

**Conf. Com. Rep. 1 on H.B. No. 993**

The purpose of this bill is to increase the safety of public roadways by applying state reconstructed vehicle laws to counties with populations of under 500,000, unless the county has adopted an ordinance regulating the inspection and certification of reconstructed vehicles.

Your Committee on Conference understands that the City and County of Honolulu is currently the only county subject to the Director of Transportation's rules relating to the inspection and certification of reconstructed vehicles, and that reconstructed vehicles in other counties are not regulated at all. However, your Committee understands that counties with populations of less than 500,000 may need time to formulate and implement ordinances that regulate the inspection and certification of reconstructed vehicles.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Providing that beginning July 1, 2004, a county with a population of less than 500,000 is subject to the State's reconstructed vehicle laws unless the county has adopted and enforces ordinances regulating these vehicles; and
- (2) Changing the effective date from January 1, 2050 to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 993, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 993, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Hamakawa, Caldwell, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Aduja, Baker, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 2 on H.B. No. 192**

The purpose of this bill is to protect public beach land by:

- (1) Including accreted lands, that is lands formed by the gradual accumulation of land on a beach or shore along the ocean by the action of nature forces, in the definition of state public lands;
- (2) Providing that no applicant other than the State shall register accreted lands, with the exception of certain private property owners;
- (3) Allowing a private property owner to file an accretion claim to regain title to and register the owner's eroded land that has been restored by accretion; and
- (4) Requiring the agency receiving the accretion application to supply the Office of Environmental Quality Control (OEQC) with a notice for publication in the OEQC's periodic bulletin.

Your Committee on Conference finds that the term "agency" in the context of the bill is confusing. Section 343-2, Hawaii Revised Statutes, defines "agency" as "any department, office, board, or commission of a state or county government which is a part of the executive branch of that government." Land Court and the circuit courts of the State quiet title to accreted lands, and Land Court registers that title. However, these courts are not a part of the executive branch of the state government.

Your Committee on Conference has amended this measure by:

- (1) Requiring the applicant to supply OEQC with notice of the application for registration for publication in OEQC's periodic bulletin; and
- (2) Prohibiting Land Court or the circuit courts from registering or quieting title to accreted lands unless OEQC publishes notice of the application.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 192, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 192, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, B. Oshiro, Kaho`ohalahala, and Bukoski.

Managers on the part of the Senate:  
Senators Inouye, Hanabusa, English, Espero, Hooser, and Hemmings.

**Conf. Com. Rep. 3 on H.B. No. 595**

The purpose of this bill is to ease the regulatory burden on check cashers without reducing protections for consumers by:

- (1) Increasing the length of time the deposit of a customer's check by a check cashing service may be deferred from 31 to 32 days;
- (2) Increasing the maximum face amount of a check subject to deferred deposit, from \$300 to \$600; and
- (3) Increasing the maximum fee for a personal check deferred deposit from 15 to 20 percent of the face amount of the check.

Your Committee on Conference finds that out-of-state check cashers have an unfair advantage over their Hawaii counterparts. Out-of-state companies engaging in interstate commerce are immune to regulation under Hawaii's laws, and may therefore be subject to regulatory restrictions of their home state that are less stringent than those applicable to their Hawaii counterparts.

Your Committee on Conference believes that efforts should be made to level the playing field for Hawaii's check cashers. Extending the allowable check deferral period from 31 to 32 days, and increasing the maximum face value of a check cashed from \$300 to \$600, represent reasonable attempts to achieve this goal.

However, your Committee on Conference has concerns that raising the maximum fee for personal check deferred deposits from 15 to 20 percent, is an increase in the allowed "interest" rate for check cashing transactions that would unduly burden consumers. Accordingly, your Committee on Conference has amended this measure by reverting back to a 15 percent maximum.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 595, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 595, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Herkes, Lee, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Espero, and Whalen.  
(Senator Whalen was excused.)

#### **Conf. Com. Rep. 4 on H.B. No. 29**

The purpose of this bill is to require employers to provide employees with at least a thirty-minute break for eight hours of work, except when the employer is:

- (1) Subject to a collective bargaining agreement that expressly provides for employee meal breaks;
- (2) A common carrier of passengers or a power generating utility regulated under chapter 269, Hawaii Revised Statutes; or
- (3) The operator of a continuously operating facility that is regulated by environmental permits.

The bill also makes conforming amendments to the section prohibiting employers from preventing an employee from expressing breastmilk during any meal break.

Neither state nor federal wage and hour laws currently require employers to provide employees over the age of sixteen with any meal breaks, regardless of how many consecutive hours they may be required to work. Although your Committee on Conference is cognizant of the fact that many, if not all, employers voluntarily provide meal breaks to their employees, statutorily granting employees who work eight-hour shifts time to consume a meal sometime during their work shift, is reasonable. However, your Committee on Conference believes that statutory language granting employees who work an eight-hour shift a meal break would more appropriately fall under Hawaii's Wage and Hour Law than under the Employment Practices Law.

Your Committee on Conference further notes that the protection for employees to express breastmilk during a meal period only applies to meal periods or other break periods required by law or under collective bargaining agreements.

Accordingly, your Committee on Conference has amended this bill by:

- (1) Prohibiting an employer from preventing an employee from expressing breastmilk during a meal break provided by an employer on a voluntary basis;
- (2) Requiring employers to provide employees with at least a thirty-minute break for eight hours of work under the Hawaii Wage and Hour Law;
- (3) Clarifying that an employer is not required to compensate an employee for the thirty-minute break;
- (4) Excluding from the thirty-minute break requirement:
  - (a) Employers who are subject to a collective bargaining agreement that expressly provides for employee meal breaks;
  - (b) Common carriers of passengers;
  - (c) Power generating utilities; and
  - (d) Operators of continuously operational facilities regulated by an environmental permit;
 and
- (5) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 29, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 29, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Ito, and Blundell.  
(Representative Ito was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.  
(Senator Tsutsui was excused.)

#### **Conf. Com. Rep. 5 on H.B. No. 1157**

The purpose of this bill is to allow the Employees' Retirement System to enroll as noncontributory Class C members nonresident aliens with certain visas who work for the State or counties.

Your Committee on Conference 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 managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1157, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1157, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Ito, and Blundell.  
(Representative Ito was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.

**Conf. Com. Rep. 6 on H.B. No. 1285**

The purpose of this bill is to provide better protections for historic properties and burial sites. This bill:

- (1) Makes it unlawful to damage historic properties or burial sites in the course of land development or land alteration activities when the necessary approvals have not been sought as required by the historic preservation law;
- (2) Requires the stopping of work in the immediate area of any discovery of a burial site;
- (3) Establishes a procedure to enforce the historic preservation law through the service of written notices to alleged violators that outlines steps to be taken to correct the violations; and
- (4) Establishes civil penalties and identifies the conditions under which administrative penalties may be imposed.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the amount of civil penalties for violations shall not be less than \$500 nor more than \$10,000 for each separate offense;
- (2) Deleting the provision that specified that state of mind shall not be an element of proof for civil violations;
- (3) Exempting land altering activities relating to family burial plots from the provisions of this bill; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

It is not the intent of your Committee on Conference to infringe on the customary and traditional burial rights exercised by native Hawaiians.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1285, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1285, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanofo, Chang, B. Oshiro, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Inouye, Hanabusa, Aduja, English, and Hogue.  
(Senator Hogue was excused.)

**Conf. Com. Rep. 7 on H.B. No. 426**

The purpose of this bill is to:

- (1) Direct the Board of Land and Natural Resources to issue a new lease to the existing lessee of certain properties situated at Wailua and Lihue, Kauai, Hawaii; and
- (2) Establish leasing procedures and requirements, including the requirement that the properties be used for hotel, resort, or timeshare purposes.

Your Committee on Conference finds that the special treatment, provided in this bill, accorded certain leases is meant to support the economic sustainability and growth of Kauai and the State, and as such should be limited in its scope.

Your Committee on Conference has amended this bill by:

- (1) Deleting from its scope general leases in Kokee, Kauai, Hawaii;
- (2) Requiring the successful bidder of a parcel to pay the existing lessee the current fair market value of the improvements owned by the lessee, as opposed to the higher of current fair market value or depreciated cost; and
- (3) Making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 426, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 426, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kanofo, Takamine, Magaoay, and Bukoski.

Managers on the part of the Senate:

Senators Inouye, Taniguchi, Aduja, Espero, Kokubun, and Whalen.  
(Senators Kokubun and Whalen were excused.)

**Conf. Com. Rep. 8 on H.B. No. 564**

The purpose of the bill is to extend the offense of promoting a controlled substance near schools or school vehicles to include various and sundry places needing protection.

Your Committee on Conference finds that public parks serve functions similar to those served by school playgrounds where people congregate for recreation and student activities. These areas should be free from the bad influence that drug activity can inflict upon Hawaii's youth.

However, other places should not be designated a place needing similar protection as they clearly do not serve a function similar to that served by school playgrounds. Consequently, your Committee on Conference has amended the bill by:

- (1) Deleting reference to "protected places" and retaining only reference to "schools, school vehicles, or public parks";
- (2) Deleting new definitions for "shopping mall", "theater complex", and "arcade"; and
- (3) Making technical and nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 564, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 564, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Ito, B. Oshiro, and Marumoto.

Managers on the part of the Senate:  
Senators Hanabusa, Chun Oakland, Fukunaga, and Hogue.  
(Senator Hogue was excused.)

**Conf. Com. Rep. 9 on H.B. No. 980**

The purpose of this measure is to make clarifying and housekeeping amendments to the Uniform Contribution Among Tortfeasors Act (Act), to:

- (1) Allow service of a petition for court approval of a good faith settlement by certified mail or by rules of court;
- (2) Clarify that claims based on written indemnity agreements are not barred or dismissed by good faith settlements;
- (3) Add a severability or savings provision to section 663-15.5, Hawaii Revised Statutes; and
- (4) Make technical, nonsubstantive amendments for clarity and consistency in style and language.

It is the understanding of your Committee on Conference that interested parties, including representatives of the Hawaii Defense Lawyers Association, the Hawaii Insurers' Council, the Office of the Attorney General, and Consumer Lawyers of Hawaii anticipate working together to reach consensus on other provisions of the Act prior to the next legislative session. Accordingly, proposed amendments concerning appeals and verdict forms contained in the version of this measure as received were deleted.

Your Committee on Conference also amended this measure by making it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 980, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 980, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Souki, and Marumoto.  
(Representative Souki was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Chun Oakland, and Hogue.  
(Senator Hogue was excused.)

**Conf. Com. Rep. 10 on H.B. No. 1217**

The purpose of this measure is to:

- (1) Amend Hawaii's Uniform Controlled Substances Act, Chapter 329, Hawaii Revised Statutes, to conform to federal law; and
- (2) Authorize the Department of Health (DOH) to make additions and deletions to List 1 and 2 to reflect changes in the federal law.

Your Committee finds that conforming Hawaii's Uniform Controlled Substances Act with federal law is necessary for more effective drug enforcement and clarity in dispensing of prescriptive drugs.

Your Committee has amended this measure by:

- (1) Deleting the provision authorizing the DOH to make corresponding additions or deletions by rule when changes to List 1 or 2 are made under federal law; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1217, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1217, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Sonson, and Thielen.  
(Representative B. Oshiro was excused.)

Managers on the part of the Senate:  
Senators Baker, Hanabusa, Chun Oakland, Tsutsui, and Hogue.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 11 on H.B. No. 135**

The purpose of the bill is to allow persons living abroad who use for-profit matchmaking services to access criminal convictions and marital history information about prospective spouses residing in the United States.

Your Committee on Conference finds that this measure would provide important protection to foreign residents by providing background information to potential matches from overseas. This measure will provide information to aid in decisions.

Your Committee on Conference has amended this bill by:

- (1) Deleting the religious organization exemption;
- (2) Allowing the Hawaii resident to submit to the matchmaking organization a statement that there is no record of convictions rather than a transcript of any criminal history record;
- (3) Requiring that the transcript or statement be sent directly to the organization by the Hawaii Criminal Justice Data Center;
- (4) Deleting reference and amendments made to sections 846-9, 846-10, and 849-10(b), Hawaii Revised Statutes; and
- (5) Making technical and nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 135, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 135, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Lee, B. Oshiro, and Thielen.

Managers on the part of the Senate:  
Senators Menor, Hanabusa, Baker, Chun Oakland, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 12 on H.B. No. 373**

The purpose of this bill is to protect free speech rights by:

- (1) Providing that rental agreements for single family residences may not prohibit tenants from displaying an otherwise legal sign or outdoor advertising device that urges voters to vote for or against any person or issue, except where reasonable to comply with building and housing laws affecting health and safety; and
- (2) Repealing the provisions of the political sign posting law that limit posting of these signs to not more than forty-five days prior to and ten days following an election.

Your Committee on Conference believes that a citizen's right to exercise political speech must be protected as long as it does not unreasonably interfere with a landowner's rights, or compromise public health and safety.

Your Committee on Conference has amended this measure to increase the clarity of the amendments made to the political sign posting law. As amended by your Committee on Conference, the law provides that political signs may be erected, maintained, and used, except where contrary to or prohibited by law.

Technical, nonsubstantive amendments have also been made for consistency and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 373, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 373, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, B. Oshiro, Hamakawa, and Pendleton.

Managers on the part of the Senate:  
Senators Kawamoto, Hanabusa, Aduja, and Espero.

**Conf. Com. Rep. 13 on H.B. No. 287**

The purpose of this bill is to:

- (1) Allow for the removal of a public official or termination of a public employee if the public official or employee is convicted of a felony related to their public office or duties;

- (2) Provide for reinstatement and back pay, under certain circumstances, if the public employee's conviction is overturned and the employee is not otherwise terminated in accordance with any other provision of law; and
- (3) Provide employees covered under chapter 89, Hawaii Revised Statutes, with a grievance procedure culminating in a final and binding decision.

Recent criminal convictions of public officials have eroded the public's trust in government. Your Committee on Conference finds that public officials and other public employees who are convicted of a felony for conduct in violation of their duties should be removed from office or terminated.

However, your Committee on Conference feels that employees terminated as a result of a felony conviction are entitled to present a case contesting the termination. Accordingly, your Committee on Conference has amended this measure by adding language that a rebuttable presumption arises that the criminal conviction is just and proper cause for the employee's termination.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 287, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 287, H.D. 3, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, B. Oshiro, Nakasone, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kanno, Hanabusa, Kawamoto, and Slom.

#### **Conf. Com. Rep. 14 on H.B. No. 1214**

The purpose of this bill is to establish a risk management procedure for improved public lands, involving the design and placement of signs that warn of dangerous natural conditions, and that affords the State and counties protection from liability for injuries resulting from those dangerous conditions.

Your Committee on Conference finds that many dangerous conditions on unimproved and improved public lands pose a risk of injury to recreational users. Current law discourages the State and counties from warning of risks, because to do so may impose additional responsibility and liability on the State and the counties. Without a fair and balanced solution to this problem, many public recreational areas would have to be closed. This bill establishes a clear-cut procedure that allows recreational users to be protected and warned, ensures that the warning is reasonable, adequate, and useful, and provides that the warning shields the State and county from liability for the danger warned of.

Your Committee on Conference understands that the Department of Land and Natural Resources will work with user groups to seek their assistance and establish a process to report missing, vandalized, or illegible signs. Further, it is the intent of your Committee that the Risk Assessment Working Group (Working Group) established by this bill seek and consider input from recreational and other users of public lands in providing consultation to the Board of Land and Natural Resources on warning signs and systems.

Your Committee on Conference have amended this bill by:

- (1) Requiring the State and counties to maintain a documented sign inspection program, and making continuance of the conclusive presumption that a sign provides legally adequate warning of a dangerous condition dependent on documented inspections of the sign to ensure that it is in place and legible, that occur within a period of 120 days;
- (2) Providing that the conclusive presumption applies regardless of whether a sign was vandalized, so long as the warning is legible;
- (3) Allowing a presumption that has lapsed because of the lack of a documented inspection, to be reestablished if it can be proven that at the time of the incident the sign was in place and in legible condition;
- (4) Mandating that the State and counties implement an accident reporting and record keeping program documenting all known park and trail accidents, and providing that the Working Group review and utilize these records when it provides consultation to the Board of Land and Natural Resources on the approval of warning signs and systems;
- (5) Requiring the Working Group to submit a report of its activities and recommendations to the Legislature at least 20 days before each Regular Session;
- (6) Providing for the repeal of this Act on June 30, 2008; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1214, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1214, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, B. Oshiro, Hamakawa, and Thielen.

Managers on the part of the Senate:  
Senators Inouye, Hanabusa, English, Espero, and Whalen.

#### **Conf. Com. Rep. 15 on H.B. No. 1165**

The purpose of this bill is to update and clarify Hawaii's business laws to reflect modern business practices and conform the law to the Department of Commerce and Consumer Affairs' (DCCA) filing practices.

Your Committee on Conference finds that this bill corrects ambiguities and errors and makes specific improvements to the law, and reforms filing provisions consistent with DCCA's new electronic filing system. These revisions will aid DCCA in its efforts to administer the business registration laws efficiently and effectively, while making it easier for the public to understand and comply with the law.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1165, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1165, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Hamakawa, Magaoay, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Menor, Espero, and Whalen.  
(Senator Whalen was excused.)

#### **Conf. Com. Rep. 16 on H.B. No. 10**

The purpose of this bill is to increase consumer awareness of retail electricity services and the fuel choices made by the electric utilities operating in the State by requiring that each retail supplier of electricity annually disclose to its existing and new retail electric customers information regarding fuel mix and average retail price.

Your Committee on Conference has amended this bill by:

- (1) Clarifying in the purpose section that electric utilities must disclose information regarding average retail price as well as fuel mix;
- (2) Specifying that the formula for determining the average retail price of electricity shall be calculated for each rate class of service;
- (3) Amending the definition of "fuel mix" to mean the electricity sold to retail electricity customers expressed in terms of percentage contribution by generation category; and
- (4) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 10, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 10, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Morita, Hiraki, Herkes, and Thielen.

Managers on the part of the Senate:  
Senators English, Menor, and Hooser.  
(Senator Menor was excused.)

#### **Conf. Com. Rep. 17 on H.B. No. 324**

The purpose of this bill is to enable an individual who lives in Hawaii but who is ineligible to receive a social security number to obtain a driver's license.

Your Committee on Conference has amended this bill by inserting the contents of H.B. No. 324, H.D. 1, thereby:

- (1) Eliminating "in-state Hawaii student photo identification document" as optional proof of identity;
- (2) Deleting a list of "government-issued" photo identification documents;
- (3) Deleting the requirement of presenting a photocopy of the applicant's international driving permit if the applicant has one;
- (4) Adding a requirement that the applicant supply documentation of ineligibility for a social security number; and
- (5) Requiring the Director of Transportation, not the Examiner of Drivers, to determine acceptable identification documents.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 324, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 324, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Sonson, and Marumoto.

Managers on the part of the Senate:  
Senators Kawamoto, Aduja, Espero, and Hogue.  
(Senator Hogue was excused.)

#### **Conf. Com. Rep. 18 on H.B. No. 807**

The purpose of this bill is to increase public safety on our roadways by:

- (1) Establishing the status offense of "habitually operating a vehicle while under the influence of an intoxicant";

- (2) Adding certain offenses committed as a minor as "prior" offenses;
- (3) Providing for forfeiture of a motor vehicle as a condition of the sentence for driving under the influence provided that the person convicted is the registered owner of the motor vehicle; and
- (4) Repealing the requirement that a law enforcement officer inform a suspect of the sanctions for refusing to submit to a blood alcohol level test and for prior offenses.

Your Committee on Conference finds that a habitually-impaired driver poses a risk while operating a motor vehicle. Charging a habitually-impaired driver with a felony offense will serve to deter persons from driving while intoxicated.

Your Committee on Conference has amended this bill by deleting its contents and replacing it with the contents of H.B. No. 807, H.D. 2. As amended, this measure:

- (1) Creates a separate offense of "habitually operating a vehicle under the influence of an intoxicant"; and
- (2) Allows juvenile DUI adjudications to be considered prior convictions.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 807, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 807, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Hamakawa, Caldwell, and Blundell.

Managers on the part of the Senate:  
Senators Kawamoto, Hanabusa, Chun Oakland, and Kanno.  
(Senator Kanno was excused.)

#### **Conf. Com. Rep. 20 on H.B. No. 736**

The purpose of this bill is to direct the executive branch to initiate the process to develop correctional facilities on the underdeveloped portion on the site of the Halawa correctional facility to replace OCCC.

Your Committee on Conference has amended this bill by:

- (1) Inserting that the development of the in-state correctional facilities required by this act shall commence no later than June 30, 2008.
- (2) Inserting that this act shall take effect upon its approval.
- (3) Making a technical, non-substantive amendment for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 298, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 298, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Ito, Mindo, Caldwell, and Bukoski.  
(Representative Bukoski was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, English, Kokubun and Sakamoto.  
(Senators Kokubun and Sakamoto were excused.)

#### **Conf. Com. Rep. 20 on H.B. No. 736**

The purpose of this bill is to provide professional and vocational licensees and license applicants with due process protection, by requiring that before a licensing entity imposes license sanctions under chapter 436C, Hawaii Revised Statutes (HRS), for a student loan default, the default and other bases for the sanctions must be certified by the loan administering entity pursuant to an administrative order.

Your Committee on Conference finds that Act 226, Session Laws of Hawaii 2002, codified as chapter 436C, HRS, requires a professional or vocational licensing authority, upon receipt of a certification by a loan administering entity, to immediately deny, suspend, or revoke the license of an individual who has defaulted on or breached their student loan contract.

This bill addresses the perception that the Act does not afford license applicants and licensees sufficient due process protections, and fails to make allowance for those who lack the financial ability to fulfil their student loan commitments. The bill does so by requiring that the loan administering entity base its certification of a licensee or license applicant's default on administrative findings to that effect.

Your Committee on Conference has amended this bill by:

- (1) Replacing the requirement that the certification be based on an administrative order, with the requirement that certification be based on the judgment of a district or circuit court in this State;
- (2) Making technical amendments centralizing the certification requirements in chapter 436C, HRS, removing specific references to the requirements from the individual statutes of licensing authorities, and replacing them with the general requirement that certification be made pursuant to chapter 436C, HRS;
- (3) Providing that the court must find that the education of the licensee or license applicant was financed by the student loan, student loan repayment contract, or scholarship contract that is in default;



- (4) Listing the factors and other information that a court may consider in determining whether repayment of the loan would impose financial hardship on the defaulting licensee or license applicant;
- (5) Providing that the court need not make findings concerning financial hardship if the defaulter does not claim financial hardship, or there is a default judgment;
- (6) Removing the term "applicable" from the definition of "applicable licensing authority," and making amendments to reflect the change; and
- (7) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 736, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 736, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Hamakawa, Sonson, and Marumoto.

