, not be disclosed in pleadings or other documents when the court determines that an unreasonable risk to the party or child's health, safety, or liberty will result;
- (2) Inserting a savings clause in order to preserve existing powers, rights, penalties, and pending proceedings when the UCCJEA becomes effective and chapter 583, HRS, is repealed;
- (3) Directing the revisor of statutes to insert the official commentary to the UCCJEA drafted by the NCCUSL, as recommended by the Judiciary in its testimony; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2120, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2120, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 543 Judiciary & Hawaiian Affairs on H.B. No. 1802

The purpose of this bill is to require hospitals and clinics to make emergency contraception kits readily available to sexual assault victims.

An individual submitted testimony in support of this bill. The Sex Abuse Treatment Center submitted testimony in support of the intent of this bill.

Your Committee finds that female sexual assault victims should have easy access to emergency contraceptives. Although sex abuse treatment organizations may regularly assist individuals in obtaining medication, those who may seek direct help from hospitals and clinics should not be impeded.

Your Committee has amended this bill by:

- (1) Changing the effective date to January 1, 2003, to allow time to implement the requirement; and
- (2) Making a technical amendment to remove the list of primary care clinic providers which is superfluous.

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. 1802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1802, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho, Souki and Yoshinaga.
(Representatives Auwae and Whalen voted no.)

SCRep. 544 Judiciary & Hawaiian Affairs on H.B. No. 2824

The purpose of this bill is to establish an impeachment process applicable to the Governor, the Lieutenant Governor and appointive officers whose removal requires the consent of the Senate.

Common Cause Hawaii testified in support of this measure.

Your Committee finds that impeachment allows the public a fair and just method to determine whether an official thought to have breached the public trust should remain in office.

Your Committee has amended this measure by:

- (1) Reiterating, in the subsection entitled "Articles of impeachment", a requirement that a resolution instituting impeachment be by a majority vote of the members of the House of Representatives;
- (2) Correcting the subsection entitled "Expenses of impeachment proceedings" to refer to a provision in section -18 rather than section -12;
- (3) Placing the subsection entitled "Procedures in lieu of rules" in a new Part III entitled "Governor and Lieutenant Governor; Legislative Rules";
- (4) Including references to the State constitution to clarify the basis for rulemaking authority;
- (5) Providing that, in cases that might occur prior to adoption of rules by the House of Representatives or by the Senate, any impeached Governor or Lieutenant Governor is not disqualified from performing official duties unless and until convicted; and
- (6) Making technical, nonsubstantive amendments for clarity, conformity, 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. 2824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2824, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 545 Judiciary & Hawaiian Affairs on H.B. No. 2817

The purpose of this bill is to clarify the physician-patient and psychologist-client privileges and to provide a hearsay exception for certified records in the Rules of Evidence.

The bill's amendments were originally recommended by the Hawaii Supreme Court's Standing Committee on Rules of Evidence in its 2001 Report. Your Committee received testimony from the Judiciary supporting the bill and from the Office of the Public Defender in opposition.

Your Committee made technical, nonsubstantive amendments to the bill for style and clarity only.

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. 2817, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2817, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 546 Consumer Protection & Commerce on H.B. No. 1700

The purpose of this bill is to allow advertising, translations, and information pertaining to insurance policies to be provided in languages other than English.

State Farm Insurance testified in support of this measure and suggested an amendment. The Hawaii Independent Insurance Agents Association supported the intent of the bill. The Insurance Division of the Department of Commerce and Consumer Affairs expressed concern over the potentially harmful impact of this measure on consumers.

Your Committee finds that this bill would allow the use of non-English language summaries, translations, and advertisements by insurers and their agents while providing that in the case of a dispute, the English policy is controlling. This would benefit non-English speaking consumers by allowing insurers to describe the terms of a policy in the language in which the consumer is most comfortable.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2050, to facilitate further discussion; and
- (2) Making nonsubstantive, technical 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. 1700, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1700, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 547 Consumer Protection & Commerce on H.B. No. 1701

The purpose of this bill is to provide the Board of Directors (Board) of an association of apartment owners (AOAO) with authority to approve the installation of television signal distribution and telecommunications equipment on common elements of a condominium project.

Testimony in support of this measure was received from Voicestream Wireless and the Community Associations Institute- Hawaii Chapter.

Your Committee finds that most condominiums were built at a time when telecommunications technology such as cable television, personal computers, and the Internet, were considered cutting-edge. As a result, the bylaws and project documents of all but the most recent condominium property regimes have provisions that make it difficult for AOAOs to upgrade their telecommunications infrastructure.

Under current law, it is difficult for a Board to secure the requisite number of votes to install television signal distribution or telecommunications equipment because seventy-five percent of unit owners must vote to approve the installation.

Furthermore, your Committee finds that enabling the Board to bypass the usual seventy-five percent approval requirement, solely for telecommunications projects, may help to preserve and enhance the value of the apartment units. Allowing the Board to lease common areas of the building to telecommunications providers may also help the association generate revenue that may lead to lower maintenance fees.

However, your Committee has concerns with this bill as drafted and has therefore amended this measure by:

- (1) Deleting the directive in the definition of "television signal distribution and telecommunications equipment" that the term be broadly construed to encompass all present and future forms of technology;
- (2) Adding a new subsection that explicitly states that any action taken by the Board shall remain subject to all legal requirements and obligations;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion; and
- (4) Making nonsubstantive, technical 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. 1701, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1701, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.

SCRep. 548 Consumer Protection & Commerce on H.B. No. 1762

The purpose of this bill is to increase, from simple damages to treble damages, the amount that a public utility may recover from any person who injures or destroys through want of proper care, necessary or useful facilities, equipment, or property of a public utility.

Your Committee received testimony in support of this bill from Verizon Hawaii. The Department of Transportation and The Gas Company submitted testimony supporting the intent of this bill. The Consumer Advocate commented on this bill. State Farm provided testimony in opposition.

Your Committee finds that public utilities provide a wide variety of basic services, including electricity, gas, and telecommunication, to residents of Hawaii. The loss of any basic service significantly impacts individuals, families, and businesses.

Current law applies to persons who fail to use "proper care" and thus damage public utility property. Your Committee finds that trebling the damages that may be recovered for these types of actions would unfairly punish unintentional acts of carelessness. Your Committee has consequently amended this bill to:

- (1) Retain the existing level of simple damages for persons who damage utility property while failing to exercise proper care;
- (2) Allow treble damages to be recovered in instances in which a person recklessly or intentionally injures or damages a public utility; and
- (3) Make technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1762, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1762, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case and Morita.
(Representative Gomes voted no.)

SCRep. 549 Consumer Protection & Commerce on H.B. No. 2351

The purpose of this bill is to provide that no member of an access organization's board shall be appointed by the Director of Commerce and Consumer Affairs (Director).

The Kauai League of Women Voters and a concerned individual testified in support of this measure. Several concerned individuals testified in support of this measure, with amendments.

Na Leo O Hawaii, Hoike Kauai, and Olelo opposed this measure. The Department of Commerce and Consumer Affairs and a concerned individual submitted comments.

Currently, the Director appoints members of the boards of cable television access. This could raise questions of impropriety, as access organizations are private, independent, nonprofit entities.

Your Committee finds that although sincere in its intent, the bill as written provides no mechanism for implementation. Your Committee further finds that there is a need to provide a venue for public input and commentary in the appointment process.

Your Committee has amended this bill by:

- (1) Requiring that vacancies on the board be filled by recommendation of the board;
- (2) Opening the process to public debate by requiring DCCA to hold a public hearing prior to the appointment of recommended board members; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2351, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2351, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 550 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 2655

The purpose of this bill is to protect the state's captive insurers by requiring that all nonpublic information, not only financial records, of a captive insurance company be held confidential by the Insurance Commissioner (Commissioner).

The Department of Commerce and Consumer Affairs testified in support of this measure. An attorney supported this measure with suggested amendments. The Office of Information Practices (OIP) submitted testimony in opposition to this measure.

Your Committees find that the design and structure of a captive insurance program is unique to each captive. In many cases, the design and structure can be considered proprietary information, which if disclosed, may result in competitive harm to the captive and its owner. Requiring the Commissioner to subject all nonpublic information to confidential treatment will help ensure a captive insurance program's fiscal viability.

Your Committees recognize the concerns expressed by the OIP about new confidentiality statutes. However, your Committees believe that this measure does not constitute a true confidentiality statute because the Commissioner still retains the discretion to disclose information if the Commissioner determines that the interest of policyholders, shareholders, or the public will be served by making the information public.

Your Committees have amended this measure to address OIP's concerns by:

- (1) Specifying that information in a captive insurance company's application for licensure and its business plan is "nonpublic information" subject to confidential treatment; and
- (2) Providing that nonpublic information does not include public records as defined in chapter 92F-3.

Your Committee has also 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. 2655, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2655, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Kanoho, Morita, Souki and Gomes.

SCRep. 551 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 2207

The purpose of this bill is to reduce the cost of health care insurance by amending article 10A of Chapter 431, and Chapters 432 and 432D, Hawaii Revised Statutes, to allow prosecution of health insurance fraud. This bill:

- (1) Specifies prohibited activities;
- (2) Establishes criminal penalties of up to a class B felony;
- (3) Provides for restitution or recovery of amounts defrauded;
- (4) Requires health insurers, health maintenance organizations, and mutual benefit societies to report suspected health insurance fraud within sixty days of its discovery; and
- (5) Limits the civil liability of persons providing information assisting in investigation and prosecution of health insurance fraud.

HMSA and State Farm Insurance testified in support of this measure. The Insurance Division of the Department of Commerce and Consumer Affairs submitted comments, stating that the bill's provisions cannot be enforced by the Insurance Division's motor vehicle fraud branch because of statutory restrictions not addressed in the bill.

Your Committees find that insurance fraud is on the rise both locally and nationally. Annually, the health insurance industry suffers tremendous losses as a result of fraud and abuse, losses which are passed on to consumers in the form of higher insurance premiums.

Your Committees further find that Act 155, Session Laws of Hawaii 1998, amended the motor vehicle insurance law by adding insurance fraud provisions. This bill adds similar anti-fraud provisions to the accident and sickness insurance law, and to the laws governing mutual benefit societies and health maintenance organizations.

Your Committees have amended this measure by changing the effective date to July 1, 2050, to facilitate further discussion.

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. 2207, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2207, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Kanoho, Morita, Souki and Gomes.

SCRep. 552 Labor & Public Employment and Judiciary & Hawaiian Affairs on H.B. No. 2232

The purpose of this bill is to strengthen the Whistleblowers' Protection Act by:

- (1) Expanding protections to employees who report or are about to report violations:
 - (A) To employers; or
 - (B) Of a government contract;
- (2) Increasing the penalty for violations of the Whistleblowers' Protection Act by establishing a minimum fine of \$500 and a maximum fine of \$10,000 per violation; and
- (3) Extending the statute of limitations for bringing a civil action under the Whistleblowers' Protection Act to two years after the alleged violation.

The Hawaii State Commission on the Status of Women, Hawaii Government Employees Association, ILWU Local 142, Hawaii Nurses Association, and a concerned citizen testified in support of this measure. The Society of Human Resource Management-Hawaii Chapter, The Chamber of Commerce of Hawaii, General Contractors Association of Hawaii, and Hawaii Bankers Association testified in opposition to this measure.

The Whistleblowers' Protection Act was enacted to protect employees who report violations of federal, state, and local laws, regulations, or any other illegal activity performed by an employer. Recent inquiries into the State's compliance with the *Felix* Consent Decree have substantiated the need for such legislation since reports were received of witnesses being threatened and employers retaliating against employees who wanted to provide testimony. However, your Committees find that the current whistleblower statute affords protection only for employees who report or threaten to report a violation or suspected violation of law to a public body.

This bill would afford more realistic protection for employees. However, your Committees also understand that the maximum \$10,000 fine for a violation of the whistleblower statute may be excessive. Accordingly, your Committees have amended this bill by:

- (1) Changing the amount of the maximum fine for violations of the Whistleblowers' Protection Act to \$5,000 per violation; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, and style.

As affirmed by the records of votes of the members of your Committees on Labor and Public Employment 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. 2232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2232, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Moses, Pendleton, Rath, Ahu Isa, Case, Morita, Gomes and Whalen.

SCRep. 553 Judiciary & Hawaiian Affairs on H.B. No. 1758

The purpose of the bill is to allow the use of a copy, facsimile telecommunication, or other reliable reproduction of a domestic abuse protective order in place of the original order for all purposes.

Your Committee received testimony in support of this measure from the Department of the Prosecuting Attorney for the City and County of Honolulu, Volunteer Legal Services Hawaii, and Women in Need. Testimony in opposition to the measure was submitted by the Office of the Public Defender and the Domestic Violence Clearinghouse and Legal Hotline. The Honolulu Police Department commented on the bill.

Your Committee finds that allowing police officers to use copies of domestic abuse protective orders for the purposes of service of notice to the respondent will expedite the service process. Copies produced by facsimile telecommunication should also be allowed. However, use of these documents should be allowed only between police officers.

Your Committee amended the bill by:

- (1) Limiting the use of copies of orders only for the purpose of giving notice to the respondent;
- (2) Limiting the use and transmittal by facsimile telecommunication of copies of orders to police officers; and
- (3) Inserting an effective date of February 30, 3025 to promote further discussion.

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, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1758, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Whalen.

SCRep. 554 Finance on H.B. No. 2224

The purpose of this bill is to require each state and county government executive agency to submit an annual report to the Legislature on the effect on each contract, program, or service, of the implementation of the statute directing these agencies to eliminate in government contracts, unfair parental preferences that favor one parent over the other in the raising of children.

The Institute for Family Enrichment, Parents and Children Together, and the Hawaii Coalition for Dads 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. 2224 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 Saiki and Davis.

SCRep. 555 Finance on H.B. No. 2365

The purpose of this bill is to provide a tax credit to taxpayers as required by article VII, section 6, of the State Constitution.

The Department of Taxation and Tax Foundation of Hawaii submitted testimony 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. 2365 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 Magaoay and Davis.

SCRep. 556 Finance on H.B. No. 2788

The purpose of this bill is to:

- (1) Authorize the issuance of general obligation bonds to finance project appropriations for which the means of financing are designated as general obligation bond funds or reimbursable general obligation bond funds; and
- (2) Make a declaration of findings with respect to these bond issuance authorizations as required by the State Constitution.

The Department of Budget and Finance submitted testimony 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. 2788 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 Davis.

SCRep. 557 Finance on H.B. No. 2840

The purpose of this bill is to ensure that scarce state resources are devoted to core government functions by establishing the Core Government Functions Advisory Commission to:

- (1) Determine whether and to what extent state programs implement core government functions as specified in the Hawaii State Plan and functional plans; and
- (2) Recommend how core government functions can be improved through the elimination, reorganization, or improvement of programs deemed non-core programs, or the redistribution of their resources, or both.

Government Efficiency Teams, Inc., submitted testimony in support of this bill. Hawaii Government Employees Association submitted testimony 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. 2840 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 Magaoay and Davis.

SCRep. 558 Judiciary & Hawaiian Affairs on H.B. No. 2440

The purpose of the bill is to revise chapter 846E, Hawaii Revised Statutes, to address the Hawaii Supreme Court's decision in State of Hawaii v. Eto Bani, and to make other revisions pertaining to sex offender registration.

Your Committee received testimony in support of the measure from the Department of the Attorney General, the Department of Public Safety, Honolulu Police Department, and Volunteer Legal Services Hawaii. The Department of the Prosecuting Attorney for the City and County of Honolulu supported the intent of this bill. The Office of the Public Defender opposed this measure.

Your Committee finds that the case of State of Hawaii v. Eto Bani expressed many concerns about chapter 846E, but the decision focused specifically on the provisions of section 846E-3. The court voided the notification provisions for want of providing the defendant an opportunity to be heard as to whether notification should apply to the defendant.

Your Committee has amended this bill by deleting the contents and inserting provisions that solely address the expressed concerns of the Supreme Court. More specifically, your Committee inserted provisions that, among other things:

- (1) Provide the sex offender an opportunity to present evidence to show that he or she does not represent a threat to the community and that public notification is not necessary; and
- (2) Declare that the order for release of the information should include the time duration for which the public notification is allowable, provided that the time duration should be at least five years.

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. 2440, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2440, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Whalen.

SCRep. 559 Finance on H.B. No. 1996

The purpose of this bill is to provide income tax relief by:

- (1) Lowering the adjusted gross income threshold for individuals required to make annual payments for their estimated income taxes from \$150,000 to \$50,000; and
- (2) Reducing the percentages used to determine the required annual payment from 90 percent to 60 percent.

The Department of Taxation and the Tax Foundation of Hawaii 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. 1996 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 Saiki and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 560 Finance on H.B. No. 1072

The purpose of this bill is to create the Maui Regional Health Systems Corporation (MRHSC) to own and operate Kula Hospital, Lanai Community Hospital, and Maui Memorial Hospital for a trial period of five years. MRHSC is to assume the rights, powers, functions, and duties of the Hawaii Health Systems Corporation (HHSC) which currently operates these hospitals.

An individual submitted testimony in support of this bill. HHSC, Hawaii Government Employees Association, and several individuals submitted testimony 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. 1072 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 Davis.
(Representatives Djou, Leong, Moses and Rath voted no.)

SCRep. 561 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 1723

The purpose of this bill is to exempt an employee involved in an accident while driving a vehicle that does not belong to the employer during the normal course of employment, from the requirement under Chapter 287, Hawaii Revised Statutes (HRS), that the employer deposit sufficient security to cover the employee's liability for the accident or suffer a license suspension.

Testimony in support of this measure was received from the City and County of Honolulu.

Your Committees find that under the existing law, a person is exempt from the security or suspension provisions of chapter 287, HRS, if a vehicle involved in an accident is driven by an employee in the course of employment and is owned by the employer. However, in some situations an employer may not own the vehicle although it is driven by the employer's employee in the course of employment. Your Committees find that in this situation, the employee would be subject to the security or suspension requirement even if the employee is covered by the employer's insurance policy.

This bill corrects this situation by exempting employees involved in an accident during the normal scope of their employment from the security and suspension requirements of chapter 287, HRS, regardless of the ownership of the vehicle involved.

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. 1723 and recommend that it pass Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Kanoho, Morita, Souki and Gomes.

SCRep. 562 Finance on H.B. No. 536

The purpose of this bill is to correct a technical problem pertaining to the Office of Planning's review and approval of special management area (SMA) permits and shoreline setback variances in community development districts by allowing counties to administer SMA permits and shoreline setback variances in these districts until a community development plan is developed and approved.

The Office of Planning and Hawaii Community Development Authority submitted testimony 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. 536 and recommends that it pass Third Reading.

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

SCRep. 563 Finance on H.B. No. 1724

The purpose of this bill is to provide more flexibility in assigning special number plates for military service by allowing a qualified registered owner to obtain these plates for multiple vehicles as well as for different categories of military service.

The City and County of Honolulu supported this bill. The Office of Veterans Services supported 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. 1724 and recommends that it pass Third Reading.

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

SCRep. 564 Finance on H.B. No. 1731

The purpose of this bill is to:

- (1) Transfer the distribution of the motorcycle and motor scooter insurance underwriters fees deposited into the Special Drivers Education Fund Account, from the University of Hawaii (UH) Community Colleges to the Department of Transportation (DOT); and
- (2) Authorize DOT to expend the moneys distributed to DOT on administration of a motorcycle and motor scooter drivers education program.

DOT and UH testified in support of this measure. The Department of Commerce and Consumer Affairs commented on this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1731, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 565 Finance on H.B. No. 1766

The purpose of this bill is to authorize the issuance of special purpose revenue bonds (SPRBs) to assist Hawaii Pacific Health (HPH) in the acquisition or construction of health care facilities, renovation of existing facilities, acquisition of land, equipment, and technology, and other capital-related projects.

In addition, this bill repeals the prohibition on issuing SPRBs for not-for-profit health care facilities after June 30, 2003.

HPH and the Healthcare Association of Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1766 and recommends that it pass Third Reading.

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

SCRep. 566 Finance on H.B. No. 2163

The purpose of this bill is to address the teacher shortage by extending the deadline to July 1, 2007, for the Department of Education (DOE) to rehire teachers who have been retired for at least one year.

The Office of the Lieutenant Governor, DOE, Hawaii Teacher Standards Board, Hawaii State Teachers Association, Hawaii Association of Independent Schools, and the Hawaii Business Roundtable 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. 2163 and recommends that it pass Third Reading.

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

SCRep. 567 Finance on H.B. No. 1777

The purpose of this bill is to:

- (1) Define "basic service rates" to mean the monthly rates that a utility charges for basic services to a customer;
- (2) Restrict the Public Utilities Commission (PUC) contested case hearing requirement for public utility rate increases to basic service rates; and
- (3) Grant PUC the discretion to hold a contested case hearing for increases in rates other than basic service rates.

Verizon Hawaii submitted testimony in support of this bill. PUC and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs submitted testimony in opposition to this bill. Oceanic Communications and Life of the Land submitted comments 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. 1777, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 568 Finance on H.B. No. 1778

The purpose of this bill is to support competition in the lending community and contribute to the economic health of Hawaii's financial services loan industry while protecting consumers by repealing Article 9 of the Code of Financial Institutions, which governs depository and nondepository financial services loan companies, and replacing it with two separate articles.

Specifically, this bill establishes an Article A for depository financial services loan companies, which are subject to dual regulatory oversight by the State and the Federal Depository Insurance Corporation (FDIC), and an Article B for nondepository financial services loan companies, which are only subject to state regulation.

Hawaii Financial Services Association submitted testimony in support of the intent of this bill. The Department of Commerce and Consumer Affairs 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. 1778, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 569 Finance on H.B. No. 1950

The purpose of this bill is to lower the cost of prescription drugs to qualified consumers by appropriating an unspecified amount of funds to the Department of Human Services (DHS) to pay \$1 for each prescription written for a qualified individual; provided that:

- (1) DHS obtains a waiver from the federal government to provide prescription drugs at Medicaid rates to qualified individuals; and
- (2) "Qualified individuals" have incomes at or below three hundred percent of the federal poverty level.

Healthcare Association of Hawaii, ILWU Local 142, Hawaii State AFL-CIO, Kokua Council, Laau Makana, The Medicine Bank, AARP Hawaii, Hawaii Alliance for Retired Americans, Legal Aid Society of Hawaii, Hawaii Academy of Physician Assistants, and an individual submitted testimony in support of this bill. DHS, Department of Health, Executive Office on Aging, Department of Commerce and Consumer Affairs, Longs Drugs, and Hawaii Psychiatric Medical Association submitted testimony in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1950 and recommends that it pass Third Reading.

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

SCRep. 570 Finance on H.B. No. 2495

The purpose of this bill is authorize an emergency appropriation for the Department of Human Services (DHS) to cover a projected shortfall in HMS 303 by funding foster care and board-related payments, permanency assistance, and difficulty-of-care payments for foster and adoptive parents, permanent custodians, and guardians of children with special needs as follows:

- (1) \$2,268,663 in general funds; and
- (2) \$1,538,194 in federal funds.

DHS and Blueprint for Change submitted testimony in support of this bill.

Your Committee has received a message from the Governor stating that a critical funding emergency exists in the Child Welfare Services Program and requesting the Legislature to make an emergency appropriation to cover the projected shortfall for HMS 303, foster boards and board-related payments.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2495 and recommends that it pass Third Reading.

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

SCRep. 571 Finance on H.B. No. 2518

The purpose of this bill is to enhance the State Comprehensive Emergency Medical Services and Injury Prevention System by enabling the Department of Health (DOH) to assist with the implementation of a statewide poison information system.

DOH, Kapiolani Medical Center for Women and Children, Hawaii Primary Care Association, and several physicians 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. 2518 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 572 Finance on H.B. No. 2521

The purpose of this bill is to allow the Department of Health (DOH) to respond to health emergencies. Specifically, this measure would allow DOH to:

- (1) Enter into agreements with health care facilities and providers to assist with epidemic control activities;
- (2) Require that information be provided to DOH concerning the location of individuals allegedly exposed to a dangerous disease;
- (3) Sequester items suspected of being contaminated by toxic or infectious substances; and
- (4) Quarantine individuals according to procedures established to protect the individual's rights.

DOH and Healthcare Association of Hawaii testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2521, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 573 Finance on H.B. No. 2523

The purpose of this bill is to improve the State Comprehensive Emergency Medical Services System by:

- (1) Authorizing the Department of Health (DOH) to establish a trauma registry for the collection of information concerning the treatment of critical trauma patients at state-designated trauma centers to be implemented and maintained by the Department of Health (DOH);
- (2) Allowing the recording of information concerning treatment received before and after a trauma patient's admission to a hospital or medical center; and
- (3) Requiring all state-designated trauma centers to submit to DOH, periodic reports of each patient treated for trauma in the state system.

DOH testified in strong 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. 2523 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 574 Finance on H.B. No. 2538

The purpose of this bill is to make housekeeping amendments to various laws relating to aquatic resources. Among other things, this bill:

- (1) Exempts the Sport Fish Special Fund from paying its pro rata share of central service and administrative expenses; according to the U.S. Fish and Wildlife Service, this diversion of funds is not allowed under federal law;
- (2) Specifies that moneys from the Sport Fish Special Fund and the Commercial Fisheries Special Fund may be used for enforcement purposes;
- (3) Clarifies the type of license and permit fees to be deposited into the Commercial Fisheries Special Fund;
- (4) Authorizes the Department of Land and Natural Resources (DLNR) to use non-departmental personnel as agents to issue freshwater fishing licenses; and
- (5) Repeals conflicting language on the disposition of revenues relating to commercial marine activities.

DLNR testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2538 and recommends that it pass Third Reading.

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

SCRep. 575 Finance on H.B. No. 2549

The purpose of this bill is to allow lessees of public lands to extend their leases to the extent necessary to amortize the cost of major improvements to the demised premises that are paid for by the lessee without institutional financing.

The Department of Land and Natural Resources, Hawaii Agriculture Research Center, and the Hawaii Farm Bureau Federation supported this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2549 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 576 Finance on H.B. No. 2557

The purpose of this bill is to allow the Department of Education (DOE) to employ retired principals and vice-principals in shortage areas with no loss of retirement benefits; provided that retirees must be retired for at least one year to qualify for rehire.

Testimony in support of this measure was submitted by the DOE, Hawaii Government Employees Association, and the Hawaii Association of Independent Schools. The Office of Lieutenant Governor 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. 2557, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 577 Finance on H.B. No. 2558

The purpose of this bill is to resolve the shortage of teachers in the State's public school system by:

- (1) Creating the Hawaii Educator Incentive Program (HEIP) and Special Fund to be administered by a designated federal credit union that has been contracted to provide financial assistance to students who attend a state-approved institution located in Hawaii, graduate from a state-approved teacher education program, and agree to serve in the Department of Education (DOE); and
- (2) Establishing eligibility requirements, maximum reimbursement amounts, repayment schedules, and loan forgiveness payment guidelines to implement HEIP.

The Office of the Lieutenant Governor, DOE, Hawaii Association of Independent Schools, Hawaii Business Roundtable, and the University of Phoenix testified in support of this measure. The Hawaii Teacher Standards Board and the University of Hawaii supported 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. 2558, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 578 Finance on H.B. No. 2709

The purpose of this bill is to create a system of accountability for the Hospital and Medical Facilities Special Fund (Special Fund) by:

- (1) Specifying how moneys in the Special Fund are to be used;
- (2) Establishing an unspecified cap within the Special Fund on moneys that may be used for education;
- (3) Declaring that moneys in excess of an unspecified amount in the Special Fund shall lapse to the general fund;
- (4) Requiring the Department of Health (DOH) to submit an annual report to the Legislature on the status of the Special Fund; and
- (5) Clarifying that fees from administrative penalties are to be deposited in the Special Fund.

Testimony in support of this measure was submitted by the Hawaii Coalition of Care Home Administrators. DOH 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. 2709 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 579 Finance on H.B. No. 2512

The purpose of this bill is to assist medically fragile children below age 21 by:

- (1) Establishing the Public Health Nursing Services Special Fund (Special Fund) for early and periodic screening, diagnosis, and treatment services;
- (2) Allowing Medicaid reimbursements for case management services to be deposited into the Special Fund; and
- (3) Providing that moneys from the Special Fund will be used to provide ongoing case management services and training for staff to meet the needs of families of medically fragile children.

The Department of Human Services, Department of Health, and the Hawaii Government Employees 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. 2512 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 580 Finance on H.B. No. 2798

The purpose of this bill is to appropriate funds for scholarships for students at the University of Hawaii (UH) who qualify for tuition waivers to enable them to take advantage of the federal HOPE Scholarship tax credit.

UH testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2798, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 581 Finance on H.B. No. 2761

The purpose of this bill is to improve community oral health by:

- (1) Requiring dental hygienists in the Department of Health (DOH) to provide comprehensive services to children in public schools;
 - (2) Appropriating funds:
 - (a) To hire dental hygienists and supporting staff;
 - (b) For operating costs;
 - (c) For oral health services for uninsured individuals in community health centers serving areas with higher rates of dental caries when compared to the rest of the state;
 - (d) For start-up and operational costs of school and community-based dental sealant programs in underserved areas; and
 - (e) To provide basic dental services for adults covered by Medicaid and QUEST;
- and
- (3) Authorizing the issuance of general obligation bonds and appropriating funds to plan health operatories at community health centers that do not have facilities and equipment for oral health services.

The State Planning Council on Developmental Disabilities, Kokua Council, Hawaii Primary Care Association, Hana Community Health Center, AlohaCare, Kalihi-Palama Health Center, Kokua Kalihi Valley, Hawaii Dental Hygienists' Association, and concerned individuals testified in support of this measure. The DOH, Department of Budget and Finance, and Department of Education supported the intent of this measure. Hawaii Citizens for Health, Hawaii Citizens for Safe Drinking Water, and numerous concerned citizens testified in opposition to and 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. 2761, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 582 Finance on H.B. No. 1966

The purpose of this bill is to require the retention of at least fifty percent of incumbent nonsupervisory employees in the event of the divestiture of a business that employed more than 100 employees at any time during the preceding 12 months.

ILWU Local 142, and Hawaii State AFL-CIO submitted testimony in support of this bill. The Department of Labor and Industrial Relations, The Chamber of Commerce of Hawaii, and General Contractors Association of Hawaii submitted testimony 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. 1966, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Saiki and Davis.
(Representatives Djou, Leong, Moses and Rath voted no.)

SCRep. 583 Finance on H.B. No. 2445

The purpose of this bill is to assist the elderly and persons with disabilities by:

- (1) Allowing persons who are at least 55 years of age to reside in state-funded elderly public housing projects and privately-owned projects that are assisted by the Housing and Community Development Corporation of Hawaii (HCDCH); provided that at least one person in the household is 62 years of age or older;
- (2) Authorizing a live-in aide to reside with the elder in a housing project; and
- (3) Upon federal approval, allowing persons with disabilities who have reached the age of majority to live in housing projects that are designed and operated to assist the elderly.

HCDCH and Catholic Charities 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. 2445 and recommends that it pass Third Reading.

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

SCRep. 584 Finance on H.B. No. 2571

The purpose of this bill is to provide the same general excise tax benefits to persons who are blind, deaf, or totally disabled regardless of the business entity in which they choose to do business.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2571 and recommends that it pass Third Reading.

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

SCRep. 585 Finance on H.B. No. 2843

The purpose of this bill is to ensure greater public confidence in the election process by providing a mechanism for automatic recount in close races.

In addition, this bill amends laws relating to primary elections by:

- (1) Changing the date of the primary election from the second to the last Saturday in September to the second Saturday in August; and
- (2) Deleting the provision that no primary election shall precede a general election by less than 45 days.

The Office of Elections, The League of Women Voters of Hawaii, and Common Cause Hawaii supported this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2843 and recommends that it pass Third Reading.

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

SCRep. 586 Finance on H.B. No. 2723

The purpose of this bill is to reduce solid and liquid waste by establishing a Food Waste Recycling Program at the county level.

The Department of Health and Sierra Club, Hawaii Chapter, testified in support of this measure. Eco-Feed, Inc. offered comments. Pacific Forums opposed 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. 2723, H.D. 2, and recommends that it pass Third Reading.

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

SCRep. 587 Finance on H.B. No. 2553

The purpose of this bill is to enable the Bureau of Conveyances (Bureau) to become totally self-sufficient by increasing the share of the recording fee that is deposited into the Bureau of Conveyances Special Fund.

The Department of Land and Natural Resources testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2553 and recommends that it pass Third Reading.

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

SCRep. 588 Finance on H.B. No. 2455

The purpose of this bill is to establish a revolving fund to provide low-interest loans for the cleanup of brownfields sites in Hawaii.

The Department of Health and the Office of Planning of the Department of Business, Economic Development, and Tourism 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. 2455 and recommends that it pass Third Reading.

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

SCRep. 589 Finance on H.B. No. 1722

The purpose of this bill is to reduce the frequency of required motor vehicle safety inspections from once every six months to once per year for:

- (1) Motor carrier vehicles having a gross vehicle weight rating of more than 10,000 pounds; and
- (2) Motor carrier vehicles having a gross vehicle weight rating of 10,000 pounds or less that transport passengers in the furtherance of a commercial enterprise.

Testimony in support of this measure was submitted by the Department of Transportation, Hawaii Transportation Association, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1722 and recommends that it pass Third Reading.

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

SCRep. 590 Finance on H.B. No. 2018

The purpose of this bill is to allow tenants of state agricultural lands, within five years of lease expiration, to petition the Department of Land and Natural Resources (DLNR) to place an advertisement for auction to determine whether there are other persons interested in bidding for a lease on the property. If the existing lessee is outbid by another person, the existing lessee shall be compensated for the residual value of any improvements made by the new tenant. If no one is interested in bidding for the lease, DLNR shall negotiate a new lease with the existing tenant not to exceed the term of the previous lease.