Managers on the part of the Senate:  
Senators Menor, Hanabusa, Espero and Whalen.

**Conf. Com. Rep. 21 on H.B. No. 133**

The purpose of this measure is to:

- (1) Provide immunity from prosecution to persons leaving an unharmed newborn at a hospital, and provide immunity from liability for hospitals and personnel receiving a newborn; and
- (2) Allow sheriffs to assume protective custody of child abuse victims and require sheriffs to report child abuse cases.

Your Committee on Conference finds that:

This measure would help prevent newborns from being abandoned in life-threatening situations. However, sheriffs are not at present trained or equipped to handle situations of child abuse.

Your Committee on Conference has therefore amended the bill by:

- (1) Deleting reference to sheriffs; and
- (2) Making technical and nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 133, H.D. 1, S.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 133, H.D. 1, S.D. 3, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Ito, B. Oshiro, and Finnegan.  
(Representative B. Oshiro was excused.)

Managers on the part of the Senate:  
Senators Chun Oakland, Hanabusa, Hooser, Inouye, and Trimble.  
(Senators Hooser and Inouye were excused.)

**Conf. Com. Rep. 22 on H.B. No. 562**

The purpose of the bill is to:

- (1) Make permanent the provision that criminalizes sexual penetration of or sexual contact with a fifteen or sixteen year old by a person who is not less than five years older than the minor and not legally married to the minor;
- (2) Require the Attorney General to collect data generated as a result of the task force's recommendations and report its findings to the 2004 Legislature;
- (3) Amend the sex offender registration requirements by repealing the authority of courts to reconsider lifetime public releases of registration information unless the offender proves by clear and convincing evidence that the offender suffers an extraordinary physical disability that prevents the offender from committing future sexual offenses, and requiring sex offenders moving to another state to comply with the registration laws of the new state;
- (4) Require sex offenders who remain in the state longer than ten days or an aggregate period exceeding thirty days in one calendar year to register with the county chief of police; and
- (5) Clarify that:
  - (A) It is the county prosecutors who are responsible for petitioning the court for public release of a sex offender's registration information; and
  - (B) This petition is a civil proceeding.

Your Committee on Conference finds that:

- (1) The requirements and procedures for registration and notification under Chapter 846E, Hawaii Revised Statutes (HRS), are not intended to be criminal matters in nature. There is no intent to create punitive aspects in the statutory scheme. In affirming this intent statutory language has been inserted to indicate that proceedings under these provisions are civil in nature;

- (2) However it is not intended that merely by this label of "civil proceedings" aspects familiar in the criminal court are precluded. Labels of "civil" or "criminal" do not control; the statutory intent and scheme do control. Consequently, statutory language has been inserted indicating that the county prosecutors are responsible for handling this civil proceeding, instead of the state attorney general;
- (3) Likewise the "civil" label should not preclude indigent representation by the office the public defender. Both the Hawaii state constitution and section 802-1, HRS, indicate such services may be required; and
- (4) Repealing the authority of court to reconsider lifetime notification unless there is proof of extraordinary physical disability still provides the individual with meaningful opportunity and a hearing.

Your Committee on Conference amended the bill by:

- (1) Inserting a severability clause; and
- (2) Making technical and nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 562, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 562, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives B. Oshiro, Hamakawa, Lee, and Finnegan.

Managers on the part of the Senate:  
Senators Hanabusa, English, Fukunaga, and Hogue.  
(Senator Fukunaga was excused.)

#### **Conf. Com. Rep. 23 on H.B. No. 1010**

The purpose of this bill is to allow the police to conduct breath, blood, or urine tests on persons involved in a motor vehicle accident who are not injured or refuse medical treatment for injuries if the police have probable cause to believe the person was driving under the influence of drugs or alcohol.

Your Committee on Conference finds that this bill allows the police to offer drivers the opportunity to take a less intrusive breath test without relieving the driver of the requirement of giving blood or urine for testing if the driver declines to take a breath test.

Your Committee on Conference affirms the policy that section 291E-21, Hawaii Revised Statutes (HRS), is separate and apart from the implied consent provisions of chapter 291, HRS.

Your Committee on Conference has amended this bill by:

- (1) Replacing the term "refuse to perform a breath test" with the term "declines to perform a breath test"; and
- (2) Inserting the sentence:

"The act of declining to perform a breath test under this section shall not be treated as a refusal under Chapter 291E and shall not relieve the declining person from the requirement of providing a blood or urine sample under this section."

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1010, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1010, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Sonson, and Finnegan.  
(Representative Finnegan was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Hanabusa, and Espero.

#### **Conf. Com. Rep. 24 on H.B. No. 1230**

The purpose of this bill is to provide the Department of Transportation (DOT) with an emergency appropriation to fund heightened security measures throughout the State's airports and harbor systems.

Current funding of security measures at state airports and harbors are insufficient given recent global events and the increased security measures instituted by DOT. Your Committee on Conference finds that funds are also necessary for DOT to complete other capital improvement projects and that passenger facility charges are an untapped revenue source for the State.

Accordingly, your Committee on Conference has amended this measure by:

- (1) Appropriating funds for capital improvement projects for DOT for fiscal year 2003-2004;
- (2) Appropriating funds to reduce debt service payment for Land Transportation Facilities and Support (TRN 595);
- (3) Establishing a Passenger Facility Charge Revenue Fund;
- (4) Authorizing moneys in the Passenger Facility Charge Revenue Fund to be used for capital improvement projects authorized by the Legislature at state airports;
- (5) Exempting the Passenger Facility Charge Revenue Fund from the requirements of reimbursement for central service expenses and the Works of Art Special Fund; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1230, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1230, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Takamine, Caldwell, and Blundell.

Managers on the part of the Senate:  
Senators Kawamoto, Kokubun, Aduja, Espero, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 25 on H.B. No. 1154**

The purpose of this bill is to improve the administration of the Unclaimed Property Program (Program) by:

- (1) Authorizing moneys in the Unclaimed Property Trust Fund (Trust Fund) to pay for the operation, management, and enforcement of the Program;
- (2) Providing that all unencumbered and unexpended moneys in excess of \$1,300,000 remaining on balance in the Trust Fund on June 30 of each year shall lapse to the credit of the general fund; and
- (3) Appropriating \$313,888 for fiscal year (FY) 2003-2004 and \$313,888 for FY 2004-2005 out of the Trust Fund for the administration and operation of the Program.

Your Committee on Conference has amended this bill by:

- (1) Removing the appropriations for FY 2003-2004 and FY 2004-2005 for the administration and operation of the Program; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1154, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1154, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Karamatsu, Wakai, Waters, and Meyer.

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, Chun Oakland, Kokubun, and Hogue.  
(Senator Chun Oakland was excused.)

**Conf. Com. Rep. 26 on H.B. No. 422**

The purpose of this bill is to enhance the nursing profession in Hawaii by:

- (1) Establishing the Center for Nursing (Center) within the University of Hawaii School of Nursing and Dental Hygiene to conduct research and collect and analyze data on nursing in Hawaii;
- (2) Creating the Center for Nursing Special Fund to support the Center;
- (3) Requiring an additional fee of \$40 to be collected for nursing licenses and deposited into a separate account in the Compliance Resolution Fund until July 1, 2009;
- (4) Appropriating moneys from the Compliance Resolution Fund into the Center for Nursing Special Fund; and
- (5) Appropriating moneys from the Center for Nursing Special Fund for the operations of the Center.

Your Committee on Conference finds that the Center is modeled after similar programs in other states that have been very successful in supporting the nursing profession. The Center will help to ensure that better data about nurses is available, which will improve health care in the State, as well as working conditions for nurses.

Your Committee on Conference has amended this bill by:

- (1) Appropriating \$5,000 in start-up moneys from the Compliance Resolution Fund into the Center for Nursing Special fund, to be reimbursed within one year;
- (2) Appropriating \$300,000 for each year of fiscal biennium 2003-2005 from the Center for Nursing Special Fund for the operations of the Center;
- (3) Providing that moneys from the new nursing fees deposited into the Compliance Resolution Fund be disbursed quarterly by the Director of Consumer Affairs and Commerce into the Center for Nursing Special Fund;
- (4) Changing the effective date to July 1, 2003; and
- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 422, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 422, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Arakaki, Nishimoto, and Ching.

Managers on the part of the Senate:

Senators Baker, Sakamoto, Taniguchi, Chun Oakland, and Kokubun.  
(Senator Sakamoto was excused.)

**Conf. Com. Rep. 27 on H.B. No. 320**

The purpose of this bill is to assist the University of Hawaii (UH) in managing its risks by:

- (1) Creating the UH Risk Management Special Fund; and
- (2) Enabling the UH Board of Regents to approve the indemnification of persons, companies, and governmental entities to allow UH to receive funding for research and other educational purposes.

Your Committee on Conference finds that this bill will enable UH to implement a fully functional risk management program consisting of purchased insurance, self-insurance, or both. An expanded risk management program will enhance UH's fiscal autonomy, and allow UH to pay for all but the most catastrophic judgments and settlements without receiving legislative appropriations.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to July 1, 2003; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 320, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 320, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Hamakawa, Karamatsu, Tamayo, and Leong.

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Hooser, and Tsutsui.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 28 on H.B. No. 968**

The purpose of this bill is to allow an eligible unemployed individual to receive the full weekly unemployment benefit amount to which the individual is entitled, without any reduction for wages payable to the individual for that week.

Your Committee on Conference has amended this measure by changing its effective date from January 21, 2003, to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 968, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 968, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Mindo, Caldwell, and Meyer.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.  
(Senator Kokubun was excused.)

**Conf. Com. Rep. 29 on H.B. No. 1303**

The purpose of this bill is to clarify laws relating to the Office of Hawaiian Affairs (OHA) by:

- (1) Providing that the salary of the administrator of OHA shall not be less than the salary of a department head or an executive officer and not more than the salary of the Governor; and
- (2) Requiring OHA, like any other state agency, to reimburse the State for contributions made by the State to the Employer-Union Health Benefits Trust Fund (Trust Fund).

Your Committee on Conference has amended this measure by:

- (1) Deleting the salary provisions relating to OHA's administrator;
- (2) Deleting the provision that specifically amends section 87A-39, Hawaii Revised Statutes (HRS), requiring OHA to reimburse the State for contributions made by the State to the Trust Fund;
- (3) Defining "state agency" for purposes of chapter 87A, HRS, relating to the Trust Fund, to include OHA; and
- (4) Making technical, nonsubstantive amendments for purposes of style and consistency.

Your Committee on Conference notes that this measure, as reported out, includes OHA in the definition of "state agency" established under the Trust Fund law. As a result, references to state agencies throughout chapter 87A, HRS, will apply to OHA as well as the other state agencies. More specifically, this measure will require OHA, like the other state agencies, to reimburse the State for contributions made by the State to the Trust Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1303, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1303, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, M. Oshiro, Takamine, and Moses.

(Representative Moses was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, English, Kokubun, and Hogue.  
(Senators English and Hogue were excused.)

**Conf. Com. Rep. 30 on H.B. No. 282**

The purpose of this bill is to enable the Office of the Auditor to conduct financial audits of all State and county departments, offices, and agencies (executive agencies). This bill:

- (1) Authorizes the Auditor to charge executive agencies a reasonable fee for the cost of performing financial audits;
- (2) Establishes the Audit Revolving Fund (Revolving Fund) into which fees collected for conducting audits and other moneys will be deposited. The Auditor will use the moneys in the Revolving Fund to conduct audits of executive agencies and various types of funds;
- (3) Appropriates moneys from the General Fund to be deposited into the Revolving Fund to advance the costs of audits; and appropriates moneys from the Revolving Fund;
- (4) Appropriates moneys into the Revolving Fund for the costs of audits that are currently budgeted to state agencies; and
- (5) Specifies that moneys expended by the Auditor for these purposes shall be deemed to have been expended by the executive agencies subject to the Single Audit Act of 1984.

Your Committee on Conference recognizes that allowing a legislative agency to charge executive agencies a fee for the cost of an audit may raise concerns regarding the separation of power. Therefore, upon further consideration, your Committee on Conference has amended this bill by:

- (1) Deleting the authorization for the Auditor to charge a reasonable fee for the cost of performing an audit;
- (2) Requiring that when the costs of financial audits conducted by or contracted for by the Auditor are reimbursable by moneys appropriated to or generated by any executive agency, these cost reimbursements shall be transmitted to the Auditor for deposit into the Revolving Fund;
- (3) Restating the type of moneys to be deposited into the Revolving Fund to reflect the amendments described above;
- (4) Deleting the requirement that fees collected for conducting an audit of any special, revolving, capital improvement, or trust fund shall be deposited into the Revolving Fund; and instead requiring that moneys received for audit costs payable by these same funds shall be deposited into the Revolving Fund;
- (5) Deleting the purpose section as well as all appropriation sections of the bill;
- (6) Changing the effective date to July 1, 2003; and
- (7) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 282, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 282, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Magaoay, Nakasone, Luke, and Halford.

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

**Conf. Com. Rep. 31 on H.B. No. 297**

The purpose of the bill is to make permanent the Drug Dealer Liability Act and to appropriate money for:

- (1) An adolescent treatment center to treat poly-drug abuse on island of Hawaii;
- (2) Community anti-drug efforts aimed at preventing ice use on the island of Hawaii; and
- (3) County police departments for crystal methamphetamine use prevention and treatment programs.

Your Committee finds that there is a wide range of views as to the best approach in addressing society's growing drug problem. After careful consideration keeping in mind the limited resources available, the creation of a government drug nuisance abatement organization seems to be a viable approach.

Your Committee on Conference has amended this bill by deleting the contents and inserting language that:

- (1) Establishes a Drug Nuisance Abatement Unit in the Department of the Attorney General to provide for the enforcement and prosecution of violations of drug nuisance abatement laws in the penal code;
- (2) Provides for the Drug Nuisance Abatement Unit expenses to be paid out of the Criminal Forfeiture Fund in the Department of the Attorney General; and
- (3) Appropriates funds for the establishment and implementation of the Drug Nuisance Abatement Unit.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 297, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 297, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Takamine, B. Oshiro, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, Chun Oakland, Kokubun, and Hogue.

**Conf. Com. Rep. 32 on H.B. No. 1003**

The purpose of this measure is to amend the law relating to the Crime Victim Compensation Commission (Commission).

In particular, this measure:

- (1) Provides that restitution amounts collected by the Judiciary on behalf of the Commission for a victim who cannot be located are to be deposited to the credit of the Crime Victim Compensation Fund following public notification;
- (2) Allows the Commission to transfer a minor's compensation award to an appropriate state agency, adult, or trust company as custodian for the benefit of the minor under the Uniform Transfers to Minors Act;
- (3) Gives the Commission the authority to pay for mental health counseling services for surviving relatives in cases involving a death or sexual assault and for child witnesses or witnesses who are sixty years of age or older in cases involving domestic abuse and other violent crimes;
- (4) Amends the law relating to awards of compensation made by the Commission by repealing "pain and suffering" awards and instead awarding "acknowledgment of harm" moneys;
- (5) Requires that the Judiciary provide an annual report to the Legislature detailing their compliance with Act 206, Session Laws of Hawaii 1998, which provides for the mandatory assessment of a compensation fee, the proceeds of which are used to fund the Commission; and
- (6) Amends the definition of "victim" to include a child or a person who is sixty years of age or older who is a witness to a crime enumerated in section 351-32, Hawaii Revised Statutes, and is in need of mental health counseling services.

Your Committee finds that this measure will help the Commission better serve the intended recipients of benefits.

Your Committee amended the bill by:

- (1) Deleting the requirement that the judiciary provide a report and inserting the requirement that the judiciary provide information to the Commission in furtherance of the Commission's requirement to provide a report;
- (2) Requiring the Commission to continue to make annual reports;
- (3) Requiring that compensation for mental health services may only be provided if the services are needed based on a death, sexual assault or to the trauma of witnessing the crime;
- (4) Making technical and nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1003, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1003, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Takamine, Wakai, and Finnegan.  
(Representative Wakai was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Kokubun, Taniguchi, and Hogue.

**Conf. Com. Rep. 33 on H.B. No. 1111**

The purpose of this measure is to satisfy the claims against the State for refunds of taxes, judgments and settlements, and for other miscellaneous payments as provided by law.

This bill serves as the vehicle by which claims against the State are transmitted to the Legislature for its consideration.

Your Committee on Conference has amended this bill pursuant to the recommendations of the Attorney General by adding the following ten additional claims totaling \$2,880,795.47:

- (1) Arakaki v. State of Hawaii, \$104,000;
- (2) Braithwaite, et al., v. State of Hawaii, \$30,000;
- (3) Captain Andy's Sailing, Inc. v. Johns, \$242,854.60;
- (4) Chong, Arylla, Miscellaneous Claim of, \$575;
- (5) Evans, et al., v. State of Hawaii, et al., \$1,990,000;
- (6) Querubin v. State of Hawaii, \$30,000;

- (7) Rahsaan v. State of Hawaii, \$425,000;
- (8) Smith v. State of Hawaii, Campaign Spending Commission, \$31,786.31;
- (9) Smith v. State of Hawaii, Campaign Spending Commission, \$14,079.56; and
- (10) Washino v. Ventura, \$12,500.

Items (8) and (9) above represent attorneys' fees and costs on behalf of two different prevailing parties in the same action.

Your Committee on Conference has further amended this bill by transferring the L.T.M. Corp. dba Civil Mechanical v. State of Hawaii settlement from Part II section 3 to Part I section 1 to indicate that this settlement is to be funded by the general fund, rather than the Department of Accounting and General Services.

Your Committee on Conference has also made technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1111, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1111, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Takamine, B. Oshiro, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Kokubun, Chun Oakland, Taniguchi, and Hogue.

#### **Conf. Com. Rep. 34 on H.B. No. 1255**

The purpose of this bill is to appropriate funds for the Office of Elections to meet the five per cent matching fund requirement of the federal Help America Vote Act of 2002.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation of \$50,000; and
- (2) Making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1255, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1255, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Takamine, Mindo, and Finnegan.

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, Ihara, Kokubun, and Hogue.  
(Senator Ihara was excused.)

#### **Conf. Com. Rep. 35 on H.B. No. 1361**

The purpose of this bill is to provide flexibility in the income level requirements of the Medicaid Prescription Drug Expansion Program (Program) established in Act 75, Session Laws of Hawaii 2002, to ensure compliance with federal requirements for funding approval by:

- (1) Allowing the income eligibility limit for the Program to be set at any maximum income limit established by the Centers for Medicare and Medicaid Services for approval of federal funding for the Program;
- (2) Clarifying that pharmacies and not pharmacists are to be paid by the Program; and
- (3) Repealing the Program on July 1, 2006.

Your Committee on Conference acknowledges that the cost of prescription drugs has risen drastically in a short period of time. This measure will further strengthen the Program by allowing the flexibility to modify eligibility to the Program based on limits established by the federal government.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the Program income eligibility requirements meet the criteria required by the Centers for Medicare and Medicaid Services; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1361, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1361, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Arakaki, Kawakami, and Ching.

Managers on the part of the Senate:  
Senators Menor, Chun Oakland, Taniguchi, Kokubun, and Whalen.  
(Senators Kokubun and Whalen were excused.)

#### **Conf. Com. Rep. 36 on H.B. No. 293**

The purpose of this bill is to provide an effective venue for agricultural marketing and promotion in Hawaii by appropriating funds to assess the economic feasibility of establishing a world-class farmers' market in Hawaii.

Your Committee on Conference notes that in addition to the marketing benefits for Hawaii's agricultural industry, a world-class farmers' market will allow consumers access to a wide variety of fresh produce in a centralized location. Furthermore, a world-class farmers' market will have the potential to stimulate economic growth by attracting tourists and residents to the site.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$7,000;
- (2) Changing the effective date of this bill to July 1, 2003; and
- (3) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 293, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 293, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Abinsay, Karamatsu, Sonson, and Jernigan.

Managers on the part of the Senate:  
Senators Inouye, Espero, Kokubun, Aduja, English, Taniguchi, and Whalen.  
(Senators Kokubun, English and Whalen were excused.)

#### **Conf. Com. Rep. 37 on H.B. No. 1579**

The purpose of this bill is to stimulate economic development in Hawaii by requiring the Department of Business, Economic Development, and Tourism (DBEDT) to develop and implement plans, programs, and initiatives to diversify Hawaii's economy.

Your Committee on Conference recognizes the value in fostering viable alternatives to the tourism industry. This bill will facilitate the development of other industries by requiring DBEDT, among other things, to develop and implement a long-range plan for economic diversification, conduct market development-related research as necessary, work to eliminate barriers to economic diversification, and collaborate with other public and private entities and partners.

Your Committee on Conference has amended this measure by:

- (1) Making the bill effective upon its approval; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1579, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1579, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Schatz, Takamine, Wakai, and Leong.  
(Representative Leong was excused.)

Managers on the part of the Senate:  
Senators Fukunaga, Taniguchi, Kawamoto, Aduja, Hooser, Kim, and Kokubun.  
(Senator Taniguchi, Hooser and Kokubun were excused.)

#### **Conf. Com. Rep. 38 on H.B. No. 317**

The purpose of this bill is to allow a faculty member, lecturer, or administrative, professional, or technical employee of the University of Hawaii (UH) with multiple part-time appointments aggregating to at least one half-time equivalent position to meet eligibility requirements for the Employees Retirement System (ERS).

Your Committee on Conference finds that UH has traditionally reported these employees as eligible for ERS without specific statutory guidelines. This bill will ensure that these guidelines for eligibility are permanently established in statute.

Your Committee on Conference has amended this bill by:

- (1) Specifying that only current or past administrative, professional, or technical employees of UH with multiple part-time appointments who have been reported by UH as meeting eligibility requirements for ERS benefits shall retain their ERS benefits;
- (2) Changing the effective date to July 1, 2003; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 317, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 317, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takai, M. Oshiro, Nakasone, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Kanno, Sakamoto, Taniguchi, Kawamoto, Tsutsui, and Slom.  
(Senators Kawamoto and Slom were excused.)



**Conf. Com. Rep. 39 on H.B. No. 1509**

The purpose of this bill is to preserve the historic, visual, and cultural aspects of lands in South Kona on the island of Hawaii by establishing the South Kona Wilderness Area and requiring the development of a comprehensive management plan for the area.