The Hawaii Farm Bureau Federation testified in support of this measure. DLNR 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. 2018, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 591 Finance on H.B. No. 2094

The purpose of this bill is to authorize the issuance of up to \$55,000,000 in special purpose revenue bonds to assist Pacific Wind Energy LLC in the construction of three wind energy conversion systems facilities on Maui, South Point on the island of Hawaii, and North Kohala, also on the island of Hawaii.

Pacific Wind Energy LLC and Sierra Club, Hawaii Chapter, 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. 2094, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 592 Finance on H.B. No. 2176

The purpose of this bill is to establish a temporary agricultural cooperative under the Agribusiness Development Corporation (Corporation) to assist farmers in the county of Maui with the marketing of their products.

A concerned citizen testified in support of this bill. The Corporation, Hawaii Farm Bureau Federation, and Maui County Farm Bureau supported 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. 2176, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 593 Finance on H.B. No. 2271

The purpose of this bill is to find ways to reduce the theft of agricultural commodities by appropriating an unspecified amount of funds to establish an Agricultural Theft Abatement Task Force.

The Department of Agriculture, Hawaii Farm Bureau Federation, Hawaii Aquaculture Association, and Pineapple Growers Association of Hawaii testified in support of this bill. The Department of the Prosecuting Attorney of the City and County of Honolulu testified in support of the intent of this bill.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2271 and recommends that it pass Third Reading.

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

SCRep. 594 Finance on H.B. No. 2006

The purpose of this bill is to:

- (1) Expand civil enforcement remedies for improper disposal of lead acid batteries; and
- (2) Clarify statutory requirements concerning motor vehicle tires' import, storage, disposal, surcharge fees, and reporting.

The Department of Health testified in support of this bill. The Hawaii Automobile Dealers Association supported 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. 2006, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 595 Finance on H.B. No. 2400

The purpose of this bill is to provide interim revenue to the Office of Hawaiian Affairs (OHA).

OHA 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. 2400, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 596 Finance on H.B. No. 1867

The purpose of this bill is to provide health care for the uninsured, particularly those suffering from loss of coverage due to the tragic events of September 11, 2001, by appropriating:

- (1) An unspecified amount of funds, to be matched by federal funds on a 2:1 basis, to enable the Children's Health Insurance Program to expand eligibility to 300 percent of the poverty level guideline for Hawaii;
- (2) An unspecified amount of funds, to be matched by federal funds on a 9:1 basis, to delink Medicaid and the Temporary Assistance for Needy Families Program (TANF) so that health benefits lost under TANF upon the expiration of the cumulative five-year lifetime cap on receipt of benefits can be continued under the State's QUEST program; and
- (3) An unspecified amount of funds for community health centers in the State that provide health care services to the uninsured.

The Hawaii State Commission on the Status of Women, Hawaii Primary Care Association, Healthcare Association of Hawaii, the Kokua Council, Papa Ola Lokahi, and the Kalihi-Palama Health Center testified in support of this measure. The Department of Human Services and Hawaii Together supported 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. 1867, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 597 Finance on H.B. No. 2212

The purpose of this bill is to:

- (1) Establish the Hawaii Invasive Species Council to coordinate state activities to fight invasive species; and
- (2) Appropriate funds for this purpose.

Testifying in support of this bill were The Nature Conservancy of Hawaii, Hawaii Audubon Society, the Coordinating Group on Alien Pest Species, Maui Invasive Species Committee, Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, Pineapple Growers Association of Hawaii, and a concerned individual. The Department of Land and Natural Resources supported the intent of this bill. The Conservation Council for Hawaii offered comments, and the Department of Budget and Finance opposed 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. 2212, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 598 Finance on H.B. No. 1969

The purpose of this bill is to allow the Board of Education (BOE) to employ attorneys to support the legal interests of the Department of Education.

BOE testified in support of this bill. The Hawaii State Public Library System supported the intent of this measure. The Department of the Attorney General opposed 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. 1969 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou and Moses voted no.)

SCRep. 599 Finance on H.B. No. 1959

The purpose of this bill is to enable the University of Hawaii (UH) to enroll students from ethnic groups that are underrepresented in its student population by:

- (1) Repealing the Hawaii Opportunity Program in Education (HOPE) Endowment Special Fund;
- (2) Retaining a HOPE program; and
- (3) Transferring the remaining balance to the UH Tuition and Fees Special Fund.

The University of Hawaii submitted testimony in support of the measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1959, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 600 Finance on H.B. No. 2044

The purpose of this bill is to exempt from the procurement code, government contracts to procure goods, services, or construction for the operation of an electric utility owned or operated by any county with a population under 100,000 provided that the utility is situated entirely within that county and operated as an autonomous entity established by ordinance, resolution, or charter.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2044, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 601 Finance on H.B. No. 2045

The purpose of this bill is to authorize:

- (1) Corporations established by a county ordinance, resolution, or charter; or
- (2) County boards,

that own or operate an electricity producing facility to issue revenue bonds.

No testimony was submitted 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. 2045, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 602 Finance on H.B. No. 2231

The purpose of this bill is to clarify that the State Auditor may have access to confidential student or other records necessary in connection with:

- (1) Any audit or evaluation of any federal or state supported educational program; or
- (2) The enforcement of the federal or state legal requirements relating to the educational program.

The State Auditor and Office of Information Practices testified in support of this measure.

The Department of Education opposed this measure. The Hawaii State Teachers Association 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. 2231 and recommends that it pass Third Reading.

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

SCRep. 603 Finance on H.B. No. 2545

The purpose of this bill is to amend laws relating to industrial parks by:

- (1) Clarifying the authority of the Board of Land and Natural Resources (Board) in designating lands to be used as industrial parks;
- (2) Declaring that if an industrial park is to be developed in partnership or under a development agreement with a private party, that the private party should be selected in accordance with the procurement code;
- (3) Allowing the Board, through direct negotiation, to issue leases or master leases for industrial parks developed under a joint partnership or development agreement; and
- (4) Clarifying that the Board may issue a master lease to a corporation whose members or shareholders are either eligible permittees or eligible sublessees of the industrial park.

Testimony in support of this measure was submitted by the Department of Land and Natural Resources.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2545, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 604 Finance on H.B. No. 2552

The purpose of this bill is to provide opportunities to promote the conservation and recovery of threatened and endangered species in concert with economic development and regional conservation efforts through safe harbor agreements and habitat conservation plans. Specifically, this bill:

- (1) Expands the definition of a "landowner" who can enter into safe harbor agreements and habitat conservation plans to include the public sector; and
- (2) Subjects the Board of Land and Natural Resources approval of any safe harbor agreement or habitat conservation plan for public lands to legislative disapproval, to ensure public scrutiny on proposed actions to take place on public lands.

The Land Use Research Foundation of Hawaii, Department of Land and Natural Resources, Estate of James Campbell, Department of Transportation, Housing and Community Development Corporation of Hawaii, and Hawaii Leeward Planning Conference supported the intent of this measure.

The Conservation Council for Hawaii, Sierra Club, Hawaii's Thousand Friends, Earthjustice, Hawaii Audubon Society, Life of the Land, Hawaiian Botanical Society, and concerned citizens testified in opposition to 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. 2552, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Davis.

SCRep. 605 Finance on H.B. No. 2570

The purpose of this bill is to amend the capital goods excise tax credit by:

- (1) Establishing the tax credit as four percent of the cost of eligible depreciable tangible personal property;
- (2) Excluding the actual invoice price of the tangible personal property from the definition of "cost";
- (3) Deleting references to the county general excise and use tax surcharge;
- (4) Including canned computer software in the definition of "eligible depreciable tangible personal property" for taxable years beginning after December 31, 2001; and
- (5) Declaring that recapture provisions are not applicable to computer technology or equipment if:
 - (A) Contributed to a tax exempt section 501(c)(3) organization primarily for purposes of supporting elementary and secondary education;
 - (B) Contributed to public schools or the University of Hawaii;
 - (C) The contribution is made not later than three years after the date the taxpayer acquired the property;
 - (D) The original use of the property is by the donor or the donee;
 - (E) Substantially all of the use of the property by the donee is for use within Hawaii for educational purposes that are related to the purpose or function of the donee;
 - (F) The property is not transferred by the donee in exchange for money, other property, or services, except for shipping, installation, and transfer costs; and
 - (G) The property will fit into the donee's education plan.

The Department of Taxation testified in support of this measure, except for the amendment to the definition of "cost." A concerned individual supported the intent of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee would like to note that both the Department of Taxation and the Tax Foundation of Hawaii provided excellent suggestions and comments on this measure which should promote further discussion of this matter.

As affirmed by the record of votes of the members of 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, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 606 Finance on H.B. No. 2577

The purpose of this bill is to provide the Harbors Division of the Department of Transportation with greater flexibility to develop harbor lands and facilities.

The Department of Transportation testified in support of this measure. Paradise Cruise, Ltd., supported this measure with reservations. The Ocean Tourism Coalition and Aqua Lung supported this measure with amendments. Hawaii's Thousand Friends submitted comments.

Your Committee would like to emphasize the intent to ensure that vessel repair and maintenance areas will also be permitted to be leased by direct negotiation.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2577, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 607 Finance on H.B. No. 1012

The purpose of this bill is to improve the electoral process by proposing an amendment to article III, section 6, of the Hawaii Constitution to change the eligibility requirements for persons who wish to serve as a member of the Senate or House of Representatives.

Specifically, this bill requires that candidates for senator or representative be qualified voters in the districts they wish to represent prior to filing primary election nomination papers, except in cases where an incumbent senator or representative is displaced by reapportionment.

The Office of Elections, Common Cause Hawaii, and a concerned citizen testified in support of this measure. The Libertarian Party of Hawaii testified in opposition to 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. 1012 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 608 Finance on H.B. No. 2606

The purpose of this bill is to provide for the recall and removal of legislators from office.

Common Cause Hawaii submitted testimony in support of this measure.

Your Committee, though supportive of this measure, is concerned about privacy issues in requiring social security numbers of individuals signing a recall petition.

As affirmed by the record of votes of the members of 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, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 609 Finance on H.B. No. 2842

The purpose of this bill is to:

- (1) Provide for the forfeiture of service time accrued or earned by an elected official under the Hawaii Public Employees Health Fund, Hawaii Employer-Union Health Benefits Trust Fund, and Employees' Retirement System of the State of Hawaii, upon the conviction of the elected official for a felony that took place within the course and scope of the official's duties;
- (2) Require the Attorney General to bring a civil action to require the forfeiture of service benefits; and
- (3) Allow the court to order the forfeiture of some or all of any additional service time preceding the felony for particularly egregious offenses.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2842 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Davis.

SCRep. 610 Finance on H.B. No. 2708

The purpose of this bill is to prevent the spread of contagious diseases by:

- (1) Providing the Department of Agriculture (DOA) with the authority to quarantine or destroy animals that are susceptible to contagious, infectious, or communicable diseases;
- (2) Clarifying provisions with respect to DOA's authority to require the disinfection of premises and materials contaminated or exposed to disease; and
- (3) Providing DOA with the authority to provide for the proper disposition of animal hides and carcasses, if in the opinion of the DOA, such measures are necessary to prevent the spread of disease.

DOA testified in support of this measure.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2708, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 611 Finance on H.B. No. 2618

The purpose of this bill is to enhance a patient's access to quality care by allowing patients the option of having their insurance reimbursement paid directly to a dentist of their choice, regardless of whether the dentist is a participating provider.

The Hawaii Medical Association, Kaneohe Family Dental Care, and a number of dentists testified in support of this measure. Hawaii Medical Service Association, the Chamber of Commerce of Hawaii, and Iron Workers Stabilization Fund testified in opposition to this bill. The Hawaii Government Employees Association, Hawaii Dental Service, and a dentist offered 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. 2618, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Rath.

SCRep. 612 Finance on H.B. No. 2731

The purpose of this bill is to address Oahu's shortage of landfill space by authorizing the issuance of \$25,000,000 in special purpose revenue bonds to assist Central Oahu Recycling and Disposal Facility, Inc., in constructing a private solid waste recycling and disposal facility in Kunia.

Central Oahu Recycling and Disposal Facility, Inc., and Eco-Feed, Inc., testified in support of this measure. The Department of Health supported the intent of this bill. The City and County of Honolulu (City) Board of Water Supply offered comments. The City Departments of Environmental Services and Planning and Permitting opposed 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. 2731, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Davis.
(Representative Moses voted no.)

SCRep. 613 Finance on H.B. No. 1729

The purpose of this bill is to set the maximum speed limits for state freeways and through highways.

The Department of Transportation opposed 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. 1729, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 614 Finance on H.B. No. 2167

The purpose of this bill is to repeal the traffic enforcement demonstration project and replace it with a new traffic enforcement law that corrects the problems of the demonstration project.

The Hawaii Independent Insurance Agents Association testified in support of this measure. The Department of Transportation, Keiki Injury Prevention Coalition/SAFE KIDS HI, and 16 concerned individuals supported the intent of this bill. The Libertarian Party of Hawaii and 7 individuals 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. 2167, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 615 Finance on H.B. No. 2245

The purpose of this bill is to:

(1) Reform the leasehold renegotiation process by requiring that:

(A) The Uniform Standards of Professional Appraisal Practice (USPAP) be used to calculate fair market value in any lease renegotiation in which lease rental is based in whole or in part on the fair market value of the land, or the value of the land as determined by its highest and best use, or words of similar import; and

(B) Renegotiation disputes shall be settled by a procedure selected by the lessee and not by arbitration;

and

(2) Provide that any lease in existence on the effective date of this bill that has been renegotiated after January 1, 1990, should be allowed a one-time adjustment, upon application of the lessee, to reflect fair market rental value in conformance with the USPAP.

Testimony in support of this measure was submitted by the Hawaii Council of Associations of Apartment Owners, Wholesale Motors, Inc., and two concerned citizens. A representative from University Plaza, Windward Town & Country Plaza, Moiliili Plaza, Waiakamilo Shopping Center, and King University Associates supported the intent of this measure.

The Housing and Community Development Corporation of Hawaii, Land Use Research Foundation of Hawaii, Estate of James Campbell, Institute of Real Estate Management Hawaii, Hawaii Bankers Association, A&B Properties, Inc., Kamehameha Schools, Hawaii Association of Realtors, Hawaii Chapter of the Appraisal Institute, Small Landowners of Oahu, Small Landowners Association, Howell & Associates, George Hao & Associates, Hallstrom Group, Inc., and five concerned citizens opposed this bill. Several concerned citizen 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. 2245, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representative Davis.
(Representatives Djou, Leong, Moses and Rath voted no.)

SCRep. 616 Finance on H.B. No. 2662

The purpose of this bill is to address the mandate in article XI, section 3, of the State Constitution, to conserve and protect agriculture lands, promote diversified agriculture, increase agricultural self-sufficiency, and assure the availability of agriculturally suitable lands.

Among other things, this bill:

- (1) Establishes standards, criteria, and process for the identification and management of important agricultural lands;
- (2) Promotes the usage of rural land use districts as a buffer zone between development pressures and agricultural lands; and
- (3) Defines permissible uses within the rural land use district.

The Land Use Commission, Department of Agriculture, and the Office of Planning testified in support of this measure.

The Ag Coalition, Hawaii Leeward Planning Conference, and Sierra Club, Hawaii Chapter, opposed this measure. Hawaii's Thousand Friends 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. 2662, H.D. 1, and recommends that it pass Third Reading.

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

SCRep. 617 Consumer Protection & Commerce on H.B. No. 1842

The purpose of this bill is to enable pharmacists to provide services in a broader range of clinical settings.

The Board of Pharmacy, Department of Health, American Pharmaceutical Association, American Society of Health-System Pharmacists, Hawaii Medical Services Association, Healthcare Association of Hawaii, Hawaii Pharmacists Association, Times Pharmacy, numerous pharmacists, and several physicians testified in support of this measure. Kaiser Permanente testified in support and requested an amendment to section 328-16, Hawaii Revised Statutes, to allow better implementation of the measure.

The Board of Medical Examiners and Hawaii Medical Association opposed this measure.

Your Committee finds that during the past fifteen years, the provision of health care services has shifted from acute care settings to less restrictive outpatient ambulatory care settings. Pharmacy laws have not followed this trend. In addition, your Committee finds that health care increasingly involves the appropriate selection and use of prescription drugs, and that the number and complexity of drugs continues to increase.

This bill will enable pharmacists to perform functions that they are presently authorized to perform in an licensed acute care hospital setting, beyond the four walls of that setting. The bill ensures patient safety by providing that pharmacists may only perform those functions pursuant to policies and protocols developed collaboratively with other health care professionals, and if they have received appropriate training.

Your Committee finds that this bill will enhance patient care by making the expertise of pharmacists more accessible to patients, and by encouraging the further development of a collaborative relationship between physicians and pharmacists for the purpose of providing patients with the most effective and appropriate health care.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1842, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 618 Judiciary & Hawaiian Affairs on H.B. No. 1092

The purpose of the bill is to prohibit a state official or employee from taking official action affecting a business undertaking that directly affects a brother, sister, parent, emancipated child, or household member.

The League of Women Voters of Hawaii submitted testimony in support of this bill. The Hawaii State Ethics Commission and Common Cause Hawaii submitted testimony in support of this bill with suggested amendments.