Your Committee on Conference has amended this bill by:

- (1) Expanding the boundaries of the Wilderness Area in Honomalino by including lands from the shoreline to 6,000 feet inland rather than 1,750 feet inland;
- (2) Authorizing the Department of Land and Natural Resources (DLNR) to acquire private lands by a value-for-value exchange of other state lands; these provisions replace language requiring DLNR to develop a plan for acquisition of lands as well as authorizing it to include a value-for-value trade of other state lands;
- (3) Requiring that the costs associated with any appraisal relating to a land exchange shall be borne by the private landowner or by private funds, grants, or contributions;
- (4) Deleting references to arbitration proceedings in the event agreement cannot be reached on the land exchange;
- (5) Setting July 1, 2003, as the effective date of this measure;
- (6) Setting December 31, 2006, as the automatic repeal date if the exchange transactions to acquire the lands are not consummated prior to that date; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1509, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1509, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, Takamine, Karamatsu, and Jernigan.

Managers on the part of the Senate:  
Senators Inouye, Taniguchi, Espero, Aduja, and Kokubun.

**Conf. Com. Rep. 40 on H.B. No. 1613**

The purpose of this bill is to make an appropriation to acquire lands adjacent to the Kohala Historical Sites State Monument (Monument).

Your Committee on Conference finds that the acquisition of certain adjacent lands is essential to protect and enable access to the Monument. The eight parcels identified for acquisition total about 250.5 acres. While such a sizable buffer area may be desirable or deemed necessary, the inability to acquire all of these lands in the past through purchase or exchange suggests that other alternatives should be explored. One alternative would include the possibility of initially reducing the size of the area to be acquired to those lands immediately abutting the Monument. Initial acquisition would be less difficult and, if successful, assures a minimum buffer in perpetuity. Subsequent purchase acquisitions may be effected as the State's financial situation improves.

The Department of Land and Natural Resources (DLNR) is therefore requested to discuss with both representatives of the Mo'okini Luakini Corporation and the landowner, the feasibility of incremental acquisition of these buffer lands.

Due to the absence of available funds, your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation provision;
- (2) Directing DLNR to renew its efforts to acquire the lands adjacent to the Monument through the exchange of state lands;
- (3) Correcting tax map key number 5-5-05:02 to read 5-5-05:05;
- (4) Changing the effective date of the bill to upon its approval; and
- (5) Making technical, nonsubstantive amendments were made for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1613, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1613, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, Kawakami, Magaoay, and Jernigan.

Managers on the part of the Senate:  
Senators Inouye, Taniguchi, Aduja, Espero, Kokubun, and Whalen.

**Conf. Com. Rep. 41 on H.B. No. 507**

The purpose of this bill is to enable a licensed Emergency Medical Technician (EMT) employed with the City and County of Honolulu Emergency Services Department (EMS) to retire after 25 years of service, regardless of the EMT's age.

Your Committee on Conference recognizes that EMTs are often placed in physically and emotionally demanding situations similar to that of other public safety personnel. Unlike other public safety personnel, EMTs are ineligible to retire after 25 years of service without penalty, regardless of age upon retirement. Your Committee on Conference believes that this is a matter of statewide concern.

Your Committee on Conference has amended this bill by:

- (1) Removing provisions pertaining to the allowance on service retirement that do not reference EMTs; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 507, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 507, H.D. 3, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, M. Oshiro, Nishimoto, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Slom.  
(Senators Kawamoto and Slom were excused.)

**Conf. Com. Rep. 42 on H.B. No. 914**

The purpose of this bill is to protect residents of adult residential care homes by:

- (1) Establishing licensing qualifications and personnel, staffing, and family requirements for Type I and Type II adult residential care homes (ARCHs) and expanded adult residential care homes (expanded ARCHs); and
- (2) Requiring the Department of Health (DOH) to conduct unannounced inspections of every licensed ARCH and expanded ARCH.

Your Committee on Conference has consulted with interested parties on the matter of unannounced inspections for ARCHs and expanded ARCHs and believes a compromise has been reached to satisfy the majority of those affected. While most ARCH and expanded ARCH operators do not object to having reasonable unannounced visits for purposes of ensuring the health and safety of residents, the operators are concerned about unannounced inspections for purposes of determining compliance with licensing requirements, because of the volume of paperwork that is involved and time consumed that could otherwise be spent caring for residents.

The managers of your Committee on Conference are committed to establishing a law that works properly and well, and will request that the House Speaker and Senate President convene a group to meet at least once within the next two years to monitor the effectiveness of this law, identify concerns, and recommend amendments to improve the law. Members of this group may include adult residential care home operators, representatives of AARP and DOH, and legislators from the subject-matter committees responsible for developing this law.

Your Committee on Conference has amended this measure by:

- (1) Deleting reference to licensing qualifications and personnel, staffing, and family requirements;
- (2) Changing the term "inspections" to "visits" except with regard to licensing inspections;
- (3) Specifying that the purpose of unannounced visits is to ensure the health, safety, and welfare of residents rather than to determine compliance with licensing requirements;
- (4) Specifying that unannounced visits may be conducted during or outside regular business hours;
- (5) Specifying that annual inspections for relicensing shall be conducted with notice during regular business hours or at intervals determined by DOH; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 914, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 914, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Kahikina, Nishimoto, Wakai, and Meyer.

Managers on the part of the Senate:  
Senators Chun Oakland, Baker, Hanabusa, Hooser, Inouye, Tsutsui, and Trimble.  
(Senators Hanabusa, Inouye and Tsutsui were excused.)

**Conf. Com. Rep. 43 on H.B. No. 32**

The purpose of this bill is to, among other things, enact various reforms to public education to:

- (1) Improve kindergarten services;
- (2) Exempt publishers of library books, including publishers of library books written in the Hawaiian language, from requirements that the publisher furnish the State with computer diskettes from which braille versions can be produced; and
- (3) Institute a textbook deposit fee to be used to make textbooks and instructional materials more readily available to students.

Your Committee on Conference has amended this bill by:

- (1) Deleting all provisions relating to kindergarten;

- (2) Deleting all provisions relating to the textbook deposit fee; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 32, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 32, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Mindo, Evans, and Ching.  
(Representative Ching was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Chun Oakland, Hooser, and Hogue.  
(Senators Chun Oakland and Hooser were excused.)

#### **Conf. Com. Rep. 44 on H.B. No. 130**

The purpose of this bill is to clarify laws pertaining to the retirement benefits of public employees by:

- (1) Requiring notice to a spouse or reciprocal beneficiary for any retirement benefit option selected by a member of the Employees' Retirement System; and
- (2) Allowing nine-, ten-, and eleven-month employees, elective officers, and appointees of the Governor to specify the effective date of their retirement.

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

- (1) Eliminating language that would allow nine-, ten-, and eleven-month employees, elective officers, and appointees of the Governor to specify the effective date of their retirement; and
- (2) Making technical, nonsubstantive revisions for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 130, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 130, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Ito, and Moses.  
(Representative Ito was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Hogue.  
(Senators Kawamoto and Tsutsui were excused.)

#### **Conf. Com. Rep. 45 on H.B. No. 290**

The purpose of this bill is to stabilize Hawaii's economy in light of the significant downturn in the visitor industry, the unpredictability of escalating global events, and the numerous layoffs, work furloughs, and decreased work hours that resulted for workers throughout the State.

Specifically, this bill:

- (1) Establishes a program to provide extended state unemployment insurance benefits to individuals filing claims after September 11, 2001;
- (2) Ensures that these extended benefits will cease once the unemployment insurance fund reaches the threshold where the Department of Labor and Industrial Relations would be required to increase the unemployment taxes paid by employers;
- (3) Conforms and allows state statutory provisions to be conformed to the federal Temporary Extended Unemployment Compensation (TEUC) Act of 2002; and
- (4) Provides that unemployment insurance trust fund moneys may be used to pay for unemployment benefits as well as administrative costs.

Your Committee on Conference finds that on April 16, 2003, the President signed into law a measure providing additional temporary extended unemployment benefits for a restricted class of beneficiaries. Temporary Extended Unemployment Compensation for displaced airline related workers, or TEUC-A, provides up to 39 additional weeks of benefits to unemployed workers whose exhausted regular unemployment compensation claim was based in whole, or in part, on qualifying employment with a certified air carrier, an airport facility, or a direct producer or supplier of products or services to air carriers. Any regular TEUC benefits received are to be deducted from benefits available under this special program.

Those eligible for TEUC-A benefits are persons who have exhausted regular, additional, extended, or regular TEUC benefits (including TEUC-X), or persons with an existing TEUC claim on file with a balance remaining, whose regular claim for unemployment compensation was based in whole, or in part, on employment and wages from qualifying employment, and who were laid-off from such employment on or after September 11, 2001, due to:

- (1) Reductions in airline service because of the terrorist actions of September 11, 2001;
- (2) The closure of a U.S. airport because of the terrorist actions or security measures; or
- (3) The conflict with Iraq.

It is the intent of your Committee on Conference that extended state unemployment compensation benefits be provided only to persons who have exhausted regular unemployment compensation benefits and extended or regular TEUC benefits. Your

Committee on Conference does not intent that extended state unemployment compensation benefits be provided to persons who receive additional extended federal unemployment compensation benefits for a restricted class of workers pursuant to legislation enacted by Congress and signed into law after April 1, 2003.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provision appropriating funds to create a program to provide additional benefits to unemployed workers by extending their unemployment insurance benefits;
- (2) Changing the effective date to July 1, 2003;
- (3) Inserting a repeal date of June 30, 2005; and
- (4) Making technical, nonsubstantive revisions for purposes of clarity, style, and conformity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 290, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 290, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Ito, and Blundell.  
(Representative Ito was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.  
(Senator Kawamoto was excused.)

#### **Conf. Com. Rep. 46 on H.B. No. 531**

The purpose of this bill is to ensure parity for employees who are excluded from collective bargaining.

This bill requires that proposed adjustments to compensation and benefit packages for excluded civil service employees be at least equal to the compensation and benefit packages provided under collective bargaining agreements for employees within the appropriate authority's jurisdiction.

Your Committee on Conference made a technical amendment in paragraph (3) of this bill by clarifying that the proposed adjustments be equivalent or not less than the adjustments provided within the employer's jurisdiction.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 531, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 531, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Nakasone, and Jernigan.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Tsutsui, and Kokubun.  
(Senators Tsutsui and Kokubun were excused.)

#### **Conf. Com. Rep. 47 on H.B. No. 1362**

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to St. Patrick School in an amount not to exceed \$7,000,000 for planning, acquisition, construction, or improvement of educational facilities.

Your Committee on Conference finds that the improvement of educational facilities at St. Patrick School serves a public purpose and qualifies as a "project" under Act 257, Session Laws of Hawaii 2002.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1362, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1362, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Nishimoto, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Chun Oakland, Kawamoto, and Hemmings.  
(Senators Kawamoto and Hemmings were excused.)

#### **Conf. Com. Rep. 48 on H.B. No. 1465**

The purpose of this bill is to make it more convenient for Hawaii consumers to purchase wine by:

- (1) Clarifying that unlicensed adults are not required to obtain a permit to receive shipments of liquor pursuant to the reciprocal shipping privilege; and
- (2) Increasing the number of cases of wine that may be shipped from two to three per year.

Your Committee on Conference finds that permit requirements can make it difficult for consumers to ship wine, because shippers may be reluctant to accept shipments if they may be held responsible for ensuring that the recipients have obtained proper permits. This measure removes the permit requirement for these consumers.

Your Committee on Conference also finds that a reasonable increase in the number of cases of wine permitted to be shipped pursuant to the reciprocal shipping law will not detract from local sales.

Your Committee on Conference has amended this measure by making this bill effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1465, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1465, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Takamine, Kawakami, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Taniguchi, Baker, Kokubun, and Whalen.

**Conf. Com. Rep. 49 on H.B. No. 1164**

The purpose of this bill is to improve the insurance laws by conforming the Hawaii Insurance Code and related statutes to the Producer Licensing law, Act 216, Session Laws of Hawaii 2001.

Your Committee on Conference agrees that these revisions by the Department of Commerce and Consumer Affairs will modernize insurance licensing laws and provide uniformity and reciprocity with the laws of other states as required by the federal Gramm-Leach-Bliley Act, as well as increase the consistency and efficiency of Hawaii's insurance laws.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date from July 1, 2050, to July 1, 2003; and
- (2) Making technical, nonsubstantive amendments for purposes of consistency and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1164, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1164, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Magaoay, Herkes, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Espero, Kanno, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 50 on H.B. No. 1652**

The purpose of this bill is to appropriate funds to the Medicaid Prescription Drug Rebate Special Fund.

Your Committee on Conference has amended this bill by:

- (1) Inserting the sum of \$500,000 for fiscal year 2003-2004;
- (2) Specifying that the funds may be used for:
  - (a) The development of a waiver; and
  - (b) Activities associated with securing approval for the waiver,from the Centers for Medicare and Medicaid Services for the expansion of prescription drug benefits under the Medicaid Program;  
and
- (3) Making technical, nonsubstantive amendments for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1652, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1652, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Kawakami, Nakasone, and Moses.

Managers on the part of the Senate:  
Senators Menor, Chun Oakland, Taniguchi, Whalen, and Baker.  
(Senators Whalen and Baker were excused.)

**Conf. Com. Rep. 51 on S.B. No. 295**

The purpose of this measure is require the counties to establish registration and special license plate requirements for commercial tow trucks, increase the limit on storage fees for towed vehicles, and shorten the period for notification of a tow by a tow operator to a vehicle's owner.

Your Committee has amended this measure by replacing language requiring the counties to establish a registration and special license plate system for commercial tow trucks and shortening the notification period, with language that authorizes, but does not require the county councils to enact ordinances regulating towing operations. Your Committee has retained language authorizing an increase in fees charged by tow companies for storage of towed vehicles.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 295, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 295, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Caldwell, Ito, and Blundell.  
(Representative Ito was excused.)

Managers on the part of the Senate:  
Senators Menor, Baker, Espero, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 52 on S.B. No. 1200**

The purpose of this measure is to authorize additional persons to act as signatories on a captive insurer's letter of financial condition, clarify the applicability of certain insurance code provisions to captives, and make other clarifying amendments, including the replacement of existing language with more appropriate terminology.

Your Committee finds that this measure will establish greater internal consistency within article 19 of the insurance code and further enhance Hawaii's attractiveness as a captive insurance company domicile.

Your Committee made technical amendments to this measure to correct paragraph and section numbers.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1200, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1200, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Herkes, Sonson, and Marumoto.

Managers on the part of the Senate:  
Senators Menor, Ige, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 53 on S.B. No. 1630**

The purpose of this measure is to allow the boards of planned community associations with a minimum of 2,500 members to authorize the election of directors or officers by mail.

This measure will facilitate the election process for large planned community associations and the participation of greater numbers of association members in board elections.

Your Committee on Conference made a nonsubstantive stylistic amendment to the language describing the nonprofits that may conduct the election by mail only if so authorized in the organization's bylaws or articles of incorporation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1630, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1630, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Caldwell, Herkes, and Marumoto.

Managers on the part of the Senate:  
Senators Menor, Espero, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 54 on S.B. No. 933**

The purpose of this bill is to amend the stalking laws by:

- (1) Amending §711-1106.5, Hawaii Revised Statutes (HRS), by requiring the defendant to engage in a course of conduct involving pursuit, surveillance, or non-consensual contact on more than one occasion without legitimate purpose;
- (2) Defining "non-consensual contact" as any contact that occurs without the individual's consent or in disregard of that person's express desire that the contact be avoided or discontinued, and includes direct personal oral contact, and contact via telephone, facsimile, or electronic mail transmission;
- (3) Amending §711-1106.4, HRS, by deleting paragraphs (1)(a) and (b), and the requirement that the defendant have been convicted previously of harassment by stalking involving the same person, and inserting that the defendant have been convicted previously of harassment by stalking within five years of the instant offense.

Your Committee amended the bill by inserting the words "visual or" on page 3, line 3. This amendment is intended to punish stalkers who intimidate their victims by appearing in places where they know their victim will be. This amendment is not intended to include situations where it was not the defendant's intent to be seen by the victim.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 933, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 933, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Lee, and Finnegan.  
(Representative Finnegan was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Fukunaga, and Hogue.  
(Senator Fukunaga was excused.)

**Conf. Com. Rep. 55 on S.B. No. 1267**

The purpose of this bill is to refine and improve the enforcement responsibilities of the Department of the Attorney General (AG) regarding enforcement of the Tobacco Master Settlement Agreement.

Your Committee amended the bill by:

- (1) Adding the words "or not" on page 10, line 5 before the word "whether";
- (2) Adding a paragraph (3) to §486P-C(c) on page 11 that requires entities licensed pursuant to chapter 245, Hawaii Revised Statutes, to maintain for five years, and make available to the AG all documentation of sales of nonparticipating manufacturer cigarettes and other information relied on for reporting to the AG;
- (3) Deleting the words "the forfeiture of" on page 17, line 1; and
- (4) Making technical, nonsubstantive changes for drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1267, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1267, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, B. Oshiro, Hamakawa, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Chun Oakland, and Hogue.  
(Senator Hogue was excused.)

**Conf. Com. Rep. 56 on S.B. No. 1274**

The purpose of this bill is to establish extreme mental or emotional disturbance as an affirmative defense to murder or attempted murder.

Your Committee finds that establishing extreme mental or emotional disturbance (EMED) as an affirmative defense requires the defense to prove by a preponderance of the evidence that the defendant suffers from EMED. Under existing law, a defendant charged with murder or attempted murder need not raise EMED as a defense, and may not legitimately have EMED, and yet the prosecution must still disprove that the defendant suffers from EMED.

Your Committee amended the bill, however, by replacing the reasonable person standard. Specifically, the bill is amended by:

- (1) Inserting the word "reasonable" before the word "person" on line 10; and
- (2) Deleting the words "defendant's situation under the" on line 11.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1274, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1274, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Caldwell, B. Oshiro, and Pendleton.  
(Representative Caldwell was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Chun Oakland, English, and Hogue.  
(Senator Chun Oakland was excused.)

**Conf. Com. Rep. 57 on S.B. No. 1460**

The purpose of this measure is to require the Hawaii Tourism Authority (HTA) to include in its contracts certain provisions to ensure accountability and efficient use of public funds, and to require that intellectual property arising from works for hire contracted by the HTA become the intellectual property of the State.

Your Committee on Conference finds that enacting contract requirements into statute, though unusual, is the best means of ensuring the accountability and efficient use of public funds in future contracts even though the current executive director of the HTA has strived to include these provisions in all HTA contracts.

Your Committee on Conference has amended this measure by:

- (1) Replacing language in the new section 201B- (a), with language from the Senate Draft 2 version to clarify that the required contract provisions are to ensure accountability and efficient use of public funds and are provisions that a reasonably prudent person would expect in a contract; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1460, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1460, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:

Representatives Chang, Karamatsu, Herkes, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Kim, Tsutsui, and Slom.  
(Senator Slom was excused.)

**Conf. Com. Rep. 58 on S.B. No. 1319**

The purpose of this measure is to update the laws governing limited partnerships in Hawaii.

This measure repeals the Uniform Limited Partnership Act, codified in chapter 425D, Hawaii Revised Statutes, and replaces it with a modified version of the 2001 Revised Uniform Limited Partnership Act. Your Committee on Conference finds that this measure will help to improve Hawaii's business climate by modernizing the limited partnership laws and making them more consistent with the laws of the other states.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2004, and by making technical amendments to reflect preferred drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1319, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1319, S.D. 1, H.D. 3, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, B. Oshiro, Karamatsu, and Finnegan.  
(Representative Finnegan was excused.)

Managers on the part of the Senate:  
Senators Menor, Espero, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 59 on S.B. No. 1051**

The purpose of this measure is to regulate electric personal assistive mobility devices, otherwise known as Segways.

Your Committee on Conference generally agreed with regard to several provisions in this measure, and therefore used the H.D. 2 version of this measure as a base, and recommends further amendments as set forth below.

Your Committee on Conference amended this measure to remove the provisions in the H.D. 2 version that authorize a Segway to be used on the shoulder of a street instead of a sidewalk, under certain circumstances. Your Conference Committee believes that it may be too dangerous to use the Segway on a street, except in a bicycle path.

Your Conference Committee also amended this measure to clarify that the provisions prohibiting the sale of Segway models that can operate at greater than eight miles per hour apply to "consumer" models rather than "commercial" models.

Finally, your Conference Committee amended this measure to make its provisions effective upon approval, rather than on July 1, 2050.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1051, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1051, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Hamakawa, B. Oshiro, and Moses.

Managers on the part of the Senate:  
Senators Kawamoto, Hanabusa, English, and Espero.  
(Senator English was excused.)

**Conf. Com. Rep. 60 on S.B. No. 837**

The purpose of this measure is to address critical needs of private industry and promote business development by clarifying the duties of the Workforce Development Council (WDC).

Your Committee on Conference finds that to compete in the global economy, Hawaii must develop a workforce with high-demand, cross-functional skill sets. However, your Committee on Conference finds that relevant benchmarks must be established to assess whether the workforce development goals of the state departments, University of Hawaii, and WDC are being met and, most importantly, whether Hawaii's workforce is acquiring the skills and education that are in demand by employers directly resulting in increased employment.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Departments of Business, Economic Development, and Tourism, Labor and Industrial Relations, Human Services, Education, and Public Safety, and the University of Hawaii to report on their workforce development programs; and
- (2) Requiring that all workforce development reports by the state departments, University of Hawaii, and WDC be posted electronically on the Internet.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 837, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 837, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Schatz, M. Oshiro, Wakai, and Leong.



Managers on the part of the Senate:  
Senators Fukunaga, Kanno, Aduja, Ige, Ihara, and Trimble.  
(Senator Ige was excused.)

**Conf. Com. Rep. 61 on S.B. No. 41**

The purpose of this measure is to require public disclosure of publicly funded contracts and subcontracts of the Hawaii Tourism Authority (HTA).

Although the HTA is exempt from chapter 103D, Hawaii Revised Statutes, relating to the public procurement code, your Committee on Conference finds that the contracts and subcontracts of the HTA should be subject to public inspection inasmuch as public funds are involved. However, your Committee on Conference is cognizant of the sensitive nature of contract negotiations involving the HTA, particularly as to proprietary information of the contractors and subcontractors which could be disclosed to the HTA in the course of negotiations.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that a government record as defined in chapter 92F, Hawaii Revised Statutes, otherwise known as the sunshine law and as applied to the authority, includes publicly funded contracts and subcontracts and any information acquired during the course of securing and monitoring such contracts and subcontracts, but exempts from disclosure, proprietary information of contractors and subcontractors; and
- (2) Making technical amendments that have no substantive effect.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 41, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 41, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Hamakawa, Karamatsu, and Pendleton.

Managers on the part of the Senate:  
Senators Kim, Kawamoto, Taniguchi, Espero, and Slom.

**Conf. Com. Rep. 62 on S.B. No. 665**

The purpose of this measure is to prohibit persons employed by a managed care plan, other than health care providers, from serving as members on the Prepaid Health Care Advisory Council.

Your Committee on Conference, upon further consideration, has amended this measure by:

- (1) Deleting the amendment to section 393-7(d), Hawaii Revised Statutes, which specified that representatives of the medical and public health professions be actual providers of such services;
- (2) Deleting language which provided that a person employed by a managed care plan, other than a health care services provider, shall not be appointed to the prepaid health care advisory council;
- (3) Deleting language defining "managed care plan";
- (4) Deleting language concerning the possibility of preemption by the Employees Retirement Income Security Act of 1974 (ERISA) and the protective repeal and reenactment of prior law provisions if the proposed amendment is deemed preempted by ERISA; and
- (5) Including language to preclude persons representing a health maintenance organization, a mutual benefit society that issues individual and group hospital or medical service plans, or any other health care organization from serving as a member on the Prepaid Health Care Advisory Council.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 665, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 665, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Hiraki, Herkes, and Finnegan.  
(Representative Finnegan was excused.)

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

**Conf. Com. Rep. 63 on S.B. No. 1395**

The purpose of this measure is to amend or repeal obsolete tax laws.

Your Committee finds that this housekeeping bill will allow the Department of Taxation to administer the state tax laws more efficiently and provide better service to Hawaii's taxpayers.

Your Committee has amended the bill by:

- (1) Repealing section 235-16, Hawaii Revised Statutes, in its entirety (section 9 of the bill) as functus instead of only amending subsection (a) of that section;
- (2) Retaining and deleting the references to section 237-13(3) and 237-13(2), Hawaii Revised Statutes, respectively, under section 238-2.3, Hawaii Revised Statutes (section 6 of the bill);

- (3) Repealing section 248-2.5, Hawaii Revised Statutes, in its entirety (section 14 of the bill) as functus instead of only amending subsection (b) of that section; and
- (4) Renumbering the section numbers accordingly.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1395, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1395, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kawakami, Karamatsu, Waters, and Jernigan.  
(Representative Jernigan was excused.)

Managers on the part of the Senate:  
Senators Taniguchi, Kokubun, Tsutsui, and Hemmings.  
(Senator Kokubun was excused.)

#### **Conf. Com. Rep. 64 on S.B. No. 946**

The purpose of this measure is to allow a caregiver of a minor who lives with the minor, but is not the minor's legal guardian, to execute an affidavit of caregiver consent to enroll the minor in school and allow the minor to participate in school activities. This measure also provides that a caregiver who makes a false statement in the affidavit for caregiver consent shall be subject to criminal penalties.

Your Committee on Conference, upon further consideration, has amended the measure by changing the effective date from "July 1, 2050" to "upon its approval."

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 946, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 946, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Hamakawa, B. Oshiro, and Ching.

Managers on the part of the Senate:  
Senators Chun Oakland, Hanabusa, English, and Trimble.  
(Senator Trimble was excused.)

#### **Conf. Com. Rep. 65 on S.B. No. 1201**

The purpose of this measure is to restore regulatory licensing of motor vehicle manufacturers and motor vehicle distributors by articulating in the statutes, prohibited practices related to franchising, and granting both distributors and dealers the right to recover certain specified damages for violation of those prohibitions.

With the passage of this measure, Hawaii will be in the majority of states that maintain motor vehicle franchise protection laws for locally-owned businesses, thereby protecting the investments of franchised dealers, while concomitantly protecting customers from inflated new motor vehicle costs.

The Department of Commerce and Consumer Affairs and affected parties have worked together throughout this session to reach an agreement regarding regulation that is supported by all parties.

It is your Committee's intent that the licensing provisions that are contained in this measure create licensing requirements only for manufacturers and distributors as those entities may be described in Chapter 437, Hawaii Revised Statutes (Chapter 437). It is not this Committee's intent to require individual offices or establishments maintained by a distributor licensed under Chapter 437 to be separately licensed, nor is it this Committee's intent to require individual distributor representatives that are employed by or under contract with a distributor licensed under Chapter 437 to be separately licensed.

It is also this Committee's intent that the private remedies set forth in Section 1 of the measure become effective upon its approval, while all licensing requirements that may be contained in or created by this measure are delayed in effect until January 1, 2004. Failure to be licensed prior to January 1, 2004, is not a violation of the law.

Your Conference Committee, upon further consideration, has made the following amendments to S.B. 1201, S.D. 2, H.D. 1:

- (1) Inserted a provision for private right of action remedies and the recovery of damages by motor vehicle licensees;
- (2) Inserted provisions for the Department of Commerce and Consumer Affairs to set fees for licensing and enforcement;
- (3) Changed the effective date of this Act to take effect upon its approval, provided that sections 6 and 7 take effect on January 1, 2004; and
- (4) Made technical nonsubstantive amendments for the purpose of clarification.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1201, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1201, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Hamakawa, B. Oshiro, and Finnegan.

Managers on the part of the Senate:  
Senators Kawamoto, Menor, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 66 on S.B. No. 931**

The purpose of this measure is to assist the victims of domestic violence, sexual assault and stalking, and their minor children by allowing these victims to take paid or unpaid leave to:

- (1) Seek medical attention;
- (2) Obtain services from a victim services organization;
- (3) Obtain psychological or other counseling;
- (4) Temporarily or permanently relocate; or
- (5) Take legal action.

After careful consideration, your Committee on Conference has amended this measure by making technical, nonsubstantive amendments for purposes of clarity, style, and conformity. Specifically, the word "either" was added to page 4, line 10, and a section symbol was added to the proposed section 378-C, on page 9, line 10.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 931, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 931, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Caldwell, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kanno, Hanabusa, Kawamoto, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 67 on S.B. No. 1312**

The purpose of this measure is to require the Employees' Retirement System (ERS) to finalize a retiree's pension benefits within six months of the retiree's retirement or pay interest to a retiree for noncompliance with the six month deadline.

This measure specifies that beginning January 1, 2004, or the first calendar month following the month of retirement, whichever is later, interest payments calculated as simple interest shall be prorated up to the date payment is made; provided that no interest shall be paid for any pension adjustment made after the retiree's pension has been finalized. This measure also requires the ERS to impose a monthly fee upon departments or agencies that fail to timely comply with any ERS request for information. Finally, the measure authorizes the appropriation of \$1 from the Employees' Retirement System's investment earnings for the purposes of this Act.

Your Committee on Conference finds that a lengthy delay exists between the date of an employee's retirement and the finalization of pension benefits. This delay results in an unnecessary burden and often a financial hardship upon retirees. However, your Committee on Conference determines that the entirety of the delay does not rest solely with the ERS, but may also be attributed to other departments or agencies. Therefore, in addition to the requirement that the ERS pay the retiree any interest associated with a failure to finalize pension benefits within six months of retirement, the ERS shall also assess a fee against any department or agency that fails to comply with the ERS's requests for information.

Furthermore, in efforts to maintain fiscal awareness and responsibility, your Committee on Conference has amended the measure to appropriate the sum of \$90,000, from the Employees' Retirement System's investment earnings for the purposes of this Act; provided that the amount expended does not exceed \$90,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1312, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1312, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Ito, and Blundell.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Slom.  
(Senators Kawamoto and Kokubun were excused.)

**Conf. Com. Rep. 68 on S.B. No. 830**

The purpose of this bill is to implement the recommendations of the Criminal History Record Check Working Group (Working Group) that was established by Act 263, Session Laws of Hawaii 2001, and extends the Working Group to 2005, to review and analyze all issues related to the use of criminal history record information for employment, licensing, and other matters.

Your Committee finds that the Working Group's recommendation of requiring criminal history record checks for applicants who may have contact with vulnerable populations such as children and dependent adults, or with persons in correctional facilities, is necessary to ensure the health, safety, and welfare of the public. Conversely, this requirement is not intended to interfere with the collective bargaining rights of an employee whose current employment may be called into question if the employee applies for a new position requiring a criminal history record check and is denied employment because of a previous conviction. Therefore, you Committee amended the bill by:

- (1) Deleting the phrase "[a]ny termination of employment shall be subject to the employee's rights under collective bargaining" on page 6, line 22 – page 7, line 2, and inserting a paragraph (3) and the phrase "[n]othing in this section shall abrogate an employee's rights under collective bargaining to appeal a termination of employment";
- (2) Adding the phrase "[n]othing in this subsection shall abrogate any applicable appeal rights under chapters 76 or 89, or administrative regulation of the department of education" at the end of §302A-A(b), Hawaii Revised Statutes (HRS), on page 11, line 7;

- (3) Adding the phrase "[n]othing in this subsection shall abrogate any applicable appeal rights under chapters 76 or 89" at the end of §321- (c), HRS, on page 15, line 22; and
- (4) Adding the phrase "[n]othing in this subsection shall abrogate any applicable appeal rights under chapters 76 or 89" at the end of §831-3.1(a)(2), HRS, on page 54, line 14.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 830, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 830, S.D. 1, H.D. 3, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Hamakawa, Shimabukuro, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, English, Kawamoto, and Hogue.  
(Senator Hogue was excused.)

#### **Conf. Com. Rep. 69 on S.B. No. 1324**

The purpose of this bill is to allow Medical Claim Conciliation Panel (MCCP) claimants to submit their claim to an alternative dispute resolution (ADR) process.

Your Committee agrees that claimants should be given the option and opportunity to resolve their claims through ADR. Claims resolved through ADR benefit not only the claimants, but also the MCCP and potentially the court system.

Since 1976, medical tort claims against health providers are required to undergo a merit review by the MCCP before the claims may be litigated. Your Committee finds that a growing number of baseless claims have been filed with the MCCP which results in increased costs and expenses for health care providers and health care facilities that must defend against the baseless claims. These costs are passed on to physicians in the form of higher medical malpractice insurance premiums that ultimately result in higher health care services to the public. Therefore, your Committee amended the bill by:

- (1) Inserting an amendment to chapter 671, Hawaii Revised Statutes (HRS), that requires claims filed with the MCCP to be accompanied by a certificate stating that the claimant consulted with at least one licensed physician knowledgeable or experienced in the same medical specialty as the health care professional against whom the claim is made, and that the claim is reasonable and meritorious; providing a certificate filing extension for those claims that would be impaired by a statute of limitations; requiring that the claimant make one good faith attempt to obtain a consultation; exempting informed consent claims from the consultation requirement; and providing for the confidentiality of consulting physicians;
- (2) Adding a definition for "good faith attempt" to §671- (a)(3), HRS;
- (3) Replacing its effective date of July 1, 2050, with September 1, 2003; and
- (4) Making technical, nonsubstantive changes for drafting style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1324, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1324, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, B. Oshiro, Hamakawa, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, English, and Hogue.

#### **Conf. Com. Rep. 70 on S.B. No. 1492**

The purpose of this measure is to allow a condominium project under chapter 514A, Hawaii Revised Statutes (HRS), or a cooperative housing corporation project under chapter 4211, HRS, to establish a separate corporation, partnership, or association, which may enter into a contract with a provider to provide assisted living services. The measure also requires that such entities become licensed and regulated as an assisted living facility by the Department of Health.

Upon further consideration, your Committee on Conference has amended the measure by deleting the substantive provisions of the measure and inserting, therefor, provisions that:

- (1) Require the Department of Health and the Real Estate Commission to conduct a study on the impact and feasibility of allowing condominium and cooperative housing corporation projects to become licensed as assisted living facilities to provide assisted living services for its residents, and submit a report of findings and recommendations, including proposed legislation, to the Legislature prior to the convening of the 2004 Regular Session. The study shall address issues, including, but not limited to, the following:
  - (A) A new definition of "assisted living services" that would be provided in a condominium or cooperative housing project that becomes licensed as an "assisted living facility," taking into consideration that such projects would differ from other assisted living facilities in the provision of housing;
  - (B) Liability insurance issues;
  - (C) Potential liability exposure of individual owners as well as the board of directors of a condominium or cooperative housing corporation project that becomes licensed as an assisted living facility;

- (D) Apportionment of fees and costs between the individual owners of the condominium or cooperative housing corporation project and those owners who have elected to receive assisted living services; and
  - (E) The appropriateness of licensing vendors that would provide assisted living services to residents of a condominium or cooperative housing corporation project for a fee, under contract with its board of directors; and
- (2) Impose a moratorium on the licensing of any further condominium or cooperative housing corporation projects as assisted living facilities by the Department of Health, until the Legislature has acted upon the report or July 1, 2004, whichever occurs first.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1492, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1492, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Kahikina, Hiraki, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Chun Oakland, Menor, Espero, Fukunaga, and Trimble.  
(Senator Espero was excused.)

#### **Conf. Com. Rep. 71 on S.B. No. 255**

The purpose of this measure is to invalidate prospective land use agreements that purport to restrict or prohibit agricultural activities on lands classified as agricultural by the Land Use Commission, with the exception of restrictions intended to protect environmental and cultural resources.

Your Committee on Conference finds that this measure serves overwhelmingly important public interests in maintaining open space and agricultural lands. Agriculture preserves Hawaii's unique rural communities, generates income for farmers, their employees, and their families, and provides sustenance for Hawaii's people. Your Committee on Conference also finds that a covenant currently may restrict a farmer from growing anything beyond a certain height. This type of covenant is normally found only in housing subdivisions, and is overly restrictive to a bona fide farming operation in an agricultural district.

Your Committee on Conference amended the measure by adding a purpose clause to show that it appreciates that the United States and Hawaii Constitutions protect against the deprivation of private property for public use without just compensation and due process of law. The purpose clause further explains, using legislative history, the State's constitutional recognition of the importance of promoting and preserving agriculture, and the Constitution's allowance that a person may contract away a legal right so long as that contract does not impact anyone else's legal rights nor be "contrary to the public good". Thus, a covenant that violates the constitutional intent of preserving and conserving agricultural lands and uses in the State cannot be in the public good.

Your Committee has also amended the measure by:

- (1) Removing language that would have allowed restrictions to agricultural uses if characteristics such as topography or soil quality render agricultural use unsuitable; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 255, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 255, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Abinsay, Kanoho, B. Oshiro, Caldwell, and Finnegan.

Managers on the part of the Senate:  
Senators Inouye, Aduja, Hooser, and Whalen.

#### **Conf. Com. Rep. 72 on S.B. No. 975**

The purpose of this measure is to provide the State and counties with tort immunity from claims arising from the use of public skateboard parks, except in cases where the public entity has failed to adequately repair or maintain the park.

Your Committee on Conference has agreed that limited liability for the State and counties is appropriate, in order to encourage the establishment of skateboard parks.

Your Committee on Conference amended this measure to extend immunity to volunteers working at such parks without remuneration.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 975, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 975, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Chang, B. Oshiro, Karamatsu, and Thielen.

Managers on the part of the Senate:  
Senators Kawamoto, Fukunaga, Chun Oakland, and Baker.

#### **Conf. Com. Rep. 73 on S.B. No. 740**

Your Committee on Conference finds that the public health nursing program (PHN) was established by the Department of Health in 1923 to provide communicable disease control, infant welfare services, and nutrition services. Since its inception, PHN has

contributed tremendously toward maintaining and improving the health of Hawaii's residents and is involved in all levels of service, including early intervention services, Felix-related services, breast and cervical cancer programs, and others. Clearly, PHN has become an indispensable program for the State. Your Committee on Conference finds that this measure assures PHN's continued existence and the continued provision of nursing services to thousands around Hawaii.

Your Committee on Conference has amended this measure by making a technical amendment to clarify that PHN is to be established "within" the Department of Health.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 740, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 740, H.D. 2, S.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Nishimoto, Hale, and Meyer.  
(Representative Meyer was excused.)

Managers on the part of the Senate:  
Senators Baker, Kokubun, Chun Oakland, Tsutsui, Hogue, and Taniguchi.  
(Senators Hogue and Taniguchi were excused.)

#### **Conf. Com. Rep. 74 on S.B. No. 38**

The purpose of this measure is to make an appropriation to the Hawaii tourism special fund to implement an integrated marketing plan.

After further consideration, your Committee on Conference has amended this measure to revert its language to the original measure, S.B. No. 38, to allow the Hawaii Tourism Authority (Authority) to hire its own attorneys. The House Conferees believe that another measure in conference may be a more appropriate vehicle to make the appropriation.

Your Committee on Conference finds that the responsibilities of the Authority, particularly with regard to negotiating complex contracts, require specialized legal expertise and the services of an attorney able to focus attention exclusively on the legal needs of the Authority. With the staggering work demands on the Attorney General, your Committee on Conference finds that the expediency required by the work of the Authority necessitates that it have its own attorneys.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 38, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 38, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Hamakawa, Karamatsu, and Ontai.

Managers on the part of the Senate:  
Senators Kim, Hanabusa, Taniguchi, and Tsutsui.

#### **Conf. Com. Rep. 75 on S.B. No. 1352**

The purpose of this measure is to provide for the continuation of licensing and regulation of community care foster family homes by the Department of Human Services (DHS), by extending the repeal date of Act 273, Session Laws of Hawaii 2001 (Act 273), from June 30, 2003, to June 30, 2004. This measure also requires DHS to report to the Legislature prior to the convening of the 2004 Regular Session on the cost-effectiveness and administration of the licensing and certification process established by Act 273, and the possibility of integrating or consolidating the classification of community care foster family homes with adult residential care homes (ARCHs) as defined in section 321-15.1, Hawaii Revised Statutes.

Upon further consideration, your Committee on Conference has made the following amendments to this measure:

- (1) Amending the purpose section of the measure to reflect the need to extend the DHS' community care foster family home licensing and certification demonstration projects established under Act 273;
- (2) Adding a section to the measure that would also extend the DHS' community care foster family home licensing and certification demonstration projects established under Act 273, Session Laws of Hawaii 2001, for one year, until June 30, 2004, to ensure that the demonstration project parameters remain consistent throughout the extended term of Act 273; and
- (3) Appropriating \$65,000 from the criminal history record improvement revolving fund for fiscal year 2003-2004, to conduct criminal history record checks for operators of community care foster family homes regulated under such projects.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1352, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1352, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Hamakawa, Shimabukuro, and Ching.

Managers on the part of the Senate:  
Senators Chun Oakland, Taniguchi, Aduja, Espero, Hooser, Inouye, and Trimble.

#### **Conf. Com. Rep. 76 on S.B. No. 1423**

The purpose of this measure is to establish the Commission on Fatherhood to make recommendations and oversee policies to create programs, services, and contracts that promote healthy family relationships between parents and children that are father-friendly and inclusive.

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

- (1) Establishing the Commission on Fatherhood within the Office of the Lieutenant Governor for administrative purposes, rather than the Department of Human Services;
- (2) Clarifying that the purpose of the Commission is to promote healthy family relationships between parents and children;
- (3) Providing that eight members shall be appointed by the Governor in accordance with section 26-34, Hawaii Revised Statutes, as follows:
  - (A) Two members shall be appointed from a list of three nominees submitted by the President of the Senate and two members shall be appointed from a list of three nominees submitted by the Speaker of the House of Representatives; and
  - (B) Four members shall be appointed from the community;
- (4) Providing that one voting member shall be designated by the Hawaii Coalition for Dads;
- (5) Providing that all members shall serve for a term of two years;
- (6) Clarifying that the Commission shall serve in an advisory capacity to state agencies to promote healthy family relationships between parents and children, and amending the duties of the Commission to be consistent thereto;
- (7) Inserting a sunset (repeal) date of June 30, 2005; and
- (8) Making other technical, nonsubstantive amendments for the purposes of clarity, consistency, and formatting.

Your Committee on Conference notes that the Commission on Fatherhood is intended to function independently without administrative support from the Office of the Lieutenant Governor, and further notes that no state funds are appropriated for the Commission on Fatherhood.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1423, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1423, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Shimabukuro, Wakai, and Finnegan.  
(Representative Wakai was excused.)

Managers on the part of the Senate:  
Senators Chun Oakland, Taniguchi, Hooser, Kanno, Kawamoto, and Tsutsui.  
(Senators Kawamoto and Tsutsui were excused.)

#### **Conf. Com. Rep. 77 on S.B. No. 205**

The purpose of this measure is to encourage parents to be actively involved in the education of their children by establishing that public employees shall be eligible for at least two hours of paid leave, under certain conditions, to attend either:

- (1) A mutually-scheduled parent-teacher conference for children in grades kindergarten through twelve; or
- (2) A mutually-scheduled parent-caregiver conference for a preschool-aged child attending a licensed child care center.

Additionally, this measure establishes a limit of no more than four conferences per child in a calendar year. This measure also provides that the paid leave permitted shall not be credited against a public employee's vacation or sick leave benefits, and that such leave shall not interfere with the operations of the work unit or require the affected agency to incur any overtime costs or additional human resources. Furthermore, the measure specifies that travel time is to be included within the two hours allotted an employee per conference.

Your Committee on Conference has determined that it is important to support and facilitate parents' ability to become involved in the lives of their children. In order to help foster the parent-child relationship, public employees should be provided with paid leave to attend parent-teacher and parent-caregiver conferences. Currently, under Administrative Directive 93-02, State employees are permitted to utilize up to four hours of paid leave to attend parent-teacher or parent-caregiver conferences per school year. However, the same leave policy is not provided to all public employees on a consistent basis. Your Committee on Conference has further determined that the statutory codification of the existing policy supporting parental involvement will act to firmly establish the State's dedication to the welfare of the family unit.

Upon further deliberation, your Committee on Conference has amended this measure by reducing the number of conferences permitted per year per child from four conferences to two conferences.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 205, S.D. 3, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 205, S.D. 3, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Mindo, and Blundell.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.  
(Senators Kawamoto and Kokubun were excused.)

#### **Conf. Com. Rep. 78 on S.B. No. 1443**

The purpose of this measure is to fund authorizations and appropriations for collective bargaining cost items for bargaining unit (11), firefighters, and excluded counterparts.

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

- (1) Inserting specific amounts to be appropriated to cover the costs of the salary increases of the respective agencies' employees and collective bargaining cost items negotiated for collective bargaining unit 11 and excluded counterparts from both general and special funds;
- (2) Adding new sections to the measure that include appropriations for all cost items provided in the arbitrated settlement for Hawaii Employer-Union Trust Fund costs for collective bargaining unit 11 and excluded counterparts;
- (3) Changing the effective date from upon approval to July 1, 2003; and
- (4) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1443, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1443, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Moses.

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

**Conf. Com. Rep. 79 on S.B. No. 1444**

The purpose of this measure is to fund authorizations and appropriations for collective bargaining cost items for bargaining unit (12) negotiated by the bargaining representative for fiscal biennium 2003-2005.