Your Committee finds that this bill will encourage state officials and employees to practice ethical behavior and avoid conflicts of interest. Prohibiting state officials and employees from taking official actions affecting the financial interest of close family members will also enhance the public's confidence in government.

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

- (1) Deleting the requirement that limits the prohibition of official action affecting substantial financial interests of board or commission members to those matters related to the members' particular qualifications;
- (2) Deleting the redundant and confusing provision allowing official action to directly affect the financial interests of an employee's child. Section 84-14(a)(3) prohibits an employee from taking official action directly affecting an emancipated child with substantial financial interests, thereby excluding the financial interests of an unemancipated child from this prohibition; and
- (3) Making technical, 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. 1092, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1092, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Kanoho and Whalen.

SCRep. 619 Judiciary & Hawaiian Affairs on H.B. No. 2818

The purpose of the bill is to designate the use of nonlethal firearms as not constituting deadly force.

State of Hawaii Organization of Police Officers provided testimony in support of the measure and suggested amendments. Testimony in opposition was submitted by the Office of the Public Defender, the Department of the Prosecuting Attorney for the City and County of Honolulu, and ILWU Local 142. The Honolulu Police Department provided comments.

Your Committee finds that police officers are concerned about becoming subjects of criminal investigations whenever less-than-lethal firearms are used in the course of their duties. The bill, as received, presents many problems. Recommendations from the State of Hawaii Organization of Police Officers improve upon the provisions of the measure; however, further discussion must be pursued to address valid concerns raised.

Your Committee amended the bill by deleting its contents and inserting provisions that:

- (1) Redefine "firearm" to exclude "lesslethal firearms" used in the course of official police duty; and
- (2) Define "lesslethal firearm"; and
- (3) Provide an effective date of July 1, 2050.

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. 2818, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2818, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 620 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 2412

The purpose of this bill is to require insurers to:

- (1) Maintain a complete claims service office or engage an independent adjusting service as its claims agent in the State;
- (2) Establish civil penalties for noncompliance;
- (3) Authorize enforcement by the state Attorney General upon request by the Insurance Commissioner (Commissioner); and
- (4) Clarify that certain individuals whose activities are not deemed to be those of an adjuster under current law, must be "domiciled."

The Insurance Division of the Department of Commerce and Consumer Affairs (DCCA) supported the intent of this measure and suggested amendments. State Farm Insurance offered comments.

Your Committees find that requiring insurers to maintain a complete claims service office in the State will benefit policyholders by providing them with quicker service and adequate safeguards to ensure timely claims processing.

However, your Committees recognize DCCA's concerns that the penalties under the bill's proposed enforcement scheme are more restrictive than those currently available under the Commissioner's general powers to administer the insurance law, as provided by article 2 of chapter 431, Hawaii Revised Statutes (HRS).

Your Committees have amended this measure by:

- (1) Replacing the bill's enforcement scheme with a reference to penalties that the Commissioner is authorized to impose under section 431:2-203, HRS, to enforce the insurance law;
- (2) Adding to the list of activities not prohibited by this bill, "reporting to" non-domiciled personnel;
- (3) Removing the amendment that the bill would have made to the provisions of the law listing activities that are not deemed to be those of an adjuster;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion; and
- (5) Making technical, nonsubstantive amendments 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. 2412, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2412, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Case, Chang, Kanoho, Morita, Souki and Gomes.

SCRep. 621 Consumer Protection & Commerce on H.B. No. 2413

The purpose of this bill is to authorize an association of apartment owners (AOAOs) of a condominium that has been partially converted to fee simple ownership, to purchase the remaining fee interest through a bulk sale. This bill:

- (1) Allows AOAOs of a partially converted condominium, to purchase under a bulk sale, the remaining portion of the lessor's interest with the approval of 75 percent of all remaining lessees who have not yet purchased the fee interest in their apartment;
- (2) Allows AOAOs to assess the costs and expenses of acquiring the lessor's interest to the remaining lessees; and
- (3) Requires AOAOs to sell the remaining portion of the lessor's interest only to lessees of apartments to which the interest is appurtenant or to their permitted assigns, heirs, or successors.

The Hawaii Council of Associations of Apartment Owners and one individual testified in support of this measure. The Community Associations Institute supported the intent of this measure and suggested amendments.

Your Committee finds that individual leased fee sales were common in the early 1900s. As a result, many condominiums currently in existence are "partially converted" whereby a portion of apartments are owned in fee and others in leasehold. In today's market, individual leased fee sales are less common among lessors. Many lessors prefer to sell entire properties through bulk sales thereby making it difficult for individual apartment owners to acquire their leased fee interests.

Under current law, an AOAO may purchase the leased fee interest in the land upon approval of 75 percent of the condominium's lessees. Apartment owners who already own their fee interest have no incentive to approve such a purchase. Obtaining the requisite number of votes is unduly burdensome when more than 25 percent of the apartment owners in a partially converted condominium own their fee.

Your Committee finds that although this bill is a "win-win" measure for lessors and lessees, further discussion is warranted in light of the numerous suggested amendments. Therefore, your Committee has amended this measure by changing its effective date to July 1, 2050.

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. 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 Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 622 Energy & Environment Protection and Consumer Protection & Commerce on H.B. No. 2333

The purpose of this bill is to reduce the time that a manufacturer or jobber may operate a formerly dealer operated station from 24 months to 90 days.

Andy's ARCO Service, Dairy Road Partners, a member of the State House of Representatives and two concerned individuals testified in support of this bill. The Western States Petroleum Association, Libertarian Party of Hawaii, Kahala Shell Auto Care, Inc., and a concerned individual testified in opposition to this measure.

Your Committee finds that the original gasoline dealers divorcement law was designed to protect gasoline dealers from being forced out of business by gasoline stations owned and operated by oil companies. Currently, a manufacturer or jobber is prohibited, with certain exceptions, from operating a former dealer operated service station. This is known as the "once a dealer operated station, always a dealer operated station" arrangement.

This particular provision of the law has been a subject of debate for many years and viewed by some as a loophole that jeopardizes the existence of other dealers by circumventing the intent of divorcement. It is your Committees' intent to use this bill as a vehicle to further discuss the complex issue of gasoline pricing and the enhancement of competition at the retail level.

Your Committees have amended this bill by changing the amount of time that an oil company can operate a former dealer operated service station before finding a new dealer from 24 to 6 months.

As affirmed by the records of votes of the members of your Committees on Energy and Environmental Protection 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. 2333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2333, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Bukoski, Case, Souki and Gomes.
(Representatives Marumoto and Meyer voted no.)

SCRep. 623 Finance on H.B. No. 1822

The purpose of this bill is to appropriate funds to establish the Office of the Legislative Analyst.

Your Committee has amended this bill by changing the appropriation amount to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1822, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1822, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 624 Finance on H.B. No. 2566

The purpose of this bill is to make various amendments to Hawaii's income tax law to conform with changes to the Internal Revenue Code.

The Department of Taxation and Department of Human Resources Development testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Further clarifying the amendments relating to qualified tuition expenses; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on 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 Second Reading in the form attached hereto as H.B. No. 2566, H.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 625 Finance on H.B. No. 2423

The purpose of this bill is to update the public works law by basing the requirement that a licensed professional supervise certain public work projects on the type of work rather than the dollar amount of the project.

The Board of Professional Engineers, Architects, Surveyors, and Landscape Architects and Department of Accounting and General Services testified in support of this measure. The Department of Transportation and American Public Works Association – Hawaii Chapter supported the intent of this measure.

Your Committee has amended this bill by:

- (1) Amending the definition of "public works projects" by changing it to "public works" with a definition consistent with the current statute; 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. 2423, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2423, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 626 Finance on H.B. No. 2481

The purpose of this bill is to exempt from civil service, Department of Education employees who distribute, collect, and count meal tickets during school meal periods on a less than half-time basis.

The Department of Education testified in support of this measure.

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

SCRep. 627 Finance on H.B. No. 2515

The purpose of this bill is to authorize an emergency appropriation of \$8,750,603 to the Child and Adolescent Mental Health Division of the Department of Health (DOH) to fund services provided to emotionally disturbed children and adolescents who are eligible for services under the *Felix* Consent Decree.

Your Committee received a letter from the Governor dated February 5, 2002:

- (1) Stating that due to the increased obligations associated with the consent decree in *Felix v. Cayetano*, funding provided during the last legislative session was not sufficient to meet the projected program requirements;
- (2) Stating that the emergency appropriation and authorization for \$8,750,603 from general funds is necessary to allow the Child and Adolescent Mental Health Division of the DOH to continue mental health services to emotionally disturbed children and adolescents; and
- (3) Requesting immediate passage of this measure.

DOH and the Attorney General submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1 for the purpose of continued discussion; and
- (2) Making technical, nonsubstantive 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. 2515, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2515, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 628 Finance on H.B. No. 2420

The purpose of this bill is to make various amendments to update the procurement code including:

- (1) Providing that contracts awarded by the State are not binding unless funds are available;
- (2) Requiring, wherever and whenever feasible, that indigenous and Polynesian-introduced plants be used in landscaping of buildings or facilities funded by the State;
- (3) Establishing provisions for pollution control in the performance of public contracts;
- (4) Requiring energy efficient standards and policies, including life-cycle costing, in procurement practices of the State and its counties;
- (5) Requiring the State and its counties to insert clauses providing for value engineering incentives in all public works contracts of amounts exceeding \$250,000;
- (6) Authorizing blind and visually impaired individuals registered by the Department of Human Services and issued permits to operate vending facilities and machines in any state or county public building;
- (7) Making other provisions regarding blind or visually impaired vendors operating facilities in state or county buildings;
- (8) Establishing the State Procurement Office Revolving Fund to support ongoing development of online electronic procurement services;
- (9) Authorizing online bidding if it is more advantageous than other sources; and
- (10) Exempting certain concessionaires under public contracts from the procurement code.

The State Procurement Office and Department of Accounting and General Services testified in support of this measure.

Your Committee has amended this bill by:

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2420, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2420, H.D. 1, and be placed on the calendar for Third Reading.

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

SCRep. 629 Finance on H.B. No. 2381

The purpose of this bill is to establish a one-time tax amnesty period from January 1, 2003, to July 31, 2003 to provide taxpayers who have failed to pay any state taxes on or before the day the tax is required to be paid, to pay the amount of tax due during this amnesty period without:

- (1) Interest;
- (2) Collection costs; and
- (3) The imposition of any civil or criminal penalties arising out of any obligation due the State.

The Tax Foundation of Hawaii submitted comments on this measure. The Department of Taxation opposed this measure.

Your Committee has amended this bill by:

- (1) Changing the amnesty period to July 1, 2002, to February 28, 2003;
- (2) Changing the effective date to July 1, 2002; 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. 2381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2381, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou and Rath voted no.)

SCRep. 630 Finance on H.B. No. 2720

The purpose of this bill is to require that individuals who import motor vehicles into the State show proof of payment of the use tax necessary to register the motor vehicle.

The Hawaii Automobile Dealers Association testified in support of this measure. The Department of Taxation supported the intent of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by changing the effective date to 2010 to promote further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2720, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2720, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 631 Finance on H.B. No. 2639

The purpose of this bill is to promote citizen involvement in the community, in government, and in private programs throughout the state by:

- (1) Establishing the Hawaii Commission for National and Community Service (Commission); and
- (2) Appropriating funds to be used as state matching funds to secure federal monies for the establishment of the Commission.

The Hawaii Commission for National and Community Service and University of Hawaii submitted testimony in support of this bill. The Department of Education and the Department of Human Services submitted testimony in support of the intent of this bill. The Department of Budget and Finance and Department of Labor and Industrial Relations submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Changing the appropriation amount to \$1; 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. 2639, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2639, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 632 Finance on H.B. No. 2827

The purpose of this bill is to:

- (1) Establish the Litigation Deposits Trust Fund under the control of the Attorney General for the purpose of receiving all moneys received through civil action in which the State is a party, and where the settlement amount is \$100,000 or higher, except for those departments able to procure their own legal services, and where there is a statute specifically providing for the deposit of these moneys;
- (2) Establish criteria for the establishment of new special and revolving funds by the Legislature, and require the use of the same criteria when reviewing existing special and revolving funds to determine their continuance;
- (3) Require the Department of Budget & Finance to audit each special and revolving fund prior to the end of the fiscal year to determine if there are excess moneys and include a listing of all excess amounts in the executive budget request;
- (4) Require all general funds encumbered but not expended within one fiscal year to be lapsed back into the general fund;
- (5) Repeal the exemption from central services expenses for all special funds except:
 - (a) Special out-of-school time instructional program fund;
 - (b) School cafeteria special funds of the DOE;
 - (c) Special of the University of Hawaii;
 - (d) State educational facilities improvement special fund;
 - (e) Funds of the ERS;
 - (f) Unemployment compensation fund; and
 - (g) Public schools special fees and charges fund;
- (6) Allow appropriations from the Emergency and Budget Reserve Fund to maintain programs essential to education;
- (7) Abolish 42 different special and revolving funds which do not meet minimum qualifications according to the Auditor's updated report on said funds;
- (8) Require all unencumbered moneys in the abolished special and revolving funds to be lapsed into the general fund;
- (9) Transfer excess moneys from 33 special and revolving funds into the general fund; and
- (10) Appropriate \$800,000 from the works of art special fund for ancillary improvements for the state art museum.

The Judiciary, Department of Accounting and General Services, Department of Budget and Finance, Department of Taxation, Department of Business, Economic Development, and Tourism, Department of Education, Department of Human Services, Department of the Attorney General, Department of Health, Department of Transportation, Department of Labor and Industrial Relations, Department of Land and Natural Resources, Department of Agriculture, Department of Hawaiian Home Lands, Insurance Division of the Department of Commerce and Consumer Affairs (DCCA), University of Hawaii, Public Utilities Commission, Hawaii State Public Library System, Department of the Prosecuting Attorney of the City and County of Honolulu, Office of the Prosecuting Attorney of the County of Hawaii, Honolulu Police Department, Hawaii County Police Department, Kauai County Police Department, State of Hawaii Organization of Police Officers, Hawaii Tourism Authority, Hawaii Hurricane Relief Fund, Housing and Community Development Corporation of Hawaii, Hawaii Community Development Authority, Special Assistant to the Governor for Housing, Kaiser Foundation Health Plan, Agribusiness Development Corporation, Natural Energy Laboratory of Hawaii Authority, State Committee of Blind Vendors, Hawaii Association of the Blind, Crime Victim Compensation Commission, Aloha Tower Development Corporation, High Technology Development Corporation, Hawaii Leeward Planning Conference, Hawaii Health Systems Corporation, Hawaii Association of Realtors, Hawaii Forest Industry Association, Nature Conservancy of Hawaii, Earthjustice, Hawaii Medical Service Association, Maui Pineapple Company, and a concerned individual opposed the measure. DCCA submitted comments on the bill.

Your Committee believes that the role of public education in Hawaii is:

- (1) To ensure that the people of Hawaii have access to affordable, quality education; and

- (2) To attract and develop innovative academic pursuits that will benefit our economy and our community.

Providing for higher education is an issue of strong statewide concern. At the same time, the State's university system is unlike any other state program. Given the unique nature of academics and the fiscal demands of such an institution, the university requires a level of autonomy not shared by any other executive agency. This unparalleled autonomy, however, also requires an equal measure of accountability. The University of Hawaii system must take responsibility for its financial welfare.

Upon review of the State's non-general fund coffers, it appears the university has considerable financial resources available. Although the Legislature does not wish to interfere with the financial operations of the university, your Committee does respectfully request that the university improve the management and utilization of all its financial resources.

Your Committee has amended this measure by:

- (1) Deleting the language removing central service fee exemptions;
- (2) Deleting and adding language repealing certain special and revolving funds. As amended, only the following are repealed:
- (a) Downpayment Loan Program Revolving Fund;
 - (b) Housing Alteration Revolving Loan Fund for Persons with Physical Disabilities;
 - (c) Hawaii Strategic Development Corporation Revolving Fund;
 - (d) Department of Education Storeroom Revolving Fund;
 - (e) Health Care Revolving Fund.
 - (f) Hawaii Development Revolving Fund; and
 - (g) Special funds for reserved housing loan programs financed from the proceeds of revenue bonds pursuant to section 39-62, Hawaii Revised Statutes.
- (3) Deleting and adding language transferring funds from certain special and revolving funds. As amended, excess funds are transferred to the general fund from only the following:
- (a) Agricultural Loan Revolving Fund;
 - (b) Animal Quarantine Special Fund;
 - (c) State Motor Pool Revolving Fund;
 - (d) State Parking Revolving Fund;
 - (e) Stadium Special Fund;
 - (f) Dwelling Unit Revolving Fund;
 - (g) Foreign Trade Zones Special Fund;
 - (h) Hawaii Community Development Revolving Fund;
 - (i) Rental Assistance Revolving Fund;
 - (j) Compliance Resolution Fund;
 - (k) Environmental Response Revolving Fund;
 - (l) Boiler and Elevator Safety Revolving Fund;
 - (m) Special Land and Development Fund
 - (n) Driver Education and Training Fund;
 - (o) Hawaii Innovation Development Fund;
 - (p) State Disaster Revolving Loan Fund;
 - (q) Agricultural Loan Reserve Fund;
 - (r) Pesticide Use Revolving Fund;
 - (s) Cigarette Tax Stamp Enforcement Special Fund;
 - (t) Medicaid Investigations Recovery Fund;
 - (u) Litigation Settlement Fund;
 - (v) State Identification Revolving Fund;
 - (w) Fee Simple Residential Revolving Fund;
 - (x) Hawaii Capital Loan Revolving Fund;
 - (y) High Technology Special Fund
 - (z) Homes Revolving Fund;
 - (aa) Housing Finance Revolving Fund;
 - (bb) Housing For Elders Revolving Fund;
 - (cc) Petroleum Products Control Fund;
 - (dd) Insurance Regulation Fund;
 - (ee) Use of School Facilities for Recreational and Community Purposes Fund;
 - (ff) Human Resources Development Special Fund;
 - (gg) Hawaii Tobacco Settlement Special Fund;
 - (hh) Judiciary Computer System Special Fund;
 - (ii) Occupational Safety and Health Training and Assistance Fund;
 - (jj) Beach Restoration Special Fund;
 - (kk) Bureau of Conveyances Special Fund;
 - (ll) Commercial Fisheries Special Fund;
 - (mm) Controlled Substance Registration Revolving Fund;
 - (nn) Correctional Industries Revolving Fund;
 - (oo) Halawa Correctional Facility Inmate Store Revolving Fund;
 - (pp) Oahu Community Correctional Center Inmate Store Revolving Fund; and
 - (qq) Women's Community Correctional Center Inmate Store Revolving Fund.