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

- (1) Changing the measure to apply to members of bargaining unit (9), registered professional nurses, and excluded counterparts, rather than bargaining unit (12);
- (2) Adding new sections that include appropriations for all cost items provided in the arbitrated settlement for Hawaii Employer-Union Trust Fund costs for collective bargaining unit (9) and state officers and employees excluded from collective bargaining;
- (3) Adding new sections that include appropriations for all cost items provided in the arbitrated settlement for salary increases and other wage related costs for bargaining unit (9) and excluded counterparts;
- (4) Adding new sections that indicate that the funds appropriated by the Act to Program Planning, Analysis, Budgeting (BUF 101) shall be allotted by the Director of Finance to the appropriate state departments;
- (5) Adding new sections that indicate that the funds appropriated by the Act to Administrative Director Services (JUD 201) shall be allotted by the Chief Justice; and
- (6) Changing the effective date from upon approval to July 1, 2003; and
- (7) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1444, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1444, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Bukoski.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kokubun, Tsutsui, and Slom.  
(Senators Kokubun and Slom were excused.)

**Conf. Com. Rep. 80 on S.B. No. 1309**

The purpose of this measure is to:

- (1) Clarify to whom monthly pensions are payable upon the death of the pensioner;
- (2) Allow the Employees' Retirement System (ERS) Board of Trustees (Board) to set the salary of the ERS Administrator without specific limitations;
- (3) Require the effective date of retirement to be the first day of the month or the last day of the year for a judge or elective officer who retires after attaining the seventy-five per cent benefit limitation;
- (4) Correct statutory references within section 88-74, Hawaii Revised Statutes (HRS), to correspond to the appropriate subsections of section 88-81, HRS; and
- (5) Restore the method used to calculate a member's average final compensation prior to the enactment of Act 128, Session Laws of Hawaii 2002.

Your Committee on Conference finds that certain groups of employees were adversely affected by Act 128, Session Laws of Hawaii 2002, which amended the methods of calculation of a retiree's average final compensation. Your Committee on Conference also finds that the restoration of the previous method of calculating a retiree's average final compensation is necessary to address the current concerns of these retirees.



Additionally, in an effort to maintain fiscal awareness and responsibility, your Committee on Conference has amended this measure by requiring the ERS Board to set the ERS administrator's salary at not more than that of the Governor, as established under section 26-51, HRS.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1309, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1309, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Mindo, and Blundell.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Slom.  
(Senators Kawamoto and Kokubun were excused.)

**Conf. Com. Rep. 81 on S.B. No. 1040**

The purpose of this measure is to:

- (1) Require that ten per cent of the revenue collected from the transient accommodations tax and allocated to tourism promotion and visitor industry research, be deposited into the special land and development fund for the Hawaii statewide trail and access program; and
- (2) Delete the limit of \$500,000 in any fiscal year that may be expended for management, maintenance, and development of trails and trail accesses.

This measure effectuates the intent of Act 250, Session Laws of Hawaii (SLH) 2002, which authorized a portion of the TAT revenues to be expended on the Hawaii statewide trail and access program, which is funded from the special land and development fund. However, Act 250, SLH 2002, did not specify a deposit into any special fund. This measure corrects that omission.

The effect of this measure, as well as Act 250, SLH 2002, is to make dedicated moneys available for the Hawaii statewide trail and access program, which is being enjoyed by increasing number of tourists and residents, without added cost to the general fund.

Your Committee on Conference views this measure as promoting ecotourism, a new marketing niche for attracting visitors. Hawaii is unique in its natural beauty, which most tourists find attractive. Ecotourism is a means of enhancing the tourist experience.

Your Committee on Conference has amended this measure by changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1040, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1040, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Kanoho, Takamine, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Kim, Taniguchi, Tsutsui, and Hemmings.

**Conf. Com. Rep. 82 on S.B. No. 1505**

The purpose of this measure is to establish the Hawaii Invasive Species Council in session law for the temporary and special purpose of coordinating and improving invasive species control and eradication efforts throughout the State.

Your Committee has fully recognized and addressed each of the concerns presented by the Attorney General in a letter addressed to your Committee on Conference, dated April 21, 2003, by making the following amendments:

- (1) Inserting July 1, 2008, as the sunset date for the Council;
- (2) Clarifying the special purpose of the invasive species council;
- (3) Designating invasive species control efforts by particular function rather than by species throughout the measure;
- (4) Clarifying that the Department of Agriculture's weed risk assessment protocol shall be incorporated and expanded upon rather than duplicated or overrun by the council;
- (5) Deleting the invasive species administrator position;
- (6) Authorizing the issuance of a warrant when a private property owner refuses entry after receiving notice of intent to control or eradicate an invasive species on his or her property; and
- (7) Clarifying that the warrant should be issued to direct the police officer to assist the department or its agent in gaining entry to the property and executing control and eradication measures.

Further, your Committee notes that the Hawaii Invasive Species Council proposed in this measure is like other councils/commissions that are similarly temporary, for a special purpose, and administratively attached to the Office of the Governor the Council/Commission have previously passed legal muster and continue to exist.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1505, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1505, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:

Representatives Morita, Abinsay, Karamatsu, and Halford.  
(Representative Abinsay was excused.)

Managers on the part of the Senate:  
Senators English, Kokubun, and Hooser.

**Conf. Com. Rep. 83 on S.B. No. 582**

The purpose of this measure is to authorize the issuance of general obligation bonds to finance projects for the executive branch and the judiciary.

Your Committee finds that the total amount of principal and interest estimated for the general obligation bonds authorized under this measure, and for all bonds authorized and unissued and calculated for all bonds issued and outstanding, will not cause the debt limit of the State to be exceeded at the time of issuance.

Article VII, section 13, of the Constitution of the State of Hawaii requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee on Conference has amended this measure by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance; and
- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 582, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 582, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Kaho'ohalahala, Karamatsu, Kawakami, Magaoay, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Jernigan, Meyer, Moses, and Bukoski.  
(Representatives Waters and Bukoski were excused.)

Managers on the part of the Senate:  
Senators Taniguchi, Kokubun, Tsutsui, and Hemmings.

**Conf. Com. Rep. 84 on S.B. No. 459**

The purpose of this bill is to restore the integrity of the election process by:

- (1) Prohibiting fundraising in buildings being used for state or county purposes;
- (2) Prohibiting contributions by government contractors with contracts over \$25,000, commencing with any procurement activity conducted by a purchasing agency or notice of appropriation, and ending twenty-four months after the termination of the procurement activity or completion of any government contract;
- (3) Prohibiting the use of campaign contributions for personal expenditures, and limiting payments from campaign funds to \$4,000 in a four-year period prior to an election in which the candidate seeks nomination or election to a four-year term office, and \$2,000 in a two-year period prior to the election in which the candidate seeks nomination or election to a two-year term office;
- (4) Amending the registration requirements for candidates seeking reelection;
- (5) Replacing the requirement that the Campaign Spending Commission adopt a Code of Fair Campaign Practices as part of its rules with the requirement that the commission adopt a schedule of administrative fines for categories of violations incorporating the penalties that are provided by statute;
- (6) Amending the campaign contributions limit to \$4,000 for candidates seeking offices of four-year terms, \$2,000 for candidates seeking offices of two-year terms, \$2,000 for noncandidate committees in a two-year election period, \$5,000 per year for a party, and a maximum limit of \$25,000 in the aggregate for all contributions from an individual in a two-year election period, and clarifies that excess contributions not returned within thirty days escheat to the Hawaii Election Campaign Fund;
- (7) Prohibiting campaign contributions in excess of \$6,000 in the aggregate from corporations, labor organizations, member organizations, cooperatives, or corporations without capital stock;
- (8) Defining the ownership interest in a corporation as twenty-five percent for purposes of campaign contribution limits by individuals;
- (9) Clarifying that a person who is prosecuted and convicted of campaign violations is not subject to administrative enforcement, and provides that falsifying reports with intent to circumvent the law or deceive the commission is a class C felony;
- (10) Amending the public funding provisions to require a candidate to receive a scheduled amount of qualifying contributions from individual residents of Hawaii, and eliminating public funding for special elections;
- (11) Repealing §11-203, Hawaii Revised Statutes (HRS), relating to fundraisers and fundraising activities; and
- (12) Adding definitions and clarifying terms for consistency of application.

Your Committee amended the bill by:

- (1) Deleting §11-B, HRS, entitled "campaign contributions; prohibited by corporations, labor organizations, member organizations, cooperatives, or corporations without capital stock";

- (2) Adding a definition for "bundle" to §11-191, HRS;
- (3) Amending the definition of "committee" in §11-191, HRS, to include a party;
- (4) Removing the amendments to the definition of "contribution" in §11-191, HRS;
- (5) Amending paragraph (4) of the definition for "expenditure" in §11-191, HRS, by adding the words "that states the purpose of the payment is to influence the nomination and election of the donor candidate. Such payments shall be made with the following designation: "This donation is made to influence the nomination and election of the donor [candidate's name]";
- (6) Replacing the \$1000 expenditure aggregate amount with \$100 in §§11-194(d) and 11-194(e), HRS;
- (7) Clarifying in §11-194(e), HRS, that the registration requirement applies to committees forming within ten days of a primary or general election;
- (8) Raising the maximum campaign and surplus funds payment amount to community service or charitable organizations from \$4,000 to \$8,000 in a four-year period prior to an election for a four-year term of office, and from \$2,000 to \$4,000 in a two-year period prior to an election for a two-year term of office;
- (9) Deleting §11-204(c), HRS, on page 27, lines 19-20;
- (10) Replacing the words "in an election" on page 28, line 6, with the words "for the election in which the candidate seeks office";
- (11) Removing the brackets and strikethrough from §11-204(g), HRS, on page 30, lines 5-12;
- (12) Removing the brackets and strikethrough from §11-204(h), HRS, on page 30, line 13, for the words "an individual", and adding the words "who owns more than twenty-five per cent of the outstanding shares of a corporation or interest in a partnership, shall be treated as one person with the corporation or partnership";
- (13) Deleting §11-204(m)(4), HRS, on page 32, lines 16-21;
- (14) Removing the brackets and strikethrough from the words "except for subsection" in §11-204(n), HRS, on page 33, line 1;
- (15) Replacing the words "for a period of time" with "at any time" in §11-205.5(a), HRS, on page 34, line 13;
- (16) Deleting §11-205.5(d), HRS, on page 35, lines 7-9;
- (17) Reformatting §11-205.5(e), HRS, into two paragraphs, deleting the words "less than" from paragraph (1) on page 35, line 11, and adding the words "any business that seeks or has any government contract obtained through low bid price" to form paragraph (2);
- (18) Adding a new §11-205.5(e), HRS, that allows a government contractor to contribute to a candidate if the candidate holds or is seeking a public office that does not have the authority or discretion to enter into, approve, or ratify the government contract sought or held by the government contractor;
- (19) Amending the definition for "government contract" in §11-205.5(f), HRS, on page 36, lines 17-20 by deleting the word "procurement" before the word "contract", and replacing the words "covered by" before the words "the Hawaii public procurement code" with the words "not excluded from the application of";
- (20) Amending the definition of "government contractor" in §11-205.5(f), HRS, on page 36, line 21 – page 37, line 2, to mean any business that seeks a nonbid government contract valued in excess of \$25,000 or has one or more nonbid government contracts that exceed \$25,000 in the aggregate;
- (21) Adding a definition for "nonbid" to §11-205.5(f), HRS;
- (22) Amending §11-228(d), HRS, to require that administrative fines collected by the campaign spending commission be deposited into the general fund instead of the Hawaii Election Campaign Fund;
- (23) Amending the effective date to specify that the Act's provisions shall not be applied retroactively to any contributions made prior to its effect;
- (24) Conforming the purpose section to these amendments; and
- (25) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 459, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 459, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, B. Oshiro, Caldwell, and Bukoski.  
(Representative Bukoski was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Kawamoto, English, Espero, and Whalen.  
(Senators English and Whalen were excused.)

**Conf. Com. Rep. 85 on S.B. No. 1134**

The purpose of this bill is to establish new court administrative costs associated with the processing of certain civil filings, and authorizes the deposit of these costs into the Judiciary Computer System Special Fund.

Your Committee amended the bill by replacing its effective date of July 1, 2010, with July 1, 2003. Your Committee finds that moneys in the Judiciary Computer System Special Fund will be used to implement the integrated Judiciary Information

Management System that will allow the Judiciary to increase its efficiency by upgrading the court's outdated, fragmented, and overloaded computer system.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1134, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1134, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Nishimoto, B. Oshiro, and Pendleton.

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, Chun Oakland, and Kokubun.

**Conf. Com. Rep. 86 on S.B. No. 1135**

The purpose of this bill is to authorize the deposit of certain district court fees into the Judiciary Computer System Special Fund.

Your Committee amended the bill by:

- (1) Adding an appropriation section that appropriates \$3.5 million from the Judiciary Computer System Special Fund in fiscal years 2003-2004 and 2004-2005 for the purpose of implementing the Judiciary Information Management System (JIMS); and
- (2) Replacing its effective date of July 1, 2010, with July 1, 2003.

Your Committee finds that moneys in the Judiciary Computer System Special Fund will be used to implement JIMS which will allow the Judiciary to increase its efficiency by upgrading the court's outdated, fragmented, and overloaded computer system.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1135, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1135, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hamakawa, Nishimoto, B. Oshiro, and Bukoski.

Managers on the part of the Senate:  
Senators Hanabusa, Kokubun, Chun Oakland, Taniguchi, and Hogue.

**Conf. Com. Rep. 87 on S.B. No. 1333**

The purpose of this bill is to authorize the Judiciary Salary Commission (Commission) to determine salaries for justices, judges, and appointed Judiciary administrative officers effective July 1, 2004, and every eight years thereafter, subject to legislative and gubernatorial disapproval.

Your Committee finds that allowing the Commission to review and recommend salaries on a regular basis ensures the separation of powers and independence of the Judiciary. Your Committee further finds that Article VI, section 3 of the State Constitution requires that "justices and judges shall have salaries as provided by law". Because laws are made by the legislative branch of government, your Committee believes the Commission's recommendations should only be reviewed by the legislature. Therefore, your Committee amended the bill by:

- (1) Deleting reference to the governor in §601-3(a), Hawaii Revised Statutes (HRS), on page 2, line 2;
- (2) Deleting reference to the governor in §601-3(c), HRS, on page 2, line 15;
- (3) Deleting reference to the governor in §602-2, HRS, on page 3, line 9;
- (4) Deleting reference to the governor in §602-52, HRS, on page 4, lines 1-2;
- (5) Deleting reference to the governor in §603-5, HRS, on page 4, line 13;
- (6) Deleting reference to the governor in §604-2.5, HRS, on page 5, line 2;
- (7) Replacing the word "determinations" with the word "recommendations" on page 7, line 9, and reinserting the word "recommended" on page 8, line 6;
- (8) Deleting the phrase "with a copy to the governor" on page 7, lines 10-11;
- (9) Adding a provision authorizing incremental salary increases that take effect over the span of years occurring prior to the convening of the next Commission;
- (10) Replacing the phrase "the new salaries shall take effect at the beginning of the next fiscal year" on page 7, lines 11-12, with "the recommended salaries submitted by the commission shall become effective July 1 of the next fiscal year";
- (11) Deleting the words "by the legislature" on page 7, lines 15-16;
- (12) Replacing the words "recommendation is submitted" on page 7, line 19, with "recommended salaries are submitted";
- (13) Deleting §608-1.5(c)(2), HRS, on page 7, line 20 – page 8, line 2, that allows the governor to disapprove a salary recommendation;
- (14) Rewording page 8, lines 3-4 to read "provided that pursuant to article VI, section 3 of the State Constitution";
- (15) Adding the words "and not disapproved by the legislature" after the word "commission" on page 8, line 7;

- (16) Adding a provision that allows the Commission to reconvene in the month of November following legislative disapproval of a salary recommendation to review the legislature's reasons for disapproving its salary recommendation, and allowing the Commission to submit a new salary recommendation in the next regular session; and
- (17) Making technical, nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1333, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1333, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Nakasone, and Jernigan.

Managers on the part of the Senate:  
Senators Hanabusa, Taniguchi, Chun Oakland, and Kokubun.  
(Senator Chun Oakland was excused.)

**Conf. Com. Rep. 88 on S.B. No. 1462**

The purpose of this measure is to:

- (1) Adjust the compensation package of the Executive Director of the Hawaii Tourism Authority (HTA);
- (2) Allow the HTA to appoint a sports coordinator;
- (3) Exempt the HTA from chapters 38 and 40, Hawaii Revised Statutes, governing the deposits of public funds and audit and accounting procedures;
- (4) Require the HTA to notify the Legislature of the execution of any contract or agreement of \$25,000 and over;
- (5) Allow the Executive Director to disburse funds from the convention center enterprise special fund and tourism special fund; and
- (6) Require the HTA to engage a certified public accountant to conduct an annual audit of its financial transactions.

This measure is intended to enhance the operational effectiveness of the HTA and make it more financially accountable to the State. The sports coordinator would provide management services for all sporting events supported through the HTA, in recognition of sporting events as a viable and profitable tourist attraction.

Your Committee on Conference has amended this measure by:

- (1) Designating the existing sections 1 to 6 of this measure as part I;
- (2) Adding a new section to part I to require the HTA to establish a Hawaii tourism registry, to enhance tourism promotion efforts and adding to the HTA's powers and duties, the authority to enter into agreements with Hawaii-based groups in the registry to market and promote Hawaii;
- (3) Adding a part II to appropriate \$8,000,000 to the HTA to enable the HTA to respond to unstable market conditions of world conflicts, terrorists threats, and the outbreak of severe acute respiratory syndrome and the resulting impact on the economy and the welfare of the people of Hawaii, and to strengthen the programs and operations of the HTA; allow the HTA to amend its existing contracts for this purpose; and require the HTA to report to the Legislature by January 15, 2004, on the details of how the funds were expended;
- (4) Designating the Ramseyer and effective date sections as part III; and
- (5) Changing the effective date to July 1, 2003, and changing the statutory sections to be repealed and reenacted.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1462, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1462, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Karamatsu, Herkes, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Kim, Taniguchi, Sakamoto, Tsutsui, and Slom.  
(Senators Sakamoto and Slom were excused.)

**Conf. Com. Rep. 89 on S.B. No. 44**

The purpose of this measure is to provide economic relief to airport concessionaires whose businesses have been affected by the September 11, 2001, terrorist attacks, subsequent implementation of stricter safety measures, and reduced number of air travelers.

Both houses passed substantially similar versions of this measure, which served as the base for the C.D. 1 version. Your Committee on Conference amended this measure based on language submitted by the airport concessionaires, in part to address concerns raised by the Federal Aviation Administration (FAA).

Your Committee on Conference amended this measure to include force majeure language, which states that all airport concession contracts may contain language authorizing the Department of Transportation (DOT) to negotiate contract modifications with concessionaires if there is a drop in gross receipts resulting from a reduction in passengers due to events beyond either party's control. If negotiation is unsuccessful, the matter is resolved via the courts unless arbitration or another form of alternative dispute resolution is agreed to.

Your Committee on Conference also amended this measure to basically restate as session law many of the provisions that are codified in other portions of this measure. This amendment does not mandate that the DOT provide any relief. If the DOT does not provide relief to concessionaires whose businesses decline the specified percentage, the DOT may either terminate the concessionaire's contract or allow the concession to operate on a no profit, break even basis. Disputes under this section will be resolved by a court appointed arbitrator

Under this section, if a concession is terminated, it has no claims against the State, but can recover its security and bonds and will not be barred from doing business with the State for five years, as provided under existing law.

Any concessionaire who received relief under Act 15, Third Special Session Laws of Hawaii 2001, will have its relief under this measure offset accordingly. Likewise, a concessionaire may not received duplicative relief under the various provisions of this measure.

Finally, if the relief provided in this measure causes a shortfall in airport revenues, it shall be drawn from unrestricted surplus funds, which shall not continue past June 30, 2006, the date on which most contract terms end. Your Committee on Conference finds that this language is important to address concerns raised by the FAA.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 44, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 44, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Takamine, Caldwell, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Taniguchi, Aduja, Espero, Kim, and Kokubun.  
(Senators Kim and Kokubun were excused.)

#### **Conf. Com. Rep. 90 on S.B. No. 464**

The purpose of this measure is to require the Department of Transportation (DOT), in conjunction with the Oahu Metropolitan Planning Organization, to develop an action plan for implementation of a fixed rail transit system on Oahu.

Your Committee on Conference amended this measure to restore the contents of the S.D. 2 version, which allows the DOT to explore the feasibility of a monorail if a full-fledged fixed rail system is not feasible.

In addition, your Committee on Conference deleted the section of the S.D. 2 version that would have required the DOT to begin acquiring land for the fixed rail or monorail through the State's eminent domain powers once the site had been selected.

Finally, your Conference Committee amended the measure so that it is effective upon approval rather than on July 1, 2025.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 464, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 464, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Takamine, Caldwell, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Taniguchi, Aduja, Espero, Kim, Kokubun, and Sakamoto.  
(Senators Kim, Kokubun and Sakamoto were excused.)

#### **Conf. Com. Rep. 91 on S.B. No. 528**

The purpose of this measure is to transfer certain Hawaii county lands and improvements now used for public school purposes to the State.

Your Committee on Conference amended this measure to add the lands on which Keaau Middle School is situated to those being transferred to the State, to amend the entry for Keaau Middle and Intermediate Schools to exclude certain buildings (which will be retained by the county), and to make various technical amendments for purposes of accuracy and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 528, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 528, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanohe, Kaho'ohalahala, Magaoay, and Meyer.  
(Representative Meyer was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Inouye, Espero, Aduja, Kokubun, Taniguchi, and Whalen.  
(Senators Aduja, Kokubun and Taniguchi were excused.)

#### **Conf. Com. Rep. 92 on S.B. No. 1262**

The purpose of this measure is to amend various provisions of the state procurement code.

Your Committee on Conference met numerous times to discuss the differences between the House and Senate versions of this measure before reaching agreement. Your Committee on Conference used the S.D. 1 version of this measure as a base to prepare the C.D. 1 version, incorporating the amendments discussed below.

Your Committee on Conference amended the pre-bid conference provisions of this measure to require a pre-bid conference for all construction or design-build projects with a total estimated contract value of \$500,000 or more that are awarded pursuant to competitive sealed bidding, and for all such projects with an estimated value of \$100,000 or more awarded through a request for proposals. Your Committee on Conference also amended the language to clarify that only one pre-bid conference is required.

In addition, your Committee on Conference inserted a provision to require the head of the purchasing agency to invite all potential interested subcontractors and union representatives to attend the pre-bid conference.

Your Committee on Conference also included language from the H.D. 1 version of this measure to authorize nonselected offerors and nonselected professional service providers to request a "debriefing" prior to filing an official protest. Rather than include the language in section 103D-701, Hawaii Revised Statutes (HRS), your Committee on Conference inserted the language directly into sections 103D-303 and 103D-304, HRS. Your Committee on Conference also amended section 103D-701, HRS, to make the protest timeframe consistent.