- (4) Requiring all new accounts or funds created administratively to be reported to the Legislature within 10 days of their creation, and requiring annual reports detailing activities of the accounts or funds;
- (5) Reclassifying three revolving funds as trust funds to more accurately reflect their true nature; and
- (6) Deleting the appropriation for ancillary improvements for the State Art Museum.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2827, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2827, H.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Representative Davis.

SCRep. 633 Finance on H.B. No. 2654

The purpose of this bill, as received, is to repeal the sunset provision of the law allowing special purpose revenue bonds to be issued to assist not-for-profit corporations that provide health-care facilities to the general public.

Hawaii Pacific Health provided testimony in support of this measure.

Your Committee finds that unprecedented circumstances have left few options to address the current budget shortfall and prevent further losses in education, public health, social programs, public safety, and environmental protection. Without access to additional resources, numerous programs would be devastated. Your Committee recommends that a portion of the money in the Hurricane Reserve Trust Fund be transferred to the General Fund in order to maintain services important to the people of Hawaii.

However, it is equally important to maintain the integrity of the Hurricane Relief Fund and ensure that homeowners are prepared when – not if – the next hurricane hits the islands. To that end, your Committee has authorized the issuance of general obligation bonds to recapitalize the Hurricane Reserve Trust Fund should the need exist.

Additionally, strengthening homes is an effective way of reducing losses due to hurricanes and has the added benefit of reducing insurance costs. Your Committee has provided for a loss mitigation grant program to assist homeowners acquire loans to strengthen homes against hurricanes.

Your Committee has amended this measure by deleting its substantive contents and replacing it with provisions to:

- (1) Establish a three-year pilot program to provide grants to certain property owners for installation of wind-resistive devices that reduce the severity of property loss from strong winds;
- (2) Authorize the issuance of \$100,000,000 in general obligation bonds for fiscal year 2002-2003 for deposit into the Hurricane Reserve Trust Fund;
- (3) Appropriate \$100,000,000 from the Hurricane Reserve Trust Fund for deposit into the General Fund; and
- (4) Appropriate funds for numerous state programs that face severe reduction or elimination due to the \$300,000,000 shortfall in projected revenues for the State in fiscal biennium 2001-2003.

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. 2654, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2654, H.D. 2, and be placed on the calendar for Third Reading.

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

SCRep. 634 Finance on H.B. No. 1810

The purpose of this bill is to propose an amendment to the Constitution of the State of Hawaii to repeal the Governor's line item veto power, which is the power to veto specific items in any bill that appropriates money for specific purposes.

The Department of Budget and Finance and the Libertarian Party of Hawaii opposed this measure.

Your Committee has amended this bill by clarifying the question to be printed on the election ballot.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1810, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1810, H.D. 2.

Signed by all members of the Committee except Representatives Magaoay and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 635 Finance on H.B. No. 2033

The purpose of this bill is to change the organizational structure of the statewide system of public education by amending the State Constitution to:

- (1) Abolish the Board of Education;
- (2) Empower the state Superintendent of Education (Superintendent) to formulate statewide educational policy;
- (3) Establish the Superintendent Selection Commission (Commission) to provide a list of four to six Superintendent nominees to the Governor for appointment, with the advice and consent of the Senate; and
- (4) Provide that the internal organization of the statewide system of education shall be as provided by law.

The Hawaii Business Roundtable submitted testimony in support of the intent of this bill. The Department of Education, Board of Education, the Hawaii Government Employees Association, and Hawaii State Teachers Association submitted testimony in opposition to this bill. The Department of Budget and Finance submitted comments on this bill.

Your Committee has amended this measure by:

- (1) Amending, rather than repealing, article X, section 3, of the State Constitution to establish local district school boards of education (local school boards) that implement statewide educational policies formulated by the Superintendent and formulate and implement local educational objectives;
- (2) Specifying that the Superintendent shall serve at the pleasure of the Governor, provided that the Governor may only remove the Superintendent with the advice and consent of the Senate;
- (3) Making the constitutional amendments take effect following ratification by the electorate, and upon the day that local school boards begin functioning as provided by law;
- (4) Clarifying the staggered terms of Commission members;
- (5) Condensing the ballot question and reflecting new constitutional material relating to local school boards; and
- (6) 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 Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2033, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2033, H.D. 3.

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

SCRep. 636 Finance on H.B. No. 2037

The purpose of this bill is to decentralize Hawaii's public education system by shifting accountability to the community level by:

- (1) Abolishing the Board of Education (BOE);
- (2) Establishing fifteen school complex areas established by the Department of Education (DOE);
- (3) Establishing area school boards, one for each complex area;
- (4) Setting guidelines for the Superintendent of Education (Superintendent) to be a coordinator to the school complex areas, in addition to managing the DOE;
- (5) Establishing complex area superintendents responsible for the educational needs of individual complex areas; and
- (6) Transferring the abolished BOE's responsibilities to the Superintendent.

The Hawaii Business Roundtable submitted testimony in support of the intent of this bill. BOE, DOE, Hawaii Government Employees Association, and Hawaii State Teachers Association submitted testimony in opposition to this bill.

Your Committee has amended this bill by:

- (1) Changing the name of "complex areas" to "districts";
- (2) Changing the name of "complex area superintendent" to "district administrator";
- (3) Creating the School District Apportionment Commission (Commission) to set up school districts rather than DOE. Your Committee intends that the superintendent who sits on the Commission means the Superintendent under current law until replaced in accordance with this bill;
- (4) Deleting the specification that districts be composed of school complexes;
- (5) Changing the composition of the district school boards from four elected and three appointed members to five elected members;

- (6) Reducing the term of school board members from four to two years;
- (7) Specifying that district administrators may be removed by their respective district boards with the approval of the Superintendent;
- (8) Specifying that hiring and firing of principals and vice-principals by district administrators be subject to collective bargaining agreements;
- (9) Clarifying the roles of the Superintendent, school board, and district;
- (10) Creating a Joint Senate-House Task Force (Task Force) to:
 - (A) Review statutes that will require conforming amendments;
 - (B) Propose legislation governing the election of district school boards; and
 - (C) Analyze the effects of this bill and propose additional legislation or amendments to the bill;
- (11) Repealing, rather than amending, outdated statutes relating to libraries;
- (12) Streamlining many provisions of the bill that were excessively prescriptive;
- (13) Changing the bill to take effect on July 1, 2005, and upon ratification of a constitutional amendment that provides for the abolishment of the BOE and the appointment of the Superintendent by the Governor; provided that the Commission and Task Force shall take effect upon approval and upon the ratification of a constitutional amendment that provides for the abolishment of the BOE and the appointment of the Superintendent by the Governor; and
- (14) 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. 2037, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2037, H.D. 2.

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

SCRep. 637 Finance on H.B. No. 2851

The purpose of this bill is to transfer the authority for the certification of principals and vice-principals from the Department of Education (DOE) to the Board of Professional Practice in Education.

The Hawaii Teacher Standards Board supported the intent of this measure. DOE and the Hawaii State Teachers Association opposed this measure.

Your Committee has amended this bill by replacing its contents. As amended, this bill:

- (1) Establishes the Hawaii Administrator Standards Board (Board) to establish standards for school administrator certification and for certifying administrators;
- (2) Establishes the Hawaii School Administrator Standards Board Revolving Fund;
- (3) Provides that the Board serve as the final adjudicator for appeals relating to certification; and
- (4) Providing that the Act be repealed on June 30, 2009; and
- (5) 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. 2851, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2851, H.D. 2.

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

SCRep. 638 Finance on H.B. No. 2751

The purpose of this bill is to appropriate funds to the Department of Education (DOE) for:

- (1) Four internal auditor positions;
- (2) Two support positions; and
- (3) One-time, start-up and equipment expenses.

DOE, Hawaii State Teachers Association, and concerned parents testified in support of this bill.

Your Committee has amended this measure by:

- (1) Changing the appropriation to \$1 for purposes of further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, conformity, 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, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2751, H.D. 1.

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

SCRep. 639 Finance on H.B. No. 2353

The purpose of this bill is to require the Department of Education (DOE) to establish procedures and guidelines for, and administer, annual testing of students on a grade-by-grade basis using the Stanford Achievement Test, 9th Edition (SAT-9) in reading and math reasoning.

A concerned citizen testified in support of this measure. DOE supported the intent of this measure.

The Hawaii State Teachers Association opposed this measure.

Your Committee has amended this bill by requiring DOE to use the most appropriate nationally normed test in place of the SAT-9 to comply with federal 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. 2353, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2353, H.D. 2.

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

SCRep. 640 Finance on H.B. No. 2172

The purpose of this bill is to appropriate \$1,000,000 for agricultural initiatives as follows:

- (1) \$500,000 for:
 - (A) Research and development of high-value agricultural products and biotechnology; and
 - (B) Creation and adoption of agricultural management practices that protect Hawaii's environment;and
- (2) \$500,000 for the development of the agribusiness incubator initiative.

The Hawaii Agriculture Research Center, Land Use Research Foundation of Hawaii, Hawaii Farm Bureau Federation, Pineapple Growers Association of Hawaii, Hawaii Forest Industry Association, Maui County Farm Bureau, Aloun Farms, Hawaiian Commercial & Sugar Company, Hawaii Leeward Planning Conference, Hawaii Export Nursery Association, and Tropical Hawaiian Products testified in support of this measure. The College of Tropical Agriculture and Human Resources of the University of Hawaii supported the intent of this measure.

Your Committee has amended this measure by changing the appropriation amounts to \$1 each for the purposes of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2172, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2172, H.D. 1.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 641 Finance on H.B. No. 2223

The purpose of this bill is to extend the duration of the Program for All Inclusive Care for the Elderly (PACE) demonstration project at Maluhia Hospital until June 30, 2005.

The Department of Human Services, the Chamber of Commerce of Hawaii, Hawaii Health Systems Corporation, and Healthcare Association of Hawaii testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2223, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2223, H.D. 1.

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

SCRep. 642 Finance on H.B. No. 2228

The purpose of this bill is to provide adequate retirement benefits to firefighters who retire because of service-connected disabilities and return to government service in another capacity. This bill specifies that these firefighters shall receive retirement benefits based on the 2.5 percent benefit formula used by firefighters for the period they served as firefighters.

The Hawaii State Firefighters Association testified in support of this measure, with amendments.

Your Committee has amended this bill by:

- (1) Providing a retirement allowance of 2.5 percent of the member's average final compensation for individuals with at least ten years of credited service as a firefighter and is deemed permanently medically disqualified to be a firefighter, but remains in employment in a class A or B position other than a firefighter;
- (2) Removing the remaining provisions of the bill;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2228, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2228, H.D. 2.

Signed by all members of the Committee except Representative Rath.

SCRep. 643 Finance on H.B. No. 2234

The purpose of this bill is to re-establish the Fiftieth Anniversary Commemoration of the Korean War Commission and appropriate funds to complete its mission.

The Mayor of the City and County of Honolulu, Mayor of the County of Kauai, and numerous veterans organizations and individuals submitted testimony in support of this bill. The Department of Defense submitted testimony in support of 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 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. 2234, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2234, H.D. 1.

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

SCRep. 644 Finance on H.B. No. 2242

The purpose of this bill is to support irrigation projects and low-head hydroelectric plants by:

- (1) Establishing the Irrigation System Special Fund (Special Fund) into which all proceeds paid by public utilities for the purchase of electricity generated by low-head hydroelectric plants are to be deposited. Funds in this Special Fund will be used to defray the cost of operations relating to state irrigation and water utilization projects;
- (2) Requiring the Public Utilities Commission (PUC) to direct public utilities to purchase the electricity to ensure that:
 - (A) Utility rates are just and reasonable for all rate payers; and
 - (B) Electric service is provided in a safe and secure manner;
- (3) Conferring additional powers to the Board of Agriculture (BOA) regarding low-head hydroelectric plants, including the power to:
 - (A) Make preliminary surveys and engineering studies for low-head hydroelectric plants that use water from existing state irrigation projects;

(B) Construct, operate, manage, and maintain these plants; and

(C) Sell the electricity generated from these plants to public utilities;

and

(4) Authorizing the issuance of \$5,000,000 in general obligation (GO) bonds to finance the construction of low-head hydroelectric plants that use water from state irrigation projects.

In addition, this bill repeals the power of the BOA to acquire by eminent domain, water and water resources, reservoir sites, rights-of-way over lands and property for paths, trails, roads, and other structures that may properly fall within the scope of BOA's activities in managing an irrigation and water utilization system.

The Representative of the 30th District, Hawaii Farm Bureau Federation, and Hawaii Agriculture Research Center supported this measure. Ka Lahui Hawaii opposed this bill. The Department of Agriculture, Department of Budget and Finance, Public Utilities Commission, Hawaiian Electric Company, Maui Electric Company, and the Hawaii Electric Light Company commented on this bill.

Your Committee has amended this measure by:

(1) Changing the GO bond authorization to \$1 for the purpose of furthering discussion; and

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2242, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2242, H.D. 2.

Signed by all members of the Committee except Cabrerros and Rath.

SCRep. 645 Finance on H.B. No. 2276

The purpose of this bill is to amend collective bargaining provisions to allow negotiating parties to agree that non-cost items are valid and enforceable.

The Hawaii Government Employees Association and United Public Workers supported this measure. The Hawaii State Teachers Association supported the intent of this bill. The Department of Human Resources Development offered comments.

Your Committee has amended this measure by changing the effective date to July 1, 2010, for the purpose of furthering 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. 2276, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2276, H.D. 2.

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

SCRep. 646 Finance on H.B. No. 2325

The purpose of this bill is to provide greater flexibility in the acceptance of property by the counties by allowing a county mayor, in addition to the county council, to adopt a road as a county highway, if authorized by a county ordinance.

The Maui County Council testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2325, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2325, H.D. 1.

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

SCRep. 647 Finance on H.B. No. 2630

The purpose of this bill is to protect Hawaii's agricultural products by:

(1) Establishing a Seal of Quality Program (Program) for agricultural products produced in Hawaii;

(2) Establishing the Hawaii Marketing Alliance to develop and implement the Program; and

(3) Establishing the Seal of Quality Special Fund (Special Fund) for use by the Department of Agriculture to administer and operate the Program.

The Hawaii Agriculture Research Center, Hawaii Farm Bureau Federation, Maui County Farm Bureau, Pineapple Growers Association of Hawaii, Del Monte Fresh Produce (Hawaii), Inc., Hawaii Tropical Flower Council, and Commodity Advisory Group supported this measure. The Department of Agriculture and Meadow Gold Dairies supported the intent of this bill.

Your Committee has amended this measure by:

- (1) Including additional sources of funds that may be deposited into the Special Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2630, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2630, H.D. 2.

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

SCRep. 648 Finance on H.B. No. 2803

The purpose of this bill is to amend the motion picture and film production income tax credit by:

- (1) Establishing a tax credit up to twenty-two percent of the cost of wages and salaries, up to a maximum of \$25,000 for each taxpayer;
- (2) Allowing a tax credit up to four percent of the total costs incurred in the production of motion pictures, television films, and commercials, excluding the costs for wages and salaries; and
- (3) Making production costs of commercials eligible for the tax credit.

The Big Island Film Office, Department of Business, Economic Development, and Tourism, Hawaii Island Economic Development Board, FilmWorks Pacific Ltd., and an individual submitted testimony in support of this bill. The Department of Taxation submitted testimony in support of the intent of this bill. The Department of Budget and Finance submitted testimony in opposition to this bill. The Tax Foundation of Hawaii submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Clarifying that the amount of the tax credit is based on the first \$25,000 of the wage and salary of each employee of the taxpayer who claims a tax credit;
- (2) Deleting the percentage allowed for each tax credit; and
- (3) 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. 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 Cabrerros and Rath.