Your Committee on Conference retained the language from the S.D. 1 version regarding procurement of professional service providers, but added language to give the purchasing agency greater flexibility when awarding professional service contracts for less than \$25,000, and to require the head of the purchasing agency to document the reason if a contract is not successfully negotiated with the first or second ranked person on the list. Your Conference Committee also included language to require electronic posting of every professional service contract awarded for more than \$5,000, rather than \$25,000.

Your Committee on Conference amended the "offeror responsibility" provisions to address constitutionality concerns. As amended, offerors still must demonstrate compliance with Hawaii employment laws, but only once they are awarded a contract. In addition, offerors must be incorporated or organized under the laws of the State of Hawaii or must register a separate branch or division in the State that is capable of fully performing under the contract.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1262, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1262, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Magaoay, Herkes, and Meyer.  
(Representative Meyer was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Aduja, Espero, Sakamoto, and Whalen.  
(Senators Sakamoto and Whalen were excused.)

#### **Conf. Com. Rep. 93 on S.B. No. 254**

The purpose of this measure is to amend a prior appropriation to demolish and rebuild a bridge crossing Waimea Irrigation System in Puukapu Homesteads, Second Series Puukapu, South Kohala, Island of Hawaii.

Your Committee on Conference finds that homeowners, on Kamuela property that was subdivided to two-acre parcels in 1926, are facing a serious safety issue because of a wooden bridge used to access their property. The bridge crosses a state-owned and managed irrigation ditch to provide access to seven lots on the north side of the ditch running through the subdivision. The ditch was used to irrigate sugar cane fields along the Hamakua Coast and was managed by the Department of Land and Natural Resources until the late 1980s, when it was transferred to the Department of Agriculture. Because no other vehicular access is available, residents continue to use the wooden bridge, which is in such serious disrepair that emergency vehicles refuse to cross it. Your Committee finds that it is in the public interest of health, safety, and welfare to demolish the existing bridge and build a new one.

Your Committee has amended this measure by changing the effective date from July 1, 2010, to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 254, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 254, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kanoho, Kaho'ohalahala, Waters, and Moses.

Managers on the part of the Senate:  
Senators Inouye, Taniguchi, Espero, Kokubun, and Whalen.  
(Senators Kokubun and Whalen were excused.)

#### **Conf. Com. Rep. 94 on S.B. No. 534**

The purpose of this measure is to appropriate funds to the University of Hawaii College of Tropical Agriculture and Human Resources (CTAHR) for various agricultural research and outreach programs beyond the University's base budget request.

Your Committee on Conference finds that CTAHR is an important institution that helps support and strengthen Hawaii's agricultural industry. It is critical that CTAHR has the ability to provide applied research techniques and extension services to farmers statewide.

Your Committee on Conference has amended this measure to list the contributions of the State's agricultural industry and areas that must be expanded upon by that industry. As amended, the measure requests the development of such high-value products as pest, disease, and nutrient management systems, and bioremediation technologies. The measure has been further amended to include the appropriation of \$400,000 solely for fiscal year 2003-2004.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 534, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 534, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Wakai, Tamayo, and Ching.

Managers on the part of the Senate:  
Senators Inouye, Sakamoto, Taniguchi, Kokubun, Aduja, Kawamoto, Tsutsui, and Whalen.

(Senators Kokubun, Kawamoto and Whalen were excused.)

**Conf. Com. Rep. 95 on S.B. No. 1258**

The purpose of this measure is to retain the current selection process for the board of directors of the Agribusiness Development Corporation (ADC) by repealing provisions that replace the ADC board members with the members of the Board of Agriculture (BOA) on July 1, 2005.

Your Committee finds that the organizational and governance problems that were the impetus for replacing the ADC board with the members of the BOA have been satisfactorily resolved. This measure will enable the ADC and Hawaii's agriculture industry to benefit from the expertise and pro bono work of professionals and executives. The ADC's recent accomplishments demonstrate that it is able to meet the challenges of the agricultural transition occurring in this State and deserves the expression of support shown by this measure in assuring its longevity.

Your Committee has amended this measure by changing the order of the sections of the measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1258, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1258, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Abinsay, Karamatsu, Sonson, and Meyer.

Managers on the part of the Senate:  
Senators Inouye, Kokubun, Espero, Taniguchi, and Whalen.  
(Senator Taniguchi was excused.)

**Conf. Com. Rep. 96 on S.B. No. 1403**

The purpose of this measure is to give the Harbors Division of the Department of Transportation greater flexibility to lease its harbor lands and facilities to a broader variety of users, subject to the approval of the Board of Land and Natural Resources.

Your Committee finds that this measure will expand the definition of activities for which the Harbors Division may lease lands under its control, which will help to diversify harbor revenue. This will help reduce the pressure to raise wharfage fees and to keep the cost of goods in Hawaii lower. As the most geographically isolated state in the nation, Hawaii is critically dependent on its harbors and harbor infrastructure for receipt of life-sustaining supplies and as an economic driver with the rapidly growing passenger cruise and ocean tourism industries.

Your Committee has amended this measure by changing its effective date from July 1, 2005, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1403, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1403, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Souki, Kawakami, Caldwell, and Blundell.

Managers on the part of the Senate:  
Senators Inouye, Kawamoto, Aduja, Espero, and Whalen.  
(Senators Espero and Whalen were excused.)

**Conf. Com. Rep. 97 on S.B. No. 1496**

The purpose of this measure is to extend the authorization of the Department of Budget and Finance to issue special purpose revenue bonds on behalf of Hawaii Gold Cacao Tree, Inc., from June 30, 2003, to June 30, 2005.

Your Committee on Conference finds that Hawaii Gold Cacao Tree's success with growing, processing, and marketing cacao beans in Hawaii gives hope to independent farmers who want to invest in this crop. Hawaii Gold Cacao Tree has been proactive in developing the commercial growth of seedlings and trees to support a processing facility, and its commitment to building a cacao processing and chocolate manufacturing facility in Hawaii gives farmers the assurance that they will have a local outlet for their product. Your Committee on Conference recognizes that the effect of September 11, 2001, on international trade and the shipment of equipment has led to unavoidable delays in establishing the processing facility.

Your Committee has amended this measure by changing its effective date from "July 1, 2010", to "upon its approval".

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1496, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1496, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Abinsay, Karamatsu, Sonson, and Jernigan.

Managers on the part of the Senate:  
Senators Inouye, Espero, Kokubun, Taniguchi, Tsutsui, and Whalen.  
(Senators Taniguchi and Tsutsui were excused.)

**Conf. Com. Rep. 98 on S.B. No. 1440**

The purpose of this measure is to appropriate funds to pay for salary increases and other collective bargaining cost items for bargaining unit (5) and officers and employees of the Department of Education (DOE) excluded from collective bargaining.

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



- (1) Changing the language to fund Hawaii Employer-Union Health Benefits Trust Fund (EUTF) costs for employees of bargaining unit (5) and officers and employees of the DOE excluded from collective bargaining instead of all collective bargaining cost items;
- (2) Inserting specific amounts to be appropriated to cover the Hawaii EUTF costs for employees of bargaining unit (5) and officers and employees of the DOE excluded from collective bargaining.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1440, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1440, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Moses.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Kawamoto and Whalen were excused.)

**Conf. Com. Rep. 99 on S.B. No. 1441**

The purpose of this measure is to provide fund authorizations and appropriations for collective bargaining cost items for bargaining unit (7), and excluded counterparts, negotiated by the bargaining representative for fiscal biennium 2003-2005.

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

- (1) Changing the language to fund Hawaii Employer-Union Health Benefits Trust Fund (EUTF) costs for employees of bargaining unit (7) and excluded counterparts instead of all collective bargaining cost items;
- (2) Inserting specific amounts to be appropriated to cover the Hawaii EUTF costs for employees of bargaining unit (7) and excluded counterparts.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1441, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1441, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Bukoski.  
(Representative Bukoski was excused.)

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Kawamoto and Whalen were excused.)

**Conf. Com. Rep. 100 on S.B. No. 1332**

The purpose of this measure is to establish an Executive Salary Commission (ECC) to review the salaries of the Governor, Lieutenant Governor, executive branch department heads other than the President of the University of Hawaii and the Superintendent of Education, and deputy department heads.

This measure also:

- (1) Requires that the members of the ECC shall be appointed as follows:
  - (a) Two members appointed by the President of the Senate;
  - (b) Two members appointed by the Speaker of the House of Representatives; and
  - (c) One member by the Chief Justice of the Supreme Court;
- (2) Requires the ECC to convene in November 2003, and every eight years thereafter, and submit new salary recommendations to the Legislature prior to the fortieth day of the regular session of 2004, and every eight years thereafter; and
- (3) Allows the Legislature or the Governor to reject the ECC's recommendations.

Your Committee on Conference has amended the measure as follows:

- (1) Deleting the authority of the Governor to reject the ECC's recommendations;
- (2) Allowing the ECC to include incremental increases that take effect throughout the eight-year span occurring prior to the convening of the next salary commission; and
- (3) Following the disapproval of recommended salary amounts by the Legislature, requiring the ECC to reconvene in the following November to review the reasons for disapproval and to subsequently prepare and submit a report of findings and new salary recommendations to the Legislature for the next session.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1332, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1332, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Nakasone, and Bukoski.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Tsutsui.  
(Senator Kawamoto was excused.)

**Conf. Com. Rep. 101 on S.B. No. 540**

The purpose of this measure is to support agricultural research and market development, and pineapple research projects by appropriating funds to be expended by the Department of Agriculture.

Your Committee on Conference finds that both agricultural research and market development are essential to Hawaii's agricultural industry, which is an important component of Hawaii's economy. Research helps producers raise their yields through informed choices about which crops to plant, when and where to plant them, how to protect them from pests, and how to optimize post-harvest quality. Market development complements research by expanding the consumer base that knows and values Hawaii's agricultural products.

Your Committee on Conference also finds that pineapple research, in particular, needs to be singled out because the pineapple industry is a leader within Hawaii's agricultural sector and a strong component of the State's agricultural base, but is facing increased global competition. The pineapple industry requires continued research and development to ensure effective competition with countries that have lower labor, land, and water costs, with less stringent environmental requirements.

Your Committee on Conference has amended the measure to provide \$800,000, in a grant-in-aid, to the Hawaii Farm Bureau Federation, which, in turn, will disburse funds to the Hawaii Agriculture Research Center for sugar and diversified agriculture research. Of that money, \$500,000 will be earmarked for sugar research. The measure further appropriates \$50,000 from general revenues of the State of Hawaii for pineapple research. The amended measure lists research projects for which the money can be used, but deletes the specified monetary allotments for each project. Due to the current fiscal crisis facing the State, your Committee on Conference amended the measure further by only appropriating funds for the 2003-2004 fiscal year.

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

Managers on the part of the House:  
Representatives Abinsay, Magaoay, Sonson, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Inouye, Kokubun, Espero, Taniguchi, and Whalen.  
(Senators Kokubun and Whalen were excused.)

**Conf. Com. Rep. 102 on S.B. No. 317**

The purpose of this measure is to appropriate funds to allow the Fiftieth Anniversary Commemoration of the Korean War Commission to complete its activities regarding the fiftieth anniversary of the Korean War.

The Senate and House versions of this measure were nearly identical. Your Committee on Conference used the H.D. 1 version of this measure as a base, and inserted the sum of \$30,000 in the appropriation section.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 317, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 317, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Hale, Shimabukuro, Kaho'ohalahala, and Moses.

Managers on the part of the Senate:  
Senators Kawamoto, Taniguchi, Aduja, Kim, and Kokubun.  
(Senators Kim and Kokubun were excused.)

**Conf. Com. Rep. 103 on S.B. No. 1050**

The purpose of this measure is to require the Office of Veterans' Services to provide grants to pay for the cost of funeral, burial, or repatriation expenses for Filipino-American veterans of World War II.

Your Committee on Conference used the S.D. 2 version of this measure as a base, which provided for an unspecified appropriation to the Comptroller for the disbursement of grant funds. Your Committee on Conference incorporated several amendments into the S.D. 2 version.

First, your Committee on Conference amended the S.D. 2 version to authorize the Office of Veterans' Services (OVS), rather than the Comptroller, to disburse the funds for burial, funeral, or repatriation of remains.

Your Committee on Conference also amended the S.D. 2 version to establish specific eligibility criteria to determine whether the veteran was a Hawaii state resident at the time of death.

Your Committee on Conference also inserted the sum of \$30,000 that has been allotted for this program this year.

Finally, your Committee on Conference made numerous technical, nonsubstantive amendments for purposes of accuracy, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1050, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1050, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Ito, Mindo, Magaoay, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Kawamoto, Taniguchi, Aduja, Espero, and Kokubun.

(Senator Kokubun was excused.)

**Conf. Com. Rep. 104 on S.B. No. 614**

The purpose of this measure is to establish civil penalties for the commission of health insurance fraud and grant immunity from civil liability to persons reporting health insurance fraud, unless the reporting involved malice or perjury.

Your Committee on Conference has amended this measure by:

- (1) Deleting the word "immunities" from the title of the new statutory sections being established in chapters 431:10A, 432:1, and 432D, Hawaii Revised Statutes;
- (2) Clarifying the types of fraud reporting actions that are subject to immunity from civil liability;
- (3) Deleting language that:
  - (a) States that the purpose of the Act is to provide penalties for insurance fraud in health insurance;
  - (b) Defines "malice";
  - (c) Provides that the immunity provision shall not be construed to impose a duty upon the Insurance Commissioner to investigate or prosecute fraud;
  - (d) Requires health insurance applications and claim forms to contain language notifying applicants and claimants that insurance fraud is a criminal act subject to fines or imprisonment; and
  - (e) Amends the insurance fraud provision in the motor vehicle insurance law;
- (4) Deleting the savings clause provision; and
- (5) Inserting an effective date of July 1, 2003.

Finally, your Committee on Conference notes that during the legislative interim, discussions on the issues presented in this measure will continue to be held among the stakeholders and other interested parties in an effort to reach a further consensus.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 614, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 614, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives B. Oshiro, Waters, Hamakawa, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Menor, Taniguchi, Baker, Kim, Kokubun, and Whalen.  
(Senators Kim and Whalen were excused.)

**Conf. Com. Rep. 105 on S.B. No. 855**

The purpose of this measure is to establish renewable energy tax credits for systems installed after June 30, 2003, subject to a declaration by the Governor that tax collections are higher than 7.5 percent of the general fund revenues collected in the prior two fiscal years.

3: Upon further consideration, your Committee on Conference has made the following amendments to S.B. 855, S.D. 1, H.D.

- (1) Changing the reporting deadline for the energy-efficiency policy review and evaluation to the regular session of 2007;
- (2) Providing for thirty-five percent of the actual cost or \$350 per unit, which ever is less, for multi-family residential property for solar thermal energy systems;
- (3) Providing for thirty-five percent of the actual cost or \$250,000, which ever is less, for commercial property for solar thermal energy systems
- (4) Providing for twenty percent of the actual cost or \$200 per unit, which ever is less, for multi-family residential property for wind powered energy systems;
- (5) Providing for twenty percent of the actual cost or \$250,000, which ever is less, for commercial property for wind powered energy systems;
- (6) Providing for thirty-five percent of the actual cost or \$1,750, which ever is less, for single family residential property for photovoltaic energy systems;
- (7) Providing for thirty-five percent of the actual cost or \$350 per unit, which ever is less, for multi-family residential property for photovoltaic energy systems;
- (8) Providing for thirty-five percent of the actual cost or \$250,000, whichever is less, for commercial property for photovoltaic energy systems;
- (9) Amending the definition of "actual cost" to include costs for which another credit is claimed under chapter 235, Hawaii Revised Statutes;
- (10) Deleting the requirement of a declaration by the Governor when tax collections are higher than 7.5 percent of the general fund revenues collected in the prior two fiscal years;

- (11) Deleting the provision allowing taxpayers not able to claim the tax credit due to the cap to claim the credit in a subsequent year;
- (12) Requiring the Director of Taxation to prepare forms identifying the technology type of each tax credit claimed, whether for solar thermal, photovoltaic from the sun, or wind;
- (13) Requiring the Department of Taxation to assist with data collection by or before December, 2005, to the extent feasible using existing resources to assist the energy-efficiency policy review and evaluation; and
- (14) Removing required data collection by installation type.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 855, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 855, S.D. 1, H.D. 3, C.D. 1.

Managers on the part of the House:  
Representatives Schatz, Morita, Takamine, and Thielen.

Managers on the part of the Senate:  
Senators English, Taniguchi, Hooser, Kokubun, Tsutsui, and Hemmings.  
(Senators Taniguchi and Tsutsui were excused.)

#### **Conf. Com. Rep. 106 on S.B. No. 1286**

The purpose of this measure is to transfer administrative responsibility for the Housing and Community Development Corporation of Hawaii (HCDCH) from the Department of Business, Economic Development, and Tourism (DBEDT) to the Department of Human Services (DHS).

Upon further consideration, your Committee on Conference has amended this measure by recasting the language in section 6, which provides for the transfer of personnel and the rights and benefits of employees transferred by this measure, to reflect the reforms made under Act 253, Session Laws of Hawaii 2000, and the subsequent adoption of revised rules, additional collective bargaining provisions, and expanded Executive Orders.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1286, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1286, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Schatz, Kahikina, M. Oshiro, Nakasone, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Chun Oakland, Menor, Taniguchi, Tsutsui, and Trimble.  
(Senators Taniguchi and Tsutsui were excused.)

#### **Conf. Com. Rep. 107 on S.B. No. 1647**

The purpose of this measure is to authorize the Public Utilities Commission to assess fees to continue toll-free statewide access to the Newsline service furnished by the National Federation of the Blind, beginning July 1, 2010.

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

- (1) Deleting the provisions that would have allowed the Public Utilities Commission to assess fees to fund the Newsline service;
- (2) Appropriating \$43,000 for fiscal year 2003-2004 to the Public Utilities Commission to continue a telephonic reading system that provides individuals who are blind or visually impaired with toll-free statewide telephonic access to time-sensitive information for one year;
- (3) Allowing the Public Utilities Commission to enter into a contract with a qualified private, nonprofit organization to provide these services;
- (4) Revising the purpose section to be consistent with these amendments; and
- (5) Changing the effective date to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1647, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1647, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Hiraki, Shimabukuro, and Ching.  
(Representative Ching was excused.)

Managers on the part of the Senate:  
Senators Chun Oakland, Menor, Fukunaga, Inouye, and Trimble.  
(Senators Fukunaga and Inouye were excused.)

#### **Conf. Com. Rep. 108 on S.B. No. 585**

The purpose of this measure is to improve services under the children's health insurance program by appropriating moneys from the Hawaii Tobacco Settlement Special Fund to:

- (1) Expand eligibility to 300 per cent of federal poverty guidelines or the maximum amount allowed by federal officials; and

- (2) Provide outreach services to qualified children.

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

- (1) Replacing its contents with the Senate version of this measure, S.B. No. 585, S.D. 1, which makes an emergency appropriation of unexpended tobacco settlement moneys to the Department of Human Services to fund children's health programs for fiscal year 2002-2003; and
- (2) Specifying that the effective date of this measure shall be the date of its approval.

Your Committee on Conference finds that this is an acceptable approach to allow the Department of Human Services (DHS) to utilize surplus tobacco settlement moneys in the 2002-2003 fiscal year. DHS has reassured your Committee on Conference that this emergency appropriation is a one-time request. Your Committee on Conference emphasizes that the emergency appropriation provided by this measure involves an extraordinary circumstance.

Your Committee on Conference further requests that DHS:

- (1) Redouble their outreach efforts to educate families about available children's health programs;
- (2) Seek out and identify children that may participate in those programs;
- (3) Streamline and simplify the application process for children's health insurance program applicants;
- (4) Work with public school health aides and public health nurses to identify students who are uninsured; and
- (5) Provide a report on the progress of these efforts to the 2004 Legislature no later than twenty days prior to the convening of the Regular Session of 2004.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 585, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 585, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Arakaki, Takamine, and Finnegan.  
(Representative Finnegan was excused.)

Managers on the part of the Senate:  
Senators Baker, Kokubun, Taniguchi, and Hemmings.  
(Senator Taniguchi was excused.)

#### **Conf. Com. Rep. 109 on S.B. No. 745**

The purpose of this measure is to:

- (1) Require the Department of Health to integrate emergency aeromedical services into statewide emergency medical services; and
- (2) Appropriate funds for aeromedical services for Maui County, ambulance services for the Waianae Coast, and advanced life support ambulance services for parts of Maui and Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Replacing the purpose section for part II of this measure relating to an appropriation to fund emergency aeromedical helicopter services for the County of Maui with the Senate version of the purpose section language on the same subject in part II of H.B. No. 1182, H.D. 2, S.D. 2;
- (2) Deleting the appropriations for ambulance services in the Waianae Coast, Kihei/Wailea region of Maui, and Hawaii Ocean View Estates on the island of Hawaii;
- (3) Deleting the requirement that the emergency aeromedical helicopter may only be utilized in geographic locations and emergency situations where Hawaii's current fixed-wing operations are unable to provide appropriate service;
- (4) Making an appropriation of \$611,500 for fiscal year 2004-2005 to fund the provision of emergency aeromedical helicopter services for the county of Maui and requiring a one-to-one match from the county of Maui before the funds are made available;
- (5) Making an appropriation of \$388,500 to integrate additional ground ambulance services with the emergency aeromedical helicopter services; and
- (6) Requiring that the emergency helicopter aeromedical services shall use triage protocols and be based on national aeromedical, triage, and transport guidelines established by the Association of Air Medical Services, the American College of Surgeons, and the National Association of Emergency Medical Services Physicians.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 745, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 745, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Takamine, Karamatsu, and Bukoski.  
(Representative Karamatsu was excused.)

Managers on the part of the Senate:  
Senators Baker, Kokubun, Chun Oakland, English, Taniguchi, and Tsutsui.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 110 on S.B. No. 748**

The purpose of this measure is to improve nursing education in Hawaii by:

- (1) Establishing a nursing education loan program (program) to provide loans to qualified nursing students; and
- (2) Appropriating funds for nursing faculty at the University of Hawaii.

Your Committee on Conference finds that there is an acute shortage of nurses in Hawaii. The numbers of these critical medical personnel have dwindled due to an aging workforce, and a decline in the number of young individuals choosing nursing as a career. Your Committee finds that the program represents an important step in training and retaining quality nurses in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 748, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 748, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Wakai, Tamayo, and Ching.

Managers on the part of the Senate:  
Senators Baker, Sakamoto, Kokubun, Chun Oakland, Taniguchi, Tsutsui, and Hogue.  
(Senators Kokubun, Taniguchi and Hogue were excused.)

**Conf. Com. Rep. 111 on S.B. No. 1088**

The purpose of this measure is to establish a funding mechanism to implement Act 245, Session Laws of Hawaii 2002, relating to the Hawaii Long-Term Care Financing Act, and to create a long-term care income tax credit.

Act 245 established a Temporary Board of Trustees of the Long-Term Care Financing Act, to study the issue of providing a universal and affordable tax-based system of financing long-term care that is actuarially sound. This measure enacts the recommendations of the trustees as contained in their report to the Legislature, "The Hawaii Long-Term Care Financing Program" (November 2002). After much deliberation over nearly a year of study, and after consultation with long-term care providers, consumers, experts, and actuaries, the Trustees determined that a financially viable system would require a mandatory contribution from the public. While the Legislature is reluctant to denominate this contribution as a "tax", the contribution is referred to as a tax only because it is collected through the income tax collection mechanism.

This measure is the latest and best effort of the Hawaii State Legislature to design a long-term plan that is simple, effective, market-oriented, affordable, cost-efficient, consumer driven, and fair. It is the beginning of a move towards privatization of long-term care while reducing our reliance on the state Medicaid program to provide that care. It also acts as a stimulus for the private insurance market to sell more policies and to develop new and affordable supplemental plans.

This measure represents the culmination of fifteen years of legislative and administrative efforts, beginning in 1988, to provide long-term care to Hawaii's older adults and disabled population. Over the years, we have seen several studies, task forces, planning boards, reports, and measures, all designed to address the State's compelling need to create an affordable and universal method of financing long-term care services. Finally, in 2002, the Legislature enacted Act 245, to establish the long-term care financing program, which created a temporary board of trustees to design a tax-based plan.

According to research of the University of Hawaii, nearly a quarter of Hawaii residents will be 65 years of age or older by the year 2030, with the first wave of baby boomers turning 65 in 2011. Hawaii's elderly population is growing at a faster rate than most states. In just a matter of a few years, 1 out of 5 people in Hawaii will be over the age of 60. It has been estimated that 3 out of 4 people over the age of 65 will need some type of long-term care service in their lifetime.

More precisely, according to the State of Hawaii population projection, in the year 2000, there were 207,000 individuals age 60 or older, and in the year 2010, the estimate is for that figure to swell to 272,000. In addition, the average life expectancy of a Hawaii resident is 78.85 years. As our population ages, the assistance that is needed grows as well as the costs of care.

As the baby boomer generation ages, these figures are projected to increase causing a host of social and economic demands. Aging brings concomitant chronic health diseases such as cancer, cardiovascular disease, diabetes, and stroke, all of which necessitate intense daily care in the latter years of life. A report by a local health research firm and major health insurer in 2001, assessing Hawaii long-term care needs, stated that the implication is that the increasing proportion of elderly in Hawaii's population signals the need to monitor the ability of health care resources to meet the elderly's greater need for long-term care services (particularly on the Neighbor Islands). The report further concluded that the proportion of the population deemed "work age" (19-65) is decreasing relative to the elderly population, raising questions about the social burdens this decreasing population segment must bear. In essence, inevitably, a fewer number of Hawaii's working people will be paying for the care of more elderly and others needing long-term care.

The costs of long-term care are expensive. Private day health care costs \$65 per day. Expanded care adult residential care homes charge up to \$3,000 or more per month for private pay residents, while skilled home care visits cost on average about \$85 per visit. Nursing home costs average between \$5,000 and \$7,000 per month. The Executive Office on Aging predicts that by the year 2020, Hawaii families may face nursing home costs of at least \$200,000 per year per person!

The whole dynamic of the extended family will radically change to place an impossible financial and social hardship on Hawaii's families. As people age or become disabled, they need services to help with activities of daily living (such as bathing, continence, dressing, eating, toileting, and transferring). In keeping with the Ohana spirit, Hawaii families normally prefer to care for their loved ones in the home rather than in an institutional setting. But, caring for a family member in the home all-day long usually means that another family member must either quit work or work part-time. The resulting sacrifice of income can have serious consequences for family cohesion.

Current methods of financing long-term care in Hawaii involve predominantly Medicaid, private insurance, and personal assets. Medicaid eligibility is qualified by income limits. Private insurance is not widespread (the Executive Office on Aging

estimates that only 6 percent of Hawaii residents have long-term care insurance), because it is generally too expensive for most people to purchase (of course, plans and benefits vary widely from company to company with some plans being more affordable than others). Most people have insufficient personal assets to pay for long-term care (resulting in a spend down of assets with the aim of becoming eligible for Medicaid).

Medicaid, the state program for the poor, now pays for three out of four people in Hawaii who receive long-term residential care. Medicaid is supported about equally by state and federal dollars. It is estimated that each taxpayer in Hawaii contributes more than \$400 every year towards the Medicaid program.

This deplorable situation begs the question: where does this leave most folk to pay for long-term care?

There is a compelling need to create an affordable method of financing long-term care services, because increasing numbers of Hawaii's residents will need these services. It is incumbent upon the State to provide long-term care to the elderly and disabled. However, the inextricable reality of the current economic condition of the State is that state revenues are down and other state services could be affected accordingly. Nonetheless, the Legislature is determined not to allow fortuity and timing to sabotage a plan that has been in the making for at least fifteen years. Even during sunnier economic days, the time will never be "right" for a state-sponsored long-term care financing system.

In developing the funding mechanism, the Temporary Board of Trustees sought and received information and advice from one of the two national actuaries engaged by the federal Office of Personnel Services to evaluate long-term care insurance proposals for coverage of federal government employees. The Trustees also sought to respond to questions and issues raised during the 2002 Legislative Session by legislators and others.

Every dollar collected under this measure will be paid out in the future to taxpayers by way of long-term care benefit payments. These benefits under this measure have been actuarially estimated to cover seventy-five per cent of the costs for the first year of home and community based care, which is typically the most prevalent and preferable for most people. The amounts collected will be held in a trust fund to be used for no other purpose than for paying for long-term care services. To ease the burden of paying the collected amount, this measure provides a long-term care tax credit for those who purchase additional long-term care insurance.

These measures, as well as Act 245, have been carefully and meticulously crafted in collaboration with experts in long-term care actuarial science and long-term care plan administrators and providers. All other states are struggling with the same problem of financing long-term care, so we are not alone, but Hawaii is now taking the lead in the nation, as Hawaii has a proud tradition of so doing, in this matter of national importance.

This measure is intended to supplement, not supplant long-term care insurance. The benefit payments under this measure are intended to pay for a portion of the costs of long-term care services. The goal is to ease the financial burden, and this measure will go a long way for many people in that regard.

Your Committee on Conference believes that the public should be encouraged to purchase private long-term care insurance in order to relieve the financial burden on Medicaid and other governmental services.

Your Committee on Conference has deleted the contents of this measure and inserted the provisions of its companion measure, H.B. No. 1616, SD2, with the following amendments:

- (1) Changing the commencement date of benefit payments from January 1, 2007, to January 1, 2008, which was the original intended date in the interests of actuarial soundness, and moving up by one year the schedule of increases in benefits accordingly;
- (2) Clarifying the confidentiality provision to specify the types of information that Department of Taxation is required to annually provide to the Board of Trustees of the Long-Term Care Financing Act on each taxpayer, in the interests of protecting privacy;
- (3) Repealing subsection (c) of section 346C-4, Hawaii Revised Statutes, relating to contracting with an entity to assume the underwriting risk, and inserting a new subsection (c) to safeguard the information in the possession of a contracted entity and amending the section title appropriately;
- (4) Authorizing the Board of Trustees of the Long-Term Care Financing Act to adopt rules;
- (5) Changing the name of the long-term care benefits fund to the long-term care benefits trust fund, as the more appropriate name;
- (6) Inserting appropriation amounts;
- (7) Changing the effective date of the Act to July 1, 2003, and applying it to taxable years beginning after December 31, 2004; and
- (8) Making technical changes that have no substantive effect.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1088, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1088, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Kahikina, Takamine, and Halford.  
(Representative Halford was excused.)

Managers on the part of the Senate:  
Senators Baker, Chun Oakland, Kokubun, Taniguchi, and Tsutsui.  
(Senator Tsutsui was excused.)

#### **Conf. Com. Rep. 112 on S.B. No. 1279**

The purpose of this measure is to consolidate the tax stamp fees collected for the enforcement of the cigarette tax and tobacco laws with the moneys received for enforcement of the tobacco Master Settlement Agreement, and to further refine the laws relating to the Master Settlement Agreement.

Your Committee on Conference finds that this consolidation and refinement will provide the necessary funding for the Tobacco Enforcement Unit within the Department of the Attorney General.

Your Committee on Conference has amended this measure by:

- (1) Making changes to ensure conformance with the Master Settlement Agreement;
- (2) Decreasing the proposed ceiling of the tobacco enforcement special fund for the administration and operation of tobacco enforcement activities to \$1,000,000 and appropriating \$1,000,000 for fiscal year 2003-2004, and \$1,000,000 for fiscal year 2004-2005 from the fund for the administration and operation of tobacco enforcement activities; and
- (3) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1279, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1279, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives B. Oshiro, Waters, Hamakawa, and Moses.

Managers on the part of the Senate:  
Senators Baker, Hanabusa, Taniguchi, Chun Oakland, and Hogue.  
(Senator Taniguchi was excused.)

#### **Conf. Com. Rep. 113 on S.B. No. 1321**

The purpose of this measure is to make the mental health parity law permanent.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the definition of "serious mental illness" by replacing "bipolar mood disorder" with "bipolar types I and II";
- (2) Adding a conforming technical amendment to Act 243, Session Laws of Hawaii 2000, to remain consistent with the intent to make the mental health parity law permanent; and
- (3) Adding language to the purpose section of this measure to reflect the amendments described herein.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1321, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1321, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Hiraki, Nishimoto, and Thielen.

Managers on the part of the Senate:  
Senators Baker, Menor, and Chun Oakland.

#### **Conf. Com. Rep. 114 on S.B. No. 1446**

The purpose of this measure is to establish a cancer detection revolving fund and to make an appropriation from the general fund into the revolving fund.

Cancer remains a serious and pervasive health problem afflicting Hawaii's population. Your Committee on Conference believes that every effort should be made to harness the resources of Hawaii's internationally renowned health and biomedical technology industries and encourage efforts to develop technologies that detect cancer in its early stages. Through early detection, cancers can be identified, treated, and eliminated before they significantly threaten the health of an individual. Although there has been significant strides in treating and preventing cancer partly due to aggressive prevention education programs and the research activities of the University of Hawaii and the State's health and biotechnology industries, cancer continues to plague our population.

Your Committee on Conference has amended this measure by deleting the appropriation section.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1446, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1446, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Schatz, Arakaki, Wakai, and Leong.  
(Representative Leong was excused.)

Managers on the part of the Senate:  
Senators Baker, Ige, Kokubun, Aduja, Taniguchi, and Hogue.  
(Senators Taniguchi and Hogue were excused.)

#### **Conf. Com. Rep. 115 on S.B. No. 1034**

The purpose of this measure is to ensure the long-term, productive use of agricultural lands by allowing certain agricultural lands leased or available to be leased by the Department of Land and Natural Resources to be transferred to and managed by the Department of Agriculture.

Your Committee on Conference finds that the Department of Agriculture has the expert resource base more in tune with the needs of the agricultural community and with the policy set by the State Constitution. The Department of Agriculture works with the agricultural community on a daily basis and on a variety of issues. It would be more efficient for the state agricultural lessees to deal with one state agency. Your Committee on Conference wants the transferred leases to be in consonance with long-term use of



agricultural production and to encourage agricultural activity. Therefore, your Committee on Conference does not want the transferred leased lands to be used for golf courses, nor does it want the lands left idle or fallow.

Your Committee on Conference has amended this measure by:

- (1) Changing the title of the new chapter to "Non-Agricultural Park Lands";
- (2) Changing all references of "other agricultural lands" to "non-agricultural park lands" to clarify the management of which lands will be transferred from the Department of Land and Natural Resources to the Department of Agriculture;
- (3) Adding language to assure that none of the transferred lands with soils classified as A or B will be used for golf courses, golf driving ranges, or country clubs;
- (4) Deleting a provision that would not have allowed the funding for personnel related to the management of the transferred lands to also be transferred to the Department of Agriculture;
- (5) Assuring that, notwithstanding any law to the contrary, leases of the transferred lands will not have their rents or the length of their leases reduced during the remaining terms of those leases from the time of their transfer; and
- (6) Making technical, nonsubstantive changes for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1034, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1034, S.D. 1, H.D. 2, C.D. 1.

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

Managers on the part of the Senate:  
Senators Inouye, Kokubun, Espero, Taniguchi, Tsutsui, and Whalen.  
(Senator Tsutsui was excused.)

#### **Conf. Com. Rep. 116 on S.B. No. 574**

The purpose of this measure is to establish and fund three insurance examiner positions within the Captive Insurance Administration Branch of the Insurance Division, and to require the Captive Insurance Administrator to report directly to the Insurance Commissioner (Commissioner).

Your Committee on Conference has amended this measure by:

- (1) Deleting the provisions establishing and appropriating moneys for three permanent insurance examiner positions in the Captive Insurance Branch of the Insurance Division; and
- (2) Providing that the Act becomes effective upon approval.

Your Committee on Conference finds that this measure, as amended, will enhance the development of Hawaii's captive industry, and thereby expand the State's economic base. Currently, the Captive Insurance Administrator reports to an administrator who has the authority to make decisions on daily operational matters, but not decisions regarding broader policy issues. Requiring that the head of the Captive Insurance Branch report directly to the Commissioner will facilitate critical decisionmaking at the policy level and enable Hawaii to compete more effectively and successfully as a captive domicile.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 574, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 574, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Hiraki, Magaoay, Herkes, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Taniguchi, Baker, Kim, Kokubun, and Whalen.  
(Senators Kim and Whalen were excused.)

#### **Conf. Com. Rep. 117 on S.B. No. 1661**

The purpose of this measure is to require the Housing and Community Development Corporation of Hawaii (HCDCH) to complete construction of the Villages of Kapolei within five years and collaborate with the Department of Transportation or the City and County of Honolulu to implement traffic study recommendations.

Your Committee on Conference has amended this measure to:

- (1) Require HCDCH to complete construction of the Villages of Kapolei by June 30, 2011;
- (2) Authorize, rather than require HCDCH to collaborate and coordinate with the State or City and County to implement traffic study recommendations;
- (3) Include as one of the traffic study recommendations, the construction of traffic improvements at certain specified major intersections, including but not limited to the construction of traffic signals and crosswalks at the intersections of Kapolei Parkway and Kama'aha Avenue fronting Kapolei Middle School, and Kapolei Parkway and Malu Ohai Street fronting Kapolei High School;
- (4) Appropriate \$900,000 from the Dwelling Unit Revolving Fund to be expended by HCDCH to construct the traffic improvements at the aforementioned intersections; and

- (5) Take effect on July 1, 2003.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1661, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1661, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Kahikina, Shimabukuro, Hale, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Kawamoto, Taniguchi, and Whalen.

**Conf. Com. Rep. 118 on S.B. No. 377**

The purpose of this measure is to establish a tax credit for qualified costs in the development of facilities for attractions and educational purposes at Ko Olina Resort and Marina.

Your Committee on Conference finds that the tax credit established in this measure will stimulate economic development on the Leeward side of Oahu, including the second city of Kapolei, and enhance Hawaii as a tourism destination. The intended development at Ko Olina Resort and Marina will provide not only economic benefit to the State, but also will create additional jobs, both temporary and permanent, for area residents.

Thus, your Committee on Conference further finds that this measure is justified as being in the public interest and for the public health, safety, and general welfare of the people of Hawaii. Your Committee on Conference strongly believes that the "public purpose" requirement of section 4 of Article VII of the Hawaii State Constitution is satisfied by the economic stimulus provided by the tax credit, which furthers the general welfare.

Your Committee on Conference has amended this measure by:

- (1) Adding the Makaha Resort to the tax credit provided to Ko Olina, in view of recent information that Ko Olina is in the process of acquiring Makaha Resort to utilize as a hotel and resort training facility to prepare area resident students for work at Ko Olina or other resort facilities, and amending the purpose section accordingly;
- (2) Setting the maximum aggregate tax credit amount at \$75,000,000;
- (3) Specifying that the tax credit may be claimed for taxable years beginning after December 31, 2004, for qualified costs incurred from June 1, 2003 through May 31, 2009, with a maximum credit per year of \$7,500,000;
- (4) Clarifying that in the case of a partnership, limited liability company, S corporation, estate, trust, or association of apartment owners, the tax credit allowable is for qualified costs incurred by the entity, to be determined at the entity level;
- (5) Requiring that to qualify for the credit, the taxpayer acquire or own the Makaha Resort and lease it for a period of at least six years or sell it to a taxpayer to use as training and educational facilities;
- (6) Adding a definition of "Makaha Resort" and specifying its tax map key identification;
- (7) Clarifying the definition of "qualified costs" to conform to the amendments;
- (8) Deleting references to declaration by the Governor to effectuate the credit;
- (9) Clarifying the effective date to specify that the measure applies to qualified costs incurred after May 31, 2003, and deleting the repeal date; and
- (10) Making technical changes that have no substantive effect.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 377, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 377, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Takamine, Moses, and Karamatsu.

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

**Conf. Com. Rep. 119 on S.B. No. 1305**

The purpose of this measure is to allocate moneys from the Tobacco Settlement Special Fund to the general fund.

Your Committee on Conference has amended this measure by replacing its contents with provisions that appropriate funds from the emergency and budget reserve fund for various health and human services and programs and from the general revenues to implement the Hawaii Rx Program.

Your Committee on Conference finds that State revenues will not cover expenditures for programs essential to the public health, safety, and welfare. As a direct result of the state budgetary shortfall, the State would need to eliminate or severely cut necessary programs, services, and projects provided by hospitals, health centers, and other health and human services agencies throughout the State, especially in rural areas. This reduction in health and human services would occur abruptly and immediately jeopardize the public health, safety, and welfare. Therefore, your Committee on Conference finds that the grants, subsidies, and appropriations provided in this measure, as amended, are in the public interest and serve the public health, safety, and welfare.

With respect to the appropriation for Kalihi area youth service centers, the Office of Youth Services is encouraged to utilize the resources of professional providers, including the Susannah Wesley Center.

In addition, your Committee on Conference notes that the grants, subsidies, and appropriations made in this measure, as amended, were publicly heard by the appropriate standing committees of the Senate and House of Representatives through various measures, including H.B. 512, H.D. 1, S.D. 2, H.B. 688, S.D. 2, S.B. 870, S.D. 2, H.D. 1, H.B. 1342, H.D. 1, S.D. 1, and H.B. 1430, H.D. 2, S.D. 2.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1305, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1305, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Kawakami, Waters, and Moses.

Managers on the part of the Senate:  
Senators Taniguchi, Kim, Kokubun, Tsutsui, and Hemmings.

#### **Conf. Com. Rep. 120 on S.B. No. 576**

The purpose of this measure, as received by your Committee, is to authorize expenditures from the University of Hawaii (UH) tuition and fees special fund to promote alumni activities and generate private donations to the UH Foundation, and require an annual report to the Legislature of such expenditures.

Your Committee on Conference finds that concerns have been raised regarding the use of public funds by the UH to generate donations to the UH Foundation, a nonprofit organization that coordinates many fundraising functions and manages an endowment for the UH. Your Committee on Conference further finds that the efforts of the UH Foundation are critical to the UH's ability to generate funds and operate effectively.

However, your Committee on Conference believes that it is necessary to ensure that there is a balance between providing increasing fiscal autonomy to the UH and accountability to the public for expenditure of public funds. While your Committee on Conference recognizes the importance of the UH seeking private contributions, if public funds are used, the public has the right to know how the funds were expended.

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

- (1) Requiring that expenditures from this fund for purposes of generating private donations be subject to the provisions of chapter 42F, Hawaii Revised Statutes, related to providing access to legislative staff and the state auditor to expenditure records and other related documents;
- (2) Requiring that the state auditor be subject to the same restrictions on disclosure of donor information as is the University of Hawaii foundation;
- (3) Providing that the state auditor, upon written request of a private donor not disclose the name or personal information of the donor; and
- (4) Requiring the submission of a report to the Legislature no later than thirty days prior to the convening of each regular session containing information about how the UH foundation is supported by public funds, the purposes and activities of the UH Foundation and their benefits to the UH, all expenditures of the UH foundation, and all moneys transferred to the university support fund and how such transfers benefit the UH.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 576, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 576, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Wakai, Tamayo, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Kawamoto, and Tsutsui.  
(Senator Kawamoto was excused.)

#### **Conf. Com. Rep. 121 on S.B. No. 58**

The purpose of this measure is to support the Hawaii 3R's program offering a private-public partnership to assist with repair and maintenance projects at our public schools, and to provide an appropriation for a state coordinator position in support of the Hawaii 3R's program.

Your Committee finds that the backlog of repair and maintenance projects in public schools continues to be of concern and that all means of addressing the problem should be explored and supported. To this end, Act 309, Session Laws of Hawaii 2001, laid the foundation for Hawaii 3R's, a project of the private, nonprofit organization, Helping Hands Hawaii, by providing a \$1,000,000 grant and funding a coordinator position in the Department of Accounting and General Services (DAGS). This measure provides an additional grant to Helping Hands Hawaii which would be used to continue its school repair and maintenance effort and provide continued funding for the coordinator position to DAGS to assist in coordinating the public and private partnership.

Your Committee has amended this measure by:

- (1) Inserting a general fund appropriation of \$148,688 as a grant to Helping Hands Hawaii in the fiscal year 2003-2004; and
- (2) Inserting an general fund appropriation of \$51,312 to support the Hawaii 3R's coordinator position with DAGS.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 58, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 58, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Waters, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Hooser, Kawamoto, and Hogue.  
(Senators Hooser and Kawamoto were excused.)

**Conf. Com. Rep. 122 on S.B. No. 402**

The purpose of this measure is to establish the Hawaii medical education council within the University of Hawaii to address health care industry workforce issues and health care training programs, specifically in graduate medical education programs.

Your Committee on Conference finds that Hawaii is facing a shortage of health care professionals, including physicians, nurses, pharmacists, medical laboratory technologists and other technicians, and speech pathologists. Your Committee on Conference further finds that the establishment of a medical education council will provide a comprehensive statewide approach to assessing the current status of the State's health care workforce, analyzing the capability of existing health care training programs to meet those needs, projecting future workforce needs, and implementing a plan to ensure that adequate funding is available to train Hawaii's health care workforce.

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

- (1) Clarifying that the dean of the school of medicine, the dean of the school of nursing and dental hygiene, and the vice dean of academic affairs, respectively of the University of Hawaii, the director of health, and the director of the Cancer Research Center of Hawaii, are ex-officio members of the council and are not appointed by the Governor;
- (2) Clarifying that the remaining members of the council shall be appointed by the Governor;
- (3) Inserting an appropriation from the Hawaii medical education special fund to authorize an expenditure ceiling of \$800,000 from the fund in each year of the 2003-2005 fiscal biennium; and
- (4) Making technical non-substantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 402, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 402, S.D. 2, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takai, Arakaki, Nishimoto, and Ching.