SCRep. 649 Finance on H.B. No. 1751

The purpose of this bill is to make an appropriation for the Sex Offender Treatment Program to fund various treatment and assessment services for parolees under the supervision of the Hawaii Paroling Authority (HPA).

Your Committee received testimony in support of this measure from the Department of Public Safety, HPA, ACLU of Hawaii, Community Alliance on Prisons, and a concerned individual.

Your Committee has amended this measure by:

- (1) Changing the amount of the appropriation to \$1 for the purpose of continued discussion; and
- (2) Making a technical, nonsubstantive amendment 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. 1751, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1751, H.D. 2.

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

SCRep. 650 Finance on H.B. No. 1821

The purpose of this bill is to provide the Office of the Auditor with sufficient funds to conduct financial audits.

Specifically this bill:

- (1) Appropriates \$1,000,000 for fiscal year 2002-2003 to conduct financial audits of the Department of Education (DOE), Department of Health (DOH), and Department of Human Services (DHS); and
- (2) Appropriates \$3,700,000 for fiscal year 2002-2003 to conduct financial audits of other state agencies.

The Office of the Auditor testified in support of this measure. DHS, DOH, and the Department of Accounting and General Services testified in opposition to this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2010, to promote further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1821, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1821, H.D. 2.

Signed by all members of the Committee except Representative Davis.

SCRep. 651 Finance on H.B. No. 1939

The purpose of this bill is to support Hawaii's agricultural industry by appropriating \$45,000,000 to improve agricultural water infrastructure. Of this amount, \$5,000,000 will be used for federal aid financing or reimbursement.

The Department of Agriculture, College of Tropical Agriculture and Human Resources, Pineapple Growers Association of Hawaii, Hawaii Leeward Planning Conference, Land Use Research Foundation of Hawaii, Hawaii Farm Bureau Federation, Big Island Farm Bureau, Maui County Farm Bureau, Kauai County Farm Bureau, Molokai Farm Bureau, Honomalino Irrigation Cooperative, MacFarms of Hawaii, Inc., Hawaii Macadamia Nut Association, Hawaii Agriculture Research Center, Mother Goose Farms, East Kauai Water Users' Cooperative, and Gay & Robinson, Inc. supported this measure. Ka Lahui Hawaii commented on this bill.

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

- (1) Changing the appropriation amount to \$1 for the purpose of furthering discussion;
- (2) Changing the amount of funds to be used for federal aid financing or reimbursement to \$1 for the purpose of furthering discussion;
- (3) Changing the means of financing from general funds to general obligation bonds;
- (4) Providing that the appropriation made for capital improvement projects shall not lapse at the end of the fiscal biennium, provided that all appropriations that are unencumbered as of June 30, 2004 shall lapse; and
- (5) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1939, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1939, H.D. 2.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 652 Finance on H.B. No. 2017

The purpose of this bill is to strengthen and improve the agricultural industry by appropriating \$1,000,000 to support agricultural research and development efforts conducted by the Hawaii Agricultural Research Center (HARC).

The Department of Agriculture, HARC, the College of Tropical Agriculture and Human Resources, Land Use Research Foundation of Hawaii, the Hawaii Farm Bureau Federation, Maui County Farm Bureau, Hawaii Leeward Planning Conference, Pineapple Growers Association of Hawaii, Agro Resources, Inc., Waialua Farmers Cooperative, Hawaiian Commercial and Sugar Company, Hawaii Egg Producers Cooperative, Waialua Vine-ripe, Gay and Robinson, Inc., and concerned citizens testified in support of this measure.

Your Committee has amended this measure by changing the appropriation to \$1 for the purpose of further discussion.

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

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

SCRep. 653 Finance on H.B. No. 2072

The purpose of this bill is to appropriate \$2,000,000 out of the Emergency Budget and Reserve Fund to be expended by the Housing and Community Development Corporation of Hawaii (HCDCH) to provide financial assistance for the housing needs of Hawaii's needy, including rent, mortgage, and utility payments and other housing expenses. In addition, this bill:

- (1) Allows the Office of the Auditor to conduct financial audits on the expenditure of funds appropriated under this bill; and
- (2) Requires HCDCH to submit to the Legislature a detailed expenditure report on the funds appropriated in this bill.

The Hawaii State Commission on the Status of Women, Affordable Housing and Homeless Alliance, Hawaii Catholic Conference, Hawaii Together, Partners In Care, Kauai Economic Opportunity, Inc., Volunteer Legal Services Hawaii, and an individual submitted testimony in support of this bill. The Special Assistant to the Governor for Housing, Catholic Charities, and HCDCH submitted testimony in support of the intent of this bill.

Your Committee has amended this bill by changing the appropriation amount from \$2,000,000 to \$1,000,000.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2072, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2072, H.D. 2.

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

SCRep. 654 Finance on H.B. No. 1974

The purpose of this bill is to appropriate funds to continue funding a position in the Department of Accounting and General Services (DAGS) to coordinate public and private efforts to repair and maintain public schools.

The Department of Education, DAGS, Hawaii 3R's, and the Chamber of Commerce of Hawaii submitted testimony in support of this bill. The Hawaii Government Employees Association submitted testimony in support of the intent of this bill.

Your Committee has amended this bill by changing the appropriation for fiscal year 2002-2003 to \$1 to facilitate further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1974, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1974, H.D. 1.

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

SCRep. 655 Finance on H.B. No. 1858

The purpose of this bill is to ensure safe, structured learning environments for children and youths during out-of-school hours by setting aside a portion of the tobacco settlement moneys for before-school, after-school, and weekend programs.

The Hawaii Youth Services Network, Keiki Injury Prevention Coalition, Blueprint for Change, and three individuals testified in support of this measure. The Office of Youth Services supported the intent of this bill.

Your Committee has amended this bill by:

- (1) Changing the means of financing from the tobacco settlement moneys to the General Fund;
- (2) Appropriating \$1 to be expended by the Office of Youth Services for the purpose of continued discussion;
- (3) Changing the effective date to July 1, 2002; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1858, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1858, H.D. 2.

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

SCRep. 656 Finance on H.B. No. 1878

The purpose of this bill is to statutorily establish the Hawaii State Student Council (HSSC), consisting of 23 representatives from the various school districts and the student member of the Board of Education. In addition, this bill requires the HSSC to conduct an annual conference of secondary school students.

The Department of Education and four concerned citizens supported this measure. The Department of Budget and Finance opposed this bill.

Your Committee has amended this measure by:

- (1) Deleting the provision that the HSSC shall consist of 23 representatives from the various school districts and replacing it with the provision that the HSSC shall consist of at least one representative from each of the departmental school districts; and
- (2) Changing the effective date of this bill to July 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. 1878, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1878, H.D. 2.

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

SCRep. 657 Finance on H.B. No. 1730

The purpose of this bill is to raise the drivers education fund underwriters fee and reallocate the fee among the Insurance Division of the Department of Commerce and Consumer Affairs, the Director of Commerce and Consumer Affairs, and the Department of Transportation (DOT) for driver education and traffic safety programs.

The Department of Education and the Hawaii Association of Safety Traffic Educators testified in support of this measure. DOT testified in support of the bill with amendments. The Hawaii Insurers Council testified in opposition to this bill. The Department of Commerce and Consumer Affairs offered comments.

Your Committee has amended this measure by:

- (1) Clarifying that DOT is authorized to spend its portion of the fees collected for the purposes of section 431:10C-115, Hawaii Revised Statutes; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1730, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1730, H.D. 1.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou, Moses and Rath voted no.)

SCRep. 658 Finance on H.B. No. 2450

The purpose of this bill is to enable affordable housing projects to be competitive in the current real estate market by allowing the Housing and Community Development Corporation of Hawaii (HCDCH) to waive the statutory three-year buyback provision until December 31, 2004.

HCDCH testified in support of this measure.

Your Committee has amended this bill by:

- (1) Changing the effective date to take effect upon its approval; and
- (2) Making technical, nonsubstantive amendments to correct drafting errors.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2450, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2450, H.D. 1.

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

SCRep. 659 Finance on H.B. No. 2452

The purpose of this bill is to encourage the use of electric vehicles by continuing to exempt them from various requirements applicable to conventional, internal combustion engine-powered vehicles until June 30, 2005.

The High Technology Development Corporation, Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company testified in support of this measure.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2452, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2452, H.D. 1.

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

SCRep. 660 Finance on H.B. No. 2465

The purpose of this bill is to streamline the funding of the Department of Commerce and Consumer Affairs (DCCA) by merging the Insurance Regulation Fund into the Compliance Regulation Fund.

DCCA and the Insurance Division submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Ensuring that certain amendments made in this bill are not repealed when those sections are reenacted in an earlier form pursuant to previous legislation; 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. 2465, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2465, H.D. 1.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 661 Finance on H.B. No. 2466

The purpose of this bill is to:

- (1) Amend real estate licensing requirements to:
 - (A) Allow reciprocity agreements with other jurisdictions;
 - (B) Recognize out-of-state licenses and real estate licensing experience under specified conditions for purposes of eligibility for the broker's examination; and
 - (C) Recognize continuing education courses completed by out-of-state licensees;
- (2) Remove regulatory authority over limited-equity housing cooperatives that duplicates regulation under federal law by repealing the Commissioner's administrative authority regarding arbitration of disputes;
- (3) Allow principal brokers to delegate responsibility for management of a brokerage firm and provide for accountability according to the principal broker's written policies and procedures; and
- (4) Streamline regulation of condominium managing agents who are active real estate brokers by removing duplicative fidelity bond and registration requirements.

The Department of Commerce and Consumer Affairs and the Hawaii Association of Realtors testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2466, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2466, H.D. 1.

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 662 Finance on H.B. No. 2574

The purpose of this bill is to stimulate economic activity in the residential construction industry by:

- (1) Extending the residential construction and remodeling income tax credit to include costs incurred up to December 31, 2005; and
- (2) Applying the credit to costs incurred on or after October 1, 2001, to target the credit for the period after the September 11, 2001, terrorist attacks.

In addition, this bill clarifies:

- (1) The definition of "construction or remodeling cost"; and
- (2) The original credit provisions to give the Department of Taxation (DOTAX) clearer guidance on the administration of the credit.

DOTAX, the Department of Business, Economic Development, and Tourism, Land Use Research Foundation of Hawaii, General Contractors Association of Hawaii, Hawaii Association of Realtors, and AIA Hawaii State Council submitted testimony in support of

this measure. Subcontractors Association of Hawaii supported the intent of this measure. The Building Industry Association of Hawaii and Armstrong Builders, Ltd., supported this measure, with amendments.

The Sierra Club, Hawaii Chapter, opposed this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this bill by:

- (1) Clarifying the definition of "construction and remodeling cost" to further strengthen the statute and provide fair and equitable administration of the credit by DOTAX; 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. 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 Representatives Saiki and Davis.

SCRep. 663 Finance on H.B. No. 2787

The purpose of this bill is to repeal the Department of Education (DOE) Storeroom Revolving Fund (Fund).

The Hawaii State Teachers Association, DOE, and the State Auditor testified in support of this measure.

Your Committee has amended this bill by requiring the Superintendent of Education to transfer any unexpended or unencumbered funds from the Fund as of December 31, 2002, to the general 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. 2787, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2787, H.D. 2.

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

SCRep. 664 Finance on H.B. No. 2480

The purpose of this bill is to establish a School Bus Fare Special Fund (Special Fund) into which school bus fares collected by schools from students, parents, or guardians are to be deposited.

Moneys in the Special Fund will be used for the operation of State-contracted school bus services.

The Department of Education supported this bill.

Your Committee has amended this measure by:

- (1) Inserting additional language to establish the Special Fund; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

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

Signed by all members of the Committee except Representatives Cabrerros and Rath.

SCRep. 665 Finance on H.B. No. 1816

The purpose of this bill is to provide adequate public notification of proposed shoreline certifications by requiring the applicant to mail copies of the application to:

- (1) The county planning department;
- (2) Abutting property owners; and
- (3) The Office of Environmental Quality Control for publication in its periodic bulletin.

This bill also allows notification to be sent to a board or association of an affected condominium property regime or cooperative housing cooperation in lieu of individual owners.

The Office of Planning and the Sierra Club, Hawaii Chapter, supported this bill. The Department of Land and Natural Resources commented on this bill.

Your Committee has amended this bill by allowing, instead of requiring, the Board of Land and Natural Resources to adopt rules pursuant to chapter 91 to implement the new law.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1816, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1816, H.D. 2.

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

SCRep. 666 Finance on H.B. No. 2165

The purpose of this bill is to clarify that the Hawaii Teacher Standards Board (HTSB) retains sole jurisdiction over teacher license issuance and revocation.

Testimony in support of this measure was submitted by HTSB, Hawaii State Teachers Association, and the Hawaii Association of Independent Schools. The Department of Education supported this bill with suggested amendments. The Office of the Lieutenant Governor offered comments.

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

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2165, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2165, H.D. 1.

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

SCRep. 667 Finance on H.B. No. 2559

The purpose of this bill is to reduce regulatory burden and confusion by repealing void and unnecessary administrative rules.

The Office of the Lieutenant Governor, Department of Education, Department of Commerce and Consumer Affairs, and Department of Land and Natural Resources submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Exempting state agencies that are affected by this bill from chapter 91, Hawaii Revised Statutes, with regard to the repeal of rules pursuant to this bill; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2559, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2559, H.D. 2.

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

SCRep. 668 Finance on H.B. No. 2493

The purpose of this bill is to extend the transfer rights of a homestead lessee, who is at least one-quarter Hawaiian and received an interest in a tract of land through succession or transfer, to transfer the lessee's leasehold interest to a brother or sister who is at least one-quarter Hawaiian.

The Department of Hawaiian Home Lands testified in support of this measure.

Your Committee has amended this bill by:

- (1) Inserting a severability clause; 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. 2493, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2493, H.D. 1.

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

SCRep. 669 Finance on H.B. No. 2479

The purpose of the bill is to strengthen and enhance the civil defense of Hawaii by coordinating state functions as much as possible: with comparable functions of the federal government coordinated with those of other states, localities, and private agencies.

To further this purpose, the measure clarifies that:

- (1) The immunities provided under section 128-18, Hawaii Revised Statutes (HRS), also apply to private agencies and entities participating in the civil defense system of the State when they are engaged in a civil defense function; and
- (2) Compensation received by an innkeeper or hotelkeeper from registered guests is not considered compensation for purposes of section 128-19, HRS.

The Department of Public Safety, Department of Defense, Department of Business, Economic Development, and Tourism, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and Hawaii Hotel Association testified in support of the measure.

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

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

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

SCRep. 670 Finance on H.B. No. 2507

The purpose of this bill is to streamline the divorce and annulment process by eliminating the requirement of registering these events with the Department of Health (DOH).

The Office of the Lieutenant Governor testified in support of this measure. DOH supported the intent of this measure with recommended amendments. The Judiciary commented on this bill.

Your Committee has amended this measure by changing the effective date 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. 2507, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2507, H.D. 3.

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

SCRep. 671 Finance on H.B. No. 2506

The purpose of this bill is to streamline and centralize the process for registering and recording vital events such as births, deaths, and marriages by allowing a designated representative of the Department of Health (DOH) in each county to process the records.

The Office of the Lieutenant Governor and DOH testified in support of this measure. The Office of Information Practices testified in support of the intent of the bill.

Your Committee has amended this bill by:

- (1) Updating the language in section 338-18, Hawaii Revised Statutes, pertaining to the disclosure of records, to conform with the other statutory updates; 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. 2506, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2506, H.D. 1.

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

SCRep. 672 Finance on H.B. No. 2503

The purpose of this bill is to:

- (1) Provide for a consistent fee structure for permits relating to burial and disinterment administered by the Department of Health (DOH); and
- (2) Provide funds for the automation and modernization of the process of registering death events with DOH.

DOH testified in support of this measure.

Your Committee has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, conformity, 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. 2503, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2503, H.D. 1.

Signed by all members of the Committee except Representatives Saiki and Rath.
(Representatives Djou and Moses voted no.)

SCRep. 673 Finance on H.B. No. 2542

The purpose of this bill is to enable the State to provide infrastructure improvements at State small boat harbors by increasing the moorage fees for nonresident and commercial permittees.

The Department of Land and Natural Resources testified in support of this measure. The Ocean Tourism Coalition, Coon Bros. Inc., Trilogy Excursions, Paradise Cruise, Ltd., and one concerned individual supported the intent of this bill. Eight concerned individuals offered comments. The Hawaii Boaters Political Action Association, Ala Wai Marina Board, Makai Society, and six concerned individuals opposed this bill.

Your Committee has amended this bill by:

- (1) Inserting the increases in moorage fees for nonresidents as follows:
 - (a) A 35 percent increase on July 1, 2002; and
 - (b) Annual 5 percent increases on July 1 of each year from 2003 to 2006;
 and

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

Your Committee agrees that a moorage fee increase may be justified and overdue for the following reasons:

- (1) To a large degree, the State's small boat harbor operations, including maintenance, must be self-sustaining;
- (2) The \$250 million price tag for capital improvements to the State small boat harbors must be absorbed by boating moorage and user fees and not by the General Fund as has been proposed; and
- (3) The fees at Ala Wai, despite its premier location, are less than one-half of privately-operated facilities at Keehi and Ko Olina. (The fees are substantially lower at all other State small boat harbors.)

While your Committee agrees that moorage fee increases should normally be a part of the administrative rule-making process, the dire need to address the issues cited above, without delay, compels your Committee to take this action.

As affirmed by the record of votes of the members of 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, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2542, H.D. 2.

Signed by all members of the Committee except Representatives Saiki and Davis.
(Representatives Djou, Leong, Moses and Rath voted no.)

SCRep. 674 Finance on H.B. No. 2424

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

As received by your Committee, this bill contained 26 claims totaling \$1,923,990.35.

The Attorney General submitted testimony in support of this bill.

Your Committee has amended this bill by:

- (1) Including five additional claims recently resolved by the Attorney General:
 - (A) Bank of New York v. Converse, et al., Civil No. 00-1-0607-02, First Circuit, \$70,000 Settlement;
 - (B) Kepa et al. V. Okada Trucking Co., et al., Civil No. 00-1-1437-05, First Circuit, \$20,000 Settlement;
 - (C) Pahk v. State of Hawaii, et al., Civil No. 99-00849 SOM-LEK, USDC, \$40,000 Settlement;
 - (D) Preston v. State of Hawaii, Civil No. 99-2000-05, First Circuit, \$75,000 Settlement; and
 - (E) Hawaii Electric Light Company, Inc. v. Department of Land and Natural Resources, et al., Civil No. 96-131K, Third Circuit, \$17,622.07 Judgment from the Special Land Development Fund;

- (2) Paying the following claims from special or revolving funds, instead of the state general fund:
- (A) Cox v. Aloha Stadium Authority, et al., Civil No. 00-00118, USDC, to be paid from the Stadium Special Fund; and
 - (B) Roes I, II, and III v. State of Hawaii, et al., Civil Nos. 99-00079, 99-00308, and 99-00309, USDC, to be paid from the Mental Health and Substance Abuse Special Fund;
- (3) Paying the settlement for Laybon v. Smythe, et al., Civil No. 96-0660, USDC, from the state general fund instead of the Department of Public Safety's budget appropriation;
- (4) Splitting the source of funding for the Kelly, et al. v. 1250 Oceanside Partners, et al., Civil No. 00-1-192K, Third Circuit, claim of \$15,000 so that \$7,500 comes from the Historic Preservation (LNR 802) General Fund and \$7,500 comes from the Na Ala Hele Program (LNR 804) Special Fund;
- (5) Deleting the claim for Mitchell v. State of Hawaii, Civil No. 99-217K, Third Circuit, because it was previously paid from the Department of Transportation Highways Fund. Your Committee finds that payment of this claim from the Highways Fund was an appropriate use of Fund moneys, and that it is inappropriate for the State to reimburse the Highways Fund for this claim;
- (6) Making other technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As amended by your Committee, all claims paid by this bill total \$2,109,891.94.

As affirmed by the record of votes of the members of 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 Saiki and Rath.

SCRep. 675 Finance on H.B. No. 2576

The purpose of this bill is to encourage the growth of the high technology industry in Hawaii by:

- (1) Amending the income tax exemption for income of an individual or a qualified high technology business from royalties, patents, copyrights, and trade secrets by:
 - (A) Amending the definition of "performing arts products" to require that at least fifty per cent of postproduction work on commercial television and film performing arts products be performed in Hawaii to qualify for the exemption;
 - (B) Defining "postproduction work"; and
 - (C) Expanding the types of software research that falls under the definition of "qualified research" by removing a limiting reference to "fourth generation or higher software;"

and
- (2) Amending the high technology business investment tax credit by:
 - (A) Clarifying that the recapture provisions of this credit apply where a business or an interest in the business has been transferred;
 - (B) Requiring that a qualified high technology business be in business at the close of its taxable year for investors to claim the credit for that year; and
 - (C) Declaring that if the credit is claimed in any taxable year, the motion picture credit and the ethanol production credit may not be claimed for that year.

The Department of Taxation and Hawaii Technology Trade Association testified in support of this measure. The Tax Foundation of Hawaii submitted comments.

Your Committee has amended this measure by

- (1) Providing that the condition that a qualified high technology business must be in business at the close of its taxable year for investors to claim the high technology investment tax credit for that year, applies regardless of when the investment was made;
- (2) Moving to section 4 of the bill, references to dates on which various provisions of the bill will become effective;
- (3) Making recapture of the high technology business investment tax credit applicable to transfers of a business or interest in a business that occur after July 1, 2002;
- (4) Eliminating specific references to the motion picture credit and the ethanol production credit and replacing them with a general reference to credits for the same investment under chapter 235; and
- (5) Making other technical, nonsubstantive amendments for purposes of clarity, conformity, 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 Representatives Saiki and Davis.

SCRep. 676 Finance on H.B. No. 2838

The purpose of this bill is to promote the development of a hydrogen-based energy economy in Hawaii by allocating \$250,000 per year of the State's portion of geothermal royalties to the Department of Business, Economic Development, and Tourism (DBEDT) to fund hydrogen research and development as an energy source.

Hawaii Renewable Energy Alliance testified in support of this measure. DBEDT supported the intent of this measure. The Department of Land and Natural Resources testified in opposition to this measure.

Your Committee has amended this bill by changing the allocated amount to \$1 for the purpose of further discussion.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2838, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2838, H.D. 2.

Signed by all members of the Committee except Representatives Magaoay and Davis.

SCRep. 677 Finance on H.B. No. 2836

The purpose of this bill is to support increased energy efficiency in Hawaii by implementing the final recommendations of the Energy Efficiency Policy Task Force, which includes:

- (1) Restricting tax credits and recommending appropriate tax credit levels and dollar caps;
- (2) Encouraging the Department of Taxation (DOTAX) to collect detailed data on tax credits to support future analyses and to prepare appropriate administrative rules;
- (3) Encouraging the Department of Human Services to use federal funds from the Low-income Home Energy Assistance Program to install energy saving devices;
- (4) Providing and supporting efficiency and renewable energy education programs;
- (5) Supporting utility energy efficiency and renewable energy programs; and
- (6) Encouraging the Public Utilities Commission (PUC) to continue to support increased energy efficiency and renewable resources.

The Energy Efficiency Policy Task Force, Building Industry Association of Hawaii, Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, The Gas Company, Hawaii Chapter of the Sierra Club, Hawaii Renewable Energy Alliance, Hawaii Solar Energy Association, Inter-Island Solar Supply, R&R Solar Supply, and Hydrogen Renewable Energy Enterprise, LLC, submitted testimony in support of this bill. An individual submitted testimony in support of this bill with proposed amendments. The Department of Business, Economic Development, and Tourism and PowerLight Corporation submitted testimony in support of the intent of this bill. DOTAX and Wholesale Motors, Inc., submitted testimony in opposition to this bill. PUC and the Tax Foundation of Hawaii submitted comments on this bill.

Your Committee has amended this bill by:

- (1) Adding a sunset provision for June 30, 2008; 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. 2836, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2836, H.D. 2.

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

SCRep. 678 Finance on H.B. No. 2831

The purpose of this bill is to preserve and protect Hawaii's unique coral reefs by:

- (1) Establishing a network of statewide marine no-take refuges or "pu'uhonua" under the management of the Department of Land and Natural Resources; and
- (2) Establishing the Pu'uhonua Committee to assist in the development and management of the pu'uhonua network.

The Sierra Club, Hawaii Chapter, Hawaii's Thousand Friends, Hawaii Audobon Society, Pacific Whale Foundation, and three concerned citizens supported this measure. The Department of Budget and Finance, Department of Land and Natural Resources, Hawaiian Island Recreational Scuba Association, Lahaina Divers, Inc., Activity Owners Association, Paradise Cruise, Ltd., Aqua Lung Pacific, Eco-Adventures, Inc., Coon Brothers, Inc., Captain Andy's Sailing, Inc., Ocean Tourism Coalition, and the Diving Kauai Companies opposed this bill.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2010, for the purpose of furthering discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2831, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2831, H.D. 3.

Signed by all members of the Committee except Representatives Magaoay and Davis.
(Representatives Djou and Moses voted no.)

SCRep. 679 Finance on H.B. No. 2849

The purpose of this bill is to establish high school career and technical education programs within the Department of Education (DOE).

Specifically, this bill appropriates \$250,000 for fiscal year 2002-2003 for two full-time equivalent educational specialist positions, one full-time equivalent state resource teacher position, and one full-time equivalent secretary II position within DOE.

DOE testified in support of the intent of this measure.

Your Committee has amended this bill by:

- (1) Changing the appropriation to \$1 for the purpose of furthering discussion; 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. 2849, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2849, H.D. 1.

Signed by all members of the Committee except Representatives Magaoay and Davis.
(Representative Djou voted no.)

SCRep. 680 Consumer Protection & Commerce on H.B. No. 2055

The purpose of this bill is to repeal the sunset date of Act 229, Session Laws of Hawaii (SLH) 2001, which expanded the definition of the "practice of social work" to include clinical diagnosis or psychotherapy under certain conditions.

Testimony in support of this measure was submitted by the Department of Commerce and Consumer Affairs, Department of Human Services, Department of Health, Clinical Social Work Society of Hawaii, Hawaii Youth Services Network, National Association of Social Workers, Hawaii Nurses' Association, and two concerned individuals.

Your Committee finds that Act 229, SLH 2001, added a new category for clinical social workers, and included psychotherapy and clinical diagnosis within their scope of practice. Unless the sunset date, which is set to take effect on January 1, 2003, is repealed, these social workers will be found in violation of the psychologist licensing law that states that only professions who have psychotherapy in their scope of practice are allowed to perform that service. Your Committee finds that clinical social workers are trained in and are currently practicing psychotherapy, and should be allowed to continue this practice.

Furthermore, your Committee finds that by maintaining a licensing mechanism, clinical social workers would continue to be eligible for Medicaid reimbursement. This would help to reduce costs associated with the delivery of mental health services, since reimbursement rates for clinical social workers are substantially less than the same services provided by a psychologist.

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

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2055, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2055, H.D. 1.

Signed by all members of the Committee except Representative Case.

SCRep. 681 Consumer Protection & Commerce on H.B. No. 2056

The purpose of this bill is to protect consumers by:

- (1) Creating a three-tiered licensure program for social workers to regulate social workers at the following levels:
 - (A) Licensed bachelor social worker (LBSW), requiring a bachelor's social work degree and the Association of Social Work Boards (ASB) basic level examination;
 - (B) Licensed social worker (LSW), requiring a master's or a doctoral degree and the ASB intermediate or higher level examination; and
 - (C) Licensed clinical social worker (LCSW) requiring the LSW qualifications, and also the ASB clinical level national examination and specific post master's clinical social work experience;
- and
- (2) Restricting the scope of practice of social workers under the three-tiered licensing scheme.

Your Committee finds that social workers often provide the first contact with clients who need mental health services, addiction rehabilitation services, counseling, and other social services. This bill is designed to assure that the right "match" is made between client and social worker, and that the social worker is held accountable for honesty and ethical behavior, as well as professional skill and knowledge.

Testimony in support of this measure was submitted by the Clinical Social Work Society of Hawaii, Hawaii Youth Services Network, and a number of concerned citizens. The National Association of Social Workers supported the intent of this bill. The Department of Commerce and Consumer Affairs is opposed to this bill.

Your Committee has amended this measure by:

- (1) Making additional amendments to chapter 431M, Hawaii Revised Statutes, Mental Health and Alcohol and Drug Abuse Treatment Insurance Benefits, to comprehensively reflect the new "licensed clinical social worker" category;
- (2) Deleting a provision that "grandfathered" all LCSWs registered as of June 30, 2002, and thus exempted them from showing compliance with the licensing requirements of section 467E-7;
- (3) Deleting substantive amendments to the insurance laws that fell outside of the title of this bill;
- (4) Extending the repeal date of Act 229, Session Laws of Hawaii (SLH) 2001, that established the clinical social worker provisions of the social worker law, to June 30, 2004;
- (5) Changing the effective date of some of the licensing provisions of this Act to July 1, 2004; and
- (6) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2056, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2056, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 682 Consumer Protection & Commerce on H.B. No. 2065

The purpose of this bill is to remove an unnecessary layer of oversight over advanced practice registered nurses (APRNs) by:

- (1) Specifying that the Board of Nursing (Board) shall establish the standards for advanced nursing practice relating to prescriptive authority;
- (2) Replacing the Department of Commerce and Consumer Affairs with the Board as the agency that grants prescriptive authority to qualified APRNs;
- (3) Replacing the Board of Medical Examiners with the Board as the agency that designates the APRN formulary; and
- (4) Establishing an advisory committee on formularies composed of representatives of different APRN specialties, physicians, pharmacists, and other health-related areas, to advise the Board on formulary matters.

The Board, University of Hawaii School of Nursing and Dental Hygiene, Hawaii Government Employees Association, Hawaii Nurses' Association, Hawaii Chapter of Pediatric Nurse Practitioners, Hawaii Association of Nurse Anesthetists, and many concerned individuals submitted testimony in support of this measure.

The Hawaii Medical Association, Board of Medical Examiners, and two physicians opposed this measure.

Your Committee finds that Hawaii is the only state in which nurses are regulated under three separate agencies. The Board establishes rules for the practice of nursing, DCCA grants prescriptive authority, and the Board of Medical Examiners designates formularies. In the vast majority of states, APRN prescriptive authority is granted by the state's board of nursing.

Your Committee finds that the Board has the most relevant working knowledge of the qualifications of APRNs, and those with APRN licenses have a personal stake in ensuring that professional standards are upheld and are sufficient to protect the public. Your Committee finds that transferring regulatory oversight to the Board will not only increase the efficacy of the current regulatory system, but will also increase efficiency by reducing confusion that currently arises because of the tripartite system of regulation.

In addition, your Committee finds that the advisory committee established by the bill will ensure that APRNs are provided the advice and expertise of other related professions in establishing the APRN formulary, and will also allow health care professionals in related fields an opportunity to participate in the designation of the formulary.

Your Committee has amended this measure by:

- (1) Clarifying that the advisory committee is to be established by the Board; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2065, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2065, H.D. 1.

Signed by all members of the Committee except Representative Case.

SCRep. 683 Consumer Protection & Commerce on H.B. No. 2258

The purpose of this bill is to:

- (1) Remove the sunset date on the licensing of marriage and family therapists;
- (2) Authorize license reciprocity agreements with other states;
- (3) Clarify license exemptions for overlapping occupations; and
- (4) Repeal violations of recognized ethical standards as set by the American Association for Marriage and Family Therapy as a ground for discipline.

Testimony in support of this measure was received from the Hawaii Association for Marriage and Family Therapy, Argosy University, Hawaii International Child Placement and Family Services, Inc., Hawaii Counseling and Education Center, and numerous concerned individuals. A number of concerned individuals from Chaminade University supported the bill with suggested amendments. The Department of Commerce and Consumer Affairs (DCCA) provided comments and recommended amendments.

Your Committee recognizes that marriage and family therapists provide a critical service to the people of Hawaii, and that removing the sunset date on licensure will help to ensure that our citizens receive services from fully qualified professionals. Your Committee further finds that marriage and family therapists utilize a unique approach that allows individuals with mental health problems to be treated in the context of their family system. Furthermore, allowing reciprocity would permit the State to recruit well-trained professionals from other states, which potentially could expand the availability of quality mental health services in Hawaii.

However, your Committee agrees with DCCA's contention that the section pertaining to exemptions from licensure is ambiguous and may require social workers, psychologists, psychiatrists, advanced practice nurses, and even clergy members, to obtain a marriage and family therapist license to carry out duties that overlap the field of marriage and family therapy.

Furthermore, your Committee believes that the provision enabling a licensee to be sanctioned for violation of recognized ethical standards should be retained. The Professional and Vocational Licensing Act provides that "conduct or practice contrary to recognized standards of ethics for the licensed profession or vocation" is grounds for disciplinary action or denial of a license. Your Committee finds that this standard applies to all licensed professionals and believes that marriage and family therapist licensees should similarly be held to this standard.

Therefore, your Committee has amended this measure by:

- (1) Removing the exemptions from licensure amendments; and
- (2) Deleting the section repealing the requirement that marriage and family therapists adhere to ethical standards of the American Association for Marriage and Family Therapy.

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. 2258, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2258, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 684 Consumer Protection & Commerce on H.B. No. 2169

The purpose of this bill is to protect and enhance the marketability of roasted or instant coffee produced in whole or part from Hawaii-grown green coffee beans by:

- (1) Clarifying and expanding coffee labeling requirements;
- (2) Clarifying coffee labeling definitions and violations; and
- (3) Establishing recordkeeping requirements applicable to those who package roasted or instant Hawaii-grown coffee.

Bad Ass Coffee Company, Dragons Lair Kona Coffee Farm, Greenwell Farms, Community Associations Institute, Hawaii Coffee Association, Hawaii Coffee Company, Hawaii Farm Bureau, Kauai Coffee Company, Inc., Kimo Bean Coffee Company Hawaii, Kona Coffee Council, Maui Oma Coffee Roasting Co., Inc., Schooler Farms of Hawaii, and Petersen Marketing testified in support of this measure. The Board of Agriculture commented on this measure.