Managers on the part of the Senate:  
Senators Sakamoto, Baker, Taniguchi, Chun Oakland, and Hogue.  
(Senators Taniguchi and Hogue were excused.)

**Conf. Com. Rep. 123 on S.B. No. 1237**

The purpose of this measure is to provide for the enforcement of the law prohibiting teaching in the public schools without a license issued by the Hawaii Teacher Standards Board.

In addition, this measure defines, for statistical and reporting purposes, "teaching out-of-field", "out-of-field teaching", and "out-of-field teacher" (which refer to teaching outside one's authorized field as indicated on the license issued by the Hawaii Teacher Standards Board).

Your Committee has amended this measure by:

- (1) Deleting the appropriation for the Hawaii Teacher Standards Board to maintain a national board certification candidate support program for public school teachers;
- (2) Deleting the provision granting immunity to a person participating in good faith in the making of a report concerning teaching without a license;
- (3) Deleting the appropriation for the Hawaii Teacher Standards Board to hire necessary staff to conduct the Board's licensing and license renewal functions;
- (4) Adding a provision allowing the Hawaii Teacher Standards Board to:
  - (A) Fund its currently established positions without having to reestablish them contingent on the availability of moneys in the Hawaii Teacher Standards Board Special Fund; and
  - (B) Make the foregoing positions permanent if the Board approves this action; and
- (5) Making technical nonsubstantive changes for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1237, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1237, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Waters, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Chun Oakland, Hooser, and Hogue.  
(Senator Hogue was excused.)

**Conf. Com. Rep. 124 on S.B. No. 1700**

The purpose of this measure is to establish a new methodology for funding charter schools.

Your Committee finds that this measure is a step forward in providing support to the charter school movement by clarifying the funding levels for charter schools and providing the charter schools with an administrative support structure separate from the Department of Education. Your Committee further believes that this measure reflects a level of increased collaboration between the Department of Education and the charter school community, which the legislature expects to continue and from which shall be formed an ongoing partnership working together in the best interests of all our public school students.

Your Committee has amended this measure by:

- (1) Deleting all references to a separate EDN program identification code for charter school appropriations;
- (2) Clarifying that beginning with the 2004-2005 fiscal year supplemental budget request, the charter schools shall submit to the board of education and the governor, a general fund budget request for consideration and appropriation by the legislature, based upon a per pupil formula that counts each regular and special education student, and which is based upon figures from the most recently published department of education consolidated annual financial report;
- (3) Clarifying that any appropriations for charter schools may be restricted by the governor similar to appropriations to the department of education schools;
- (4) Establishing a separate charter school administrative office responsible for the internal organization, operation, and management of the charter schools, including budget preparation and executing, allocation of annual appropriations, preparation and execution of contracts for services between the department of education and other state agencies, representation of the charter schools in communications with the board of education, the governor, and the legislature, and monitoring of legal compliance and support of the charter schools;
- (5) Providing that the executive director of the charter school administrative office is appointed by the board of education upon recommendations from a charter school organization operating within the State, or from a list of nominees submitted by charter schools;
- (6) Providing that education and related services of special education students enrolled in charter schools shall be provided by the charter schools within their abilities and resources, provided that the department of education shall provide the required services if the charter school is unable;
- (7) Requiring the department of education to collaborate with the charter school administrative office to develop guidelines related to the provision of special education services and resources;
- (8) Requiring the department of education to review the requirements of all special education students enrolled in charter schools and use a per pupil weighted formula implemented by the department to determine resource needs of special education students enrolled in charter schools;
- (9) Authorizing the department of education to offer services to special education students enrolled in charter schools at a public school within the same school complex as the charter schools;
- (10) Requiring the department of education to allocate \$5,355 per regular and special education student enrolled in a charter school, for the fiscal year 2003-2004, with the allocations to be divided into three payments of forty percent, forty percent, and twenty percent by January 1, 2004;
- (11) Adding a severability clause; and
- (12) Changing the effective date to upon approval, provided that the 2003-2004 allocations to charter schools shall be effective on July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1700, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1700, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Waters, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Kokubun, Chun Oakland, Kawamoto, and Hogue.  
(Senators Chun Oakland and Kawamoto were excused.)

**Conf. Com. Rep. 125 on S.B. No. 17**

The purpose of this measure, as received by your Committee, is to advance the cut-off date for entrance into kindergarten to age five by September 1 of the school year, beginning with the 2007-2008 school year, and to make kindergarten attendance mandatory.

Your Committee finds that only two states, Hawaii and Maryland, allow entrance into kindergarten to children who achieve age five by December 31 of the school year. Your Committee further finds that this creates a kindergarten cohort where early born students are developmentally more advanced and ready to learn than their younger classmates. Thus, those who are younger often struggle and fall behind, needing remedial services as they advance into the first grade and possibly throughout their educational experience. Your Committee on Conference believes that advancing the age for entry into kindergarten will not only provide a more inclusive educational experience for students, but will provide kindergarten teachers with a more homogeneous cohort of students who are more likely to learn and succeed.

Your Committee on Conference recognizes the concerns expressed about the need for educational programs for those "gap group" children who will no longer be eligible for kindergarten, and agrees that the State should assist in this regard. However, since

the change in the age cut-off will not take effect for several years, your Committee on Conference will defer to the DOE for further information before making a decision regarding mandatory kindergarten or pre-kindergarten services.

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

- (1) Deleting mandatory attendance for kindergarten;
- (2) Authorizing the DOE to assess readiness of children for kindergarten, and provide an exception in the case of a child who is found ready for kindergarten;
- (3) Providing that beginning with the 2005-2006 school year, children will need to attain the age of five year on or before August 1 of the school year;
- (4) Providing that beginning with the 2005-2006 school year, for children who attain the age of five on August 2 or before January 1 of the school year, the DOE shall offer appropriate educational programs, including junior kindergartens or pre-kindergartens, as determined by the DOE based upon the need of the children not eligible to attend kindergarten;
- (5) Authorizing the DOE to accept gifts and donations for pre-kindergarten programs, and to offer available space for public or privately-operated pre-kindergartens;
- (6) Authorizing the DOE to the extent practicable and within available resources, to allow a child to attend a public or privately-operated pre-kindergarten at an elementary school within their home school complex, if such programs are not available at their home elementary school;
- (7) Repealing section 302A-1131, Hawaii Revised Statutes (HRS), which contains similar provisions contained in section 302A-411, HRS;
- (8) Requesting the DOE to study and submit to the Legislature a report on the programmatic and fiscal impacts of changing the entrance age for kindergarten to August 1 and providing appropriate educational services to those children not eligible for kindergarten services once the cut-off age is advanced to August 1;
- (9) Requesting the DOE to reallocate to pre-kindergarten services any cost-savings from changing the entrance age for kindergarten, and requesting the superintendent to submit to the Legislature a report of such estimated cost-savings; and
- (10) Changing the effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 17, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 17, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Karamatsu, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Hooser, Chun Oakland, and Hogue.  
(Senators Hooser and Chun Oakland were excused.)

#### **Conf. Com. Rep. 126 on S.B. No. 209**

The purpose of this measure is to appropriate funds to convert certificated positions from ten-month to twelve-month status, as needed, for multi-track schools.

Your Committee on Conference finds that due to rapidly increasing student populations in certain school districts, schools within those districts have adopted a multi-track schedule to accommodate the numbers of student within existing educational facilities. Your Committee on Conference further finds that this conversion to a multi-track system has necessitated the expansion of support services at schools that use this type of system, and this measure is an attempt to provide adequate services to students at multi-track schools.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation of \$60,000 in the fiscal year 2003-2004; and
- (2) Deleting the appropriation for fiscal year 2004-2005.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 209, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 209, S.D. 3, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Nakasone, Mindo, and Moses.

Managers on the part of the Senate:  
Senators Sakamoto, Kanno, Kokubun, Hooser and Kawamoto.

#### **Conf. Com. Rep. 127 on S.B. No. 789**

The purpose of this measure is to establish a schedule for the caps on the employer contributions for health benefits under the Employer-Union Health Benefits Trust Fund (EUTF), effective July 1, 2004.

This measure also:

- (1) Prohibits the employer's monthly contribution from exceeding the actual cost of the health benefits plan and from covering increased benefits beyond those initially contracted for by the EUTF for plan year 2004-2005;

- (2) Requires that the adjusted base composite monthly contribution be adjusted annually, beginning July 1, 2005, and calculated using the highest actual contracted premium rate for health benefits plans as of July 1, 2004; and
- (3) Appropriates the sum of \$12.5 million for additional employer contributions for retiree health benefit plans for fiscal year 2004-2005.

Your Committee on Conference finds that due to the rising cost of health coverage a new employer contribution schedule is needed. Similarly, with a new schedule in effect beginning July 1, 2004, any adjustment to the base composite monthly contribution need not be made until July 1, 2005. At the same time, however, your Committee on Conference is mindful of the current fiscal restraints plaguing our economy that also necessitates the prohibition of the payment of an employer contribution that exceeds the actual cost of health benefit plans or that covers increased coverage beyond that which was contracted for by the fund for plan year 2004-2005. Consequently, your Committee on Conference also determines that the appropriation of funds is equally necessary to cover the increased costs associated with the purposes of this Act.

Your Committee on Conference also recognizes that the increase in costs extends to the Medicare Part B premium and has amended the measure to require the EUTF to pay for the entire cost of the Medicare Part B premium and reimburse the retiree for any cost differential due to any such rate increase within thirty days of the rate change. Additionally, due to its inclusion in the State Budget, your Committee on Conference has amended the measure by deleting the appropriation of the sum of \$12.5 million for additional employer contributions for retiree health benefits for fiscal year 2004-2005.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 789, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 789, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Nakasone, and Blundell.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Tsutsui and Whalen were excused.)

#### **Conf. Com. Rep. 128 on S.B. No. 1393**

The purpose of this bill is to:

- (1) Divide and transfer the Department of Public Safety's functions into two separate entities, the Department of Corrections and the Department of Law Enforcement; and
- (2) Establish a management team whose members are appointed by the governor for the purpose of developing a transition plan.

Your Committee believes that it would not be prudent to implement the division of the Department of Public Safety (Department) without thoroughly studying the ramifications of the division, and without a carefully devised transition plan. Your Committee further believes that the Department's new director should be given time to take stock of the Department and determine if dividing the Department would result in operational and economic efficiencies. Therefore, your Committee amended the bill by:

- (1) Deleting sections 1 to 17 and section 20;
- (2) Combining sections 18 and 19 into section 1, and modifying the language to require the Director of Public Safety (Director) to conduct a study based on specific criteria, to determine whether dividing the Department into the Department of Corrections and the Department of Law Enforcement is feasible;
- (3) Requiring the Director to provide further information such as justifications, cost/benefit analysis, organizational structures, and proposed budgets if the Director determines that dividing the Department is feasible;
- (4) Requiring the Director to submit the report to the legislature no later than twenty days before the convening of the regular session of 2004; and
- (5) Changing its effective date from July 1, 2004, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1393, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1393, S.D. 2, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Ito, M. Oshiro, Hamakawa, Takamine, and Pendleton.  
(Representative Pendleton was excused.)

Managers on the part of the Senate:  
Senators Hanabusa, Kawamoto, Taniguchi, English, Kokubun, and Hogue.  
(Senator Hogue was excused.)

#### **Conf. Com. Rep. 129 on S.B. No. 1438**

The purpose of this measure is to provide fund authorization and appropriation for collective bargaining items for Unit 1 and their excluded counterparts.

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

- (1) Changing the language to fund Hawaii Employer-Union Health Benefits Trust Fund (EUTF) costs for employees of collective bargaining unit (1) and excluded counterparts instead of all collective bargaining cost items or salary increases and all collective bargaining cost items;
- (2) Inserting specific amounts to be appropriated to fund the EUTF costs negotiated for collective bargaining unit (1) and excluded counterparts from the general fund;

- (3) Deleting Parts II, IV, and V;
- (4) Renaming Part III to Part II, including the renumbering of Sections 5 and 6 to Section 3 and 4, respectively;
- (5) Renaming Part VI to Part III, including the renumbering of Sections 11, 12, and 13 to Sections 5, 6, and 7, respectively; and
- (6) Changing the effective date of the Act to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1438, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1438, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Bukoski.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Tsutsui and Whalen were excused.)

**Conf. Com. Rep. 130 on S.B. No. 1439**

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

- (1) Deleting any reference to appropriation for employees of collective bargaining unit (9);
- (2) Changing the language to fund Hawaii Employer-Union Health Benefits Trust Fund (EUTF) costs for employees of collective bargaining units (2), (3), (4), (6), (8), and (13), state employees assigned to the Hawaii Health Systems Corporation, and excluded from collective bargaining instead of salary increases and all collective bargaining cost items;
- (3) Inserting specific amounts to be appropriated to cover costs of the Hawaii Employer-Union Health Benefits Fund for collective bargaining units (2), (3), (4), (6), (8), and (13) and excluded from collective bargaining from the general fund;
- (4) Deleting Parts III, IV, and V;
- (5) Renaming Part VI to Part III, including renumbering Sections 11, 12, and 13 to be Sections 5, 6, and 7, respectively; and
- (6) Changing the effective date to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1439, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1439, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Meyer.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Tsutsui and Whalen were excused.)

**Conf. Com. Rep. 131 on S.B. No. 1442**

The purpose of this measure is to fund all collective bargaining cost items in the arbitration award for state employees in collective bargaining unit (10), including excluded employees and employers assigned to the Hawaii Health Systems Corporation.

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

- (1) Changing the language to fund Hawaii Employer-Union Health Benefits Trust Fund (EUTF) costs negotiated for employees of collective bargaining unit (10) and state officers and employees excluded from collective bargaining;
- (2) Inserting specific amounts to be appropriated to fund EUTF costs negotiated for collective bargaining unit (10) and state officers and employees excluded from collective bargaining from the general fund;
- (3) Deleting Parts II, IV, and V;
- (4) Renaming Parts III and VI to be Parts II and III, respectively, which includes the renumbering of Sections 5 and 6 to Sections 3 and 4, respectively, and Sections 11, 12, and 13 to Sections 5, 6, and 7, respectively; and
- (5) Changing the effective date of the Act to July 1, 2003.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1442, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1442, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Mindo, and Meyer.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, Tsutsui, and Whalen.  
(Senators Tsutsui and Whalen were excused.)



**Conf. Com. Rep. 132 on H.B. No. 1456**

The purpose of this bill is to improve the deposit beverage container law by:

- (1) Amending the law to decrease the burden on dealers required to operate bottle redemption centers; and
- (2) Clarifying certain requirements of the law.

Among other things, the bill:

- (1) Exempts deposits collected under Chapter 342G, part VIII, Hawaii Revised Statutes (HRS), from chapter 235, HRS;
- (2) Requires each deposit beverage distributor to generate to the Department of Health (DOH) a monthly report of total sales to dealers or consumers;
- (3) Moves the start date for the payment of fees and deposits from October 1, 2002 to January 1, 2005;
- (4) Changes the amount due from deposit beverage distributors to include all containers sold, even those exported out of the State, which were previously excluded;
- (5) Requires annual reports by October 15 of each year, for all importers and manufacturers;
- (6) Clarifies that dealers shall post a clear and conspicuous sign, which specifies the address and hours of operation of the closest nondealer redemption center, at the primary public entrance of their place of business;
- (7) Grants DOH more leeway in siting redemption centers; and
- (8) Requires handling fees to be paid within sixty days of the receipt of redemption reports.

Your Committee on Conference has amended this measure by:

- (1) Requiring that monthly payment of the deposit beverage fee and deposits shall be made beginning in October 1, 2002, instead of January 1, 2005;
- (2) Allowing dealers to charge the deposit to customers at any time before January 1, 2005, rather than allowing dealers to charge the deposit to customers only beginning in October 1, 2004;
- (3) Requiring all importers and manufacturers to submit an annual report to DOH by January 31, 2004, and each January 31 thereafter;
- (4) Clarifying that if DOH chooses to establish by rules minimum population requirements for areas to be served by a redemption center, these rules shall apply to high-density population areas.
- (5) Amending the effective date to be upon approval of the act.
- (6) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1456, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1456, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Morita, Wakai, Evans, and Thielen.

Managers on the part of the Senate:  
Senators English, Menor, Kokubun, Hooser, and Kim.  
(Senator Kim was excused.)

**Conf. Com. Rep. 133 on H.B. No. 512**

The purpose of this bill is to:

- (1) Allow a patient's next of kin to obtain copies of the patient's medical records;
- (2) Allow mental health service providers to release records for billing purposes under certain circumstances;
- (3) Appropriate funds from the Emergency Budget and Reserve Fund to various health-related agencies and organizations; and
- (4) Make permanent the mental health parity law.

Your Committee on Conference finds that it is necessary to comply with the federal Health Insurance Portability and Accountability Act by allowing a patient's next of kin access to the patient's records. The other portions of this bill have been addressed in other measures and have been deleted. Additionally, your Committee on Conference notes that it is essential to transfer the Executive Office on Aging (EOA) to an executive agency because it is a permanent entity.

Accordingly, your Committee on Conference has amended this bill by:

- (1) Deleting all portions of the bill except those provisions that allow a patient's next of kin access to the patient's records;
- (2) Inserting a provision transferring EOA from the Office of the Governor to the Department of Health; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 512, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 512, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Hamakawa, Takamine, Nakasone and Halford.  
(Representatives Nakasone and Halford were excused.)

Managers on the part of the Senate:  
Senators Baker, Taniguchi, Chun Oakland, Kokubun, Tsutsui and Hogue.  
(Senators Tsutsui and Hogue were excused.)

**Conf. Com. Rep. 134 on H.B. No. 1412**

The purpose of this bill is to recognize professional counselors and provide them parity with other mental health professionals by establishing a Professional Counselors Licensing Program (Licensing Program).

The Licensing Program:

- (1) Sets educational and practical experience for licensure;
- (2) Requires licensure for those who indicate to the public that they are a professional counselor;
- (3) Provides penalties for those who use the title of "licensed professional counselor" without first having secured a license; and
- (4) Prohibits professional counselors from having to testify in alimony and divorce actions.

Your Committee on Conference acknowledges that most states require licensure for professional counselors. Licensure would provide savings in reimbursement rates, provide consumer safeguards, and increase the availability of qualified professionals to meet the requirements of the Felix Consent Decree.

Your Committee on Conference has amended this bill by:

- (1) Specifying that practicum intern experience be supervised;
- (2) Deleting the provision that practicum experience not apply to persons holding a master's or doctoral degree in counseling from the University of Hawaii; and
- (3) Making technical, nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1412, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1412, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Arakaki, Hiraki, Karamatsu, and Stonebraker.  
(Representative Stonebraker was excused.)

Managers on the part of the Senate:  
Senators Menor, Taniguchi, Baker, Espero, Kokubun, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 135 on H.B. No. 281**

The purpose of this measure is to enable the Department of Education to set priorities for school repair and maintenance projects, which would then be carried out by the Department of Accounting and General Services.

The intent of this measure is to reduce the backlog of all identified school repair and maintenance projects from \$640,000,000 to \$100,000,000. In particular, this measure:

- (1) Requires the Department of Accounting and General Services to compile and submit quarterly reports to the Department of Education regarding the current status of all school repair and maintenance projects;
- (2) Requires the Department of Education to compile and report information to all school complexes and schools indicating the current status of all school repair and maintenance projects; and
- (3) Requires the Department of Accounting and General Services and the Department of Education to submit recommendations and proposed legislation to the Legislature transferring authority over school repair and maintenance funds from the Department of Accounting and General Services to the Department of Education.

Your Committee agrees with the intent of this measure, and finds that it will help to reduce the backlog of school repair and maintenance projects to prevent the further deterioration of public schools and to improve public education in Hawaii.

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

- (1) Designating sections 1 to 3 of the bill as part I of the bill;
- (2) Adding a new part II of the bill to accomplish the following:
  - (A) Amend the state educational facilities repair and maintenance account and the school physical plant operations and maintenance account to provide that appropriations or authorizations from the account are to be based on the prioritization approved by the Department of Education for repair and maintenance;

- (B) Make departmental school district business and fiscal officers responsible for coordinating physical plant operations and maintenance activities with the Department of Education, in addition to the Department of Accounting and General Services, and for planning capital improvement projects only with the Department of Education and not the Department of Accounting and General Services;
  - (C) Amend the six-year financial program and financial plan for school repair and maintenance to require the Comptroller to develop and implement appropriate planning procedures and follow-up accountability reports to ensure sound planning, control, and accountability in allocated funds and to report annually to the Legislature; and
  - (D) Require each school to meet with the Department of Education, in addition to the Department of Accounting and General Services, on an annual basis regarding the prioritization of repair and maintenance, and provide that where there are differing views as to priorities, that the Department of Education has the power to make the final decision;
- (3) Changing the effective date from July 1, 2030, to July 1, 2003; and
  - (4) Making technical nonsubstantive changes for the purposes of clarity and consistency, including adding a "Ramseyer" section stating that statutory material to be repealed is bracketed and stricken, and new statutory material is underscored.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 281, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 281, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Kawakami, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Kawamoto, Hogue, and Tsutsui.  
(Senators Hogue and Tsutsui were excused.)

**Conf. Com. Rep. 136 on H.B. No. 638**

The purpose of this bill is to support the Hawaii State Public Library System by establishing a check-off box on tax returns allowing taxpayers to contribute \$2 of their income tax refund to the Libraries Special Fund.

Your Committee on Conference finds that this bill will help to support Hawaii's public libraries, and ensure that they can provide more effective services, maintain a comprehensive collection of books and other materials, and continue to provide public access to a wide range of information.

Your Committee on Conference has amended this bill by:

- (1) Making the bill apply to taxable years beginning after December 31, 2003; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 638, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 638, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Magaoay, Evans, and Moses.

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Chun Oakland, Kawamoto, and Whalen.  
(Senator Kawamoto was excused.)

**Conf. Com. Rep. 137 on H.B. No. 289**

The purpose of this bill is to improve the administration of the Department of Education (DOE) by establishing seven regional education agencies, comprising, among other things, regional boards of directors and principal advisory councils.

Your Committee on Conference finds that DOE is currently implementing major decentralization efforts to transform the public schools from a district-based system to a complex-based system. These changes will help to ensure that regional needs are met more efficiently and that school complexes may be administered more effectively by bringing the DOE governance structure closer to the schools.

Your Committee on Conference has amended this bill by:

- (1) Deleting the seven regional educational agencies;
- (2) Instituting fifteen complex areas comprised of multiple school complexes;
- (