Your Committee finds that coffees from Hawaii geographic regions, other than Kona, are becoming increasingly popular and are gaining recognition in the coffee industry. Protections against false claims of origin, similar to protections afforded to Kona coffee, are necessary to protect the integrity of coffee from other Hawaii regions. Blends of the various Hawaii-grown coffees are also carving new market positions. Standardized labeling criteria will improve consumer confidence in blended products.

This bill expands mandatory labeling requirements, currently restricted to Kona coffee, to roasted and instant coffee from all Hawaii-grown green coffee beans. These requirements are based on truth-in-labeling principles and provide greater flexibility than current law with respect to disseminating information to consumers. Recordkeeping requirements and more clearly defined violations are also included to make it easier for enforcement agencies to ensure compliance.

However, your Committee finds that the current language of this measure creates an unintended loophole that exempts any person who has an existing supply of labels from the law. This is contrary to the intent of the exemption, which is to allow the industry to exhaust existing supplies of labels while prohibiting the printing of new labels that do not conform to the new labeling requirements.

Accordingly, this bill has been amended by:

- (1) Clarifying the applicability of the exemption for the use of existing supplies of labels; and
- (2) Making other technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2169, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2169, H.D. 2.

Signed by all members of the Committee except Representative Case.

SCRep. 685 Consumer Protection & Commerce on H.B. No. 2845

The purpose of this bill is to authorize the Board of Dental Examiners (Board) to issue temporary three-year licenses allowing dentists licensed in other states or United States territories to practice under the auspices of safety net dental providers.

Testimony in support of this measure was received from the Hawaii Primary Care Association, Kalihi-Palama Health Center, and Kokua Kalihi Valley. The Board of Dental Examiners, Hawaii Dental Association, and numerous doctors of dentistry submitted opposing testimony.

Your Committee finds that dental health is one of Hawaii's most prevalent public health problems. Contributing to this problem is that roughly one-third of Hawaii's population do not have dental insurance. Furthermore, Medicaid/QUEST, a joint federal-state program that assists low-income individuals, does not provide basic dental coverage for adults.

Your Committee further finds that community health centers, also known as federally qualified health centers, are the primary safety net for people who face financial and/or cultural barriers to dental care. Currently, five out of ten Hawaii health centers offer dental services to low-income, uninsured individuals, and the remaining five health centers will start new dental programs within the next four years, due to a federal initiative that places a high priority on dental health. Despite their laudable efforts, these health centers find it difficult to recruit qualified dentists.

Your Committee believes that one way to address recruiting shortages is to amend licensing requirements for dentists who are working or volunteering for safety net dental providers. However, your Committee concurs with the Board that steps need to be taken to ensure a sufficient level of dental competency among those applying for a temporary license to work for safety net dental providers. Therefore, your Committee believes that more stringent temporary licensure requirements are necessary to assure that the quality of dental care is not being compromised.

Your Committee has amended the existing requirements for a temporary license -- that the dentist graduate from an accredited school, hold a current license, and have no disciplinary actions pending against them -- by adding specific education and experience requirements. As amended, this bill would allow dentists who have graduated from a dental college accredited by the Council of Dental Education (Council) of the American Dental Association (ADA), that is recognized and approved by the Board, to obtain a temporary license either if:

- (1) The dentist is enrolled in an ADA-accredited advanced training program; or
- (2) The dentist:
 - (A) Is licensed in, and has no disciplinary actions or unresolved complaints pending in any state or territory of the United States;

- (B) Can prove that they have been in clinical practice for a minimum of 1,000 hours per year for at least three years immediately preceding the date of application; and
- (C) Signs a release allowing the disclosure of information from the National Practitioner Data Bank and verification of registration status with the federal Drug Enforcement Agency.

Your Committee has also amended this measure by:

- (1) Making the temporary three-year license nonrenewable;
- (2) Changing the effective date to July 1, 2050, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2845, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2845, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.

SCRep. 686 Consumer Protection & Commerce on H.B. No. 2806

The purpose of this bill is to authorize pharmacists to dispense emergency contraception drug therapy without a prescription only to individuals who are 18 or older.

The Hawaii State Commission on the Status of Women, ACLU of Hawaii, Planned Parenthood of Hawaii, Hawaii Medical Association, Hawaii Women Lawyers, Hawaii Women's Coalition, and several individuals supported this bill. The Hawaii Women's Political Caucus and an individual supported this bill, but recommended eliminating the 18-year age restriction.

The Board of Pharmacy opposed this bill because pharmacists do not have prescriptive authority and would only dispense emergency contraceptives with a valid prescription.

Your Committee finds that emergency contraception is a birth control method which is most effective when taken within 72 hours of sexual intercourse, and which does not affect an established pregnancy. The method causes nausea, which discourages its use except in emergencies. Your Committee heard testimony that emergency contraception has been used in Europe for over 25 years without ill effects, and is currently being reviewed by the Federal Drug Administration for over-the-counter use.

Your Committee finds that this bill will assist low income women who have limited access to transportation and affordable health care, by providing them with increased access to timely and appropriate health care.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2050 to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Consumer Protection and Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2806, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2806, H.D. 2.

Signed by all members of the Committee except Representatives Chang, Case, Kanoho, Morita, Souki and Gomes.
(Representative Whalen voted no.)

SCRep. 687 Consumer Protection & Commerce and Judiciary & Hawaiian Affairs on H.B. No. 2642

The purpose of this bill is to establish the Hawaii Home Loan Protection Act (HHLPA), to protect the homes and equity of individual borrowers from predatory lending practices.

Specifically, this bill:

- (1) Identifies prohibited practices by creditors of home loans;
- (2) Provides rights to the borrower to cure a default prior to foreclosure or seizure of the home; and
- (3) Provides remedies for violations of HHLPA, including criminal penalties.

The Department of Commerce and Consumer Affairs, AARP, Hawaii State AFL-CIO, ILWU Local 142, Kokua Council, Legal Aid Society of Hawaii, Hawaii Government Employees Association, and an individual submitted testimony in support of the measure. The Hawaii Credit Union League submitted testimony in support of the intent of this bill. The Hawaii Association of Mortgage Brokers, Hawaii Bankers Association, Hawaii Financial Services Association, Paradise America Mortgage, and the Mortgage Bankers Association of Hawaii submitted testimony in opposition to this bill.

Your Committees find that the home is central to the American dream, and is the most important financial asset of families in Hawaii. It can represent the lifetime work of one or more generations. Accumulating equity in the home is the primary way most families pay for their children's education, pay for emergency essential goods and services, and pass on capital to future generations.

Predatory mortgage lenders operate through deception and rely on the exigent circumstances of their victims to swindle away what has taken a lifetime to achieve. They seek out the most vulnerable among us. The elderly, women, minorities, and low income families are favorite targets of predatory lenders.

A large number of potential victims for unscrupulous lenders and brokers have been created by the recent tragic events of September 11, 2001. Fifty thousand people have lost their jobs, been furloughed, or had their employment hours cut substantially, and there has been a dramatic rise in the number of foreclosures in the State.

To address fraud, deception, and unfairness in lending practices, Congress in 1994, established the Home Ownership and Equity Protection Act (HOEPA). Unfortunately, HOEPA contains many loopholes which are continually being exploited, and thereby provides only minimal protection for homeowners. Your Committees find that enacting HHLPA will provide the people of Hawaii with essential safeguards and venues for action against predatory mortgage lenders.

Upon further consideration, your Committees have amended this bill by changing the effective year to 2050 to facilitate further discussion.

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. 2642, H.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 2642, H.D. 2.

Signed by all members of the Committee except Representatives Case, Chang, Kanoho, Morita, Souki and Gomes.
(Representative Meyer voted no.)

SCRep. 688 Judiciary & Hawaiian Affairs on H.B. No. 2580

The purpose of this bill is to distinguish the examination, licensing, and operation of mopeds from motor scooters by adding a moped class to the list of categories of motor vehicles.

The Department of Transportation testified in support of this bill.

Currently, persons may use mopeds to meet the licensing requirements in section 286-102, Hawaii Revised Statutes, for motor scooters. This measure would distinguish mopeds as class 1 vehicles and motor scooters and motorcycles as class 2 vehicles. Your Committee finds that this measure will conform licensing requirements to the definitions of mopeds, motor scooters, and motorcycles found in section 286-2, 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. 2580 and recommends that it pass Third Reading.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 689 Judiciary & Hawaiian Affairs on H.B. No. 1741

The purpose of the bill is to prohibit the use of a mobile telephone while operating a moving school vehicle except in the case of an emergency.

The Department of Transportation (DOT) and the Hawaii Association of Independent Schools testified in support of this measure.

Your Committee finds that use of cellular telephones while driving diverts attention from driving and, in the case of a moving school vehicle, children are put at risk. Your Committee also finds that the DOT should be allowed to regulate mobile telephones on school vehicles.

Your Committee has amended this bill by:

- (1) Deleting redundant provisions relating to the statutory prohibition against use of a mobile telephone. However, your Committee retained the rulemaking provisions for DOT regarding mobile telephones, giving DOT necessary flexibility; and
- (2) Making technical, nonsubstantive amendments 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. 1741, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1741, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 690 Judiciary & Hawaiian Affairs on H.B. No. 1749

The purpose of this bill is to require the Department of Health (DOH) to disclose to adult residential care home operators the prior criminal history of certain prospective residents under certain circumstances.

The Hawaii Coalition of Care Home Administrators and concerned individuals testified in support of this measure. DOH, the Office of Information Practices, the Executive Office on Aging, and the Office of the Public Defender testified in opposition to this measure.

Your Committee finds that operators of adult residential care homes (ARCH) should be provided relevant criminal history information on prospective residents, in order to make informed decisions when considering admitting these individuals into the ARCH.

Your Committee amended the bill by limiting information required to be disclosed by the Department of Health to that which the Department is in possession of that relates to:

- (1) Convictions of offenses involving violence to persons;
- (2) Admission to the state hospital resulting from acquittals for offenses involving violence to a person; and
- (3) Supervision by a probation or parole officer.

Your Committee also made technical, nonsubstantive amendments for clarity, conformity, 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. 1749, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1749, H.D. 2.

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

SCRep. 691 Judiciary & Hawaiian Affairs on H.B. No. 1901

The purpose of the bill is to require HIV testing of persons charged with sexual offenses who may have transmitted the disease to the victim.

Your Committee received testimony in support of the measure from the Department of the Prosecuting Attorney for the City and County of Honolulu, the Honolulu Police Department, Hawaii Nurses' Association, the Sex Abuse Treatment Center, and the Kapiolani Medical Center for Women and Children. Testimony in opposition to the measure was provided by the Office of the Public Defender.

Your Committee finds that testing for HIV infection in defendants as early as possible will lead to the earliest possible indication whether a sexual assault complainant may have been exposed to the disease. However, the Office of the Public Defender expressed legitimate concerns that a balance must be struck between the need for information to address the complainant's physical and emotional effects of sexual assaults against the defendant's due process interest in safeguards against misuse of the information.

Your Committee amended the bill by:

- (1) Replacing the term "victim" with the more neutral and accurate term of "complainant;"
- (2) Requiring that information from HIV test results not be:
 - (a) Disclosed by the Adult Probation Division through any report;
 - (b) Taken into account by the court for any purpose; and
 - (c) Taken into account by the Hawaii Paroling Authority for any purpose;and
- (3) Making technical and nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1901, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1901, H.D. 2.

Signed by all members of the Committee except Representatives Case, Kanoho and Whalen.

SCRep. 692 Judiciary & Hawaiian Affairs on H.B. No. 2084

The purpose of the bill is to repeal Part VII Pedestrian's Rights and Duties of the Traffic Code and re-enact the provisions to include prohibitions against jaywalking.

Your Committee received testimony in support of the measure from the Department of Transportation and two concerned individuals. The Honolulu Police Department supported the intent of the measure. The Office of the Public Defender provided testimony in opposition to the measure.

Your Committee finds that pedestrian fatalities are a serious concern; however, sentencing convicted jaywalkers to prison represents a disproportionate response to this problem. In addition, your Committee finds that part of the problem occurs because motorists fail to stop and yield for pedestrians.

Your Committee has amended this bill by:

- (1) Repealing incarceration penalties for jaywalking;
- (2) Redefining "yield" to mean stopping as required to avoid injury or damage; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the members of your Committee on Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2084, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2084, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 693 Judiciary & Hawaiian Affairs on H.B. No. 2158

The purpose of the bill is to exempt law enforcement officers driving rescue vehicles from commercial driver licensing (CDL) provisions.

Your Committee received testimony in support of the measure from the Honolulu Police Department (HPD) and the Department of Transportation.

Your Committee finds that HPD is acquiring special police vehicles large enough to require commercial licenses to operate them. Since police vehicles are "authorized emergency vehicles," this measure will obviate the need for law enforcement officers to get a CDL to operate these new police vehicles.

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. 2158, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2158, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 694 Judiciary & Hawaiian Affairs on H.B. No. 2443

The purpose of this bill is to remedy the filing of frivolous financing statements with the Bureau of Conveyances (Bureau) by assuring that the filing of the financing statements are authorized by the debtors.

The Department of the Attorney General (AG) and the Department of Land and Natural Resources testified in support of this measure.

Currently, the Bureau cannot recognize and remedy the filing of frivolous financing statements because, among other things, Act 241, Session Laws of Hawaii 2000, deleted the requirement for the debtor's signature. Frivolous and invalid filings affecting the property interests of members of the public are a serious problem. Your Committee finds that this measure provides a mechanism to remedy filings that are not authorized by security agreements.

Your Committee has amended this bill for the purpose of clarifying the intent of this measure by:

- (1) Clarifying that the public is in need of a mechanism to address the filing of frivolous financing statements;
- (2) Clarifying that the purpose of this bill is to remedy the current situation of filing frivolous financing statements;
- (3) Allowing any party in interest in fixtures or personal property which is covered by a financing statement, who believes the filing of the financing statement was unauthorized, to file a request with the registrar to determine if the filing was authorized by a security agreement;
- (4) Stipulating that failure to provide a security agreement covering a transaction authorizes the filing of a notice of unauthorized filing of a financing statement; 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 Judiciary and Hawaiian Affairs 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 Case, Kanoho, Souki and Yoshinaga.

SCRep. 695 Judiciary & Hawaiian Affairs on H.B. No. 2550

The purpose of this bill is to authorize the Commission on Water Resource Management (Commission) to determine appurtenant water rights under the State Water Code.

The Department of Land and Natural Resources (DLNR) and Earthjustice testified in support of the intent of this measure and suggesting an amendment.

Currently water rights are considered an incident of land ownership. The Attorney General has advised that under current law, appurtenant water rights are to be determined by the courts.

Your Committee finds that the Commission needs authority to determine appurtenant water rights in order to protect the exercise of appurtenant rights and to allow the Commission to allocate water in water management areas and determine instream flow standards.

Your Committee has amended this bill by removing the requirement that "satisfactory evidence of title to land" be established before the Commission is authorized to determine water rights. Earthjustice believes that this requirement would subject the Commission's determinations to legal challenge, and the DLNR supports this suggested amendment.

Your Committee also made technical, nonsubstantive amendments to the bill 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. 2550, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2550, H.D. 2.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 696 Judiciary & Hawaiian Affairs on H.B. No. 2560

The purpose of the bill is to prohibit private company employees at correctional facilities or in other residential services under the Director of Public Safety from knowingly subjecting imprisoned persons to sexual contact or sexual penetration.

Your Committee received testimony in support of this bill from the Department of Public Safety, the Hawaii State Commission on the Status of Women, and the Community Alliance on Prisons. The Office of the Public Defender offered comments.

Your Committee finds that inmates are particularly vulnerable to sexual assaults from employees at correctional facilities. Private employees associated with the prison system are in the same position of authority as state employees over the inmates they supervise.

Your Committee has amended this bill by declaring that criminal liability applies to employees of a private company providing community-based residential services to persons committed to the Director of Public Safety only if such employees have received notice of the prohibition against sexual relations with inmates. Your Committee has authorized this amendment under the assumption that the Department of Public Safety intends to require potential private companies to agree to educate their employees on the prohibition against sexual relations with inmates.

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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2560, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2560, H.D. 1.

Signed by all members of the Committee except Representatives Ahu Isa, Case, Kanoho, Morita and Whalen.

SCRep. 697 Judiciary & Hawaiian Affairs on H.B. No. 2841

The purpose of this bill is to provide that forfeiture of office of an elected official convicted of a crime that disqualifies the official from office begins with the conviction, rather than the sentencing.

Your Committee received testimony in support of this measure from Common Cause Hawaii and the League of Women Voters of Hawaii.

Your Committee finds it contrary to the interests of an elected official's constituents to delay an official's departure from office following conviction.

In response to your Committee on Legislative Management's comment on the impact of a conviction overturned on appeal, your Committee notes that section 831-2(b) Hawaii Revised Statutes already provides for restoration to the forfeited office upon reversal of a conviction if a defendant succeeds in an appeal or other proceeding to set aside or nullify a conviction or sentence.

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 Judiciary and Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2841, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2841, H.D. 1.

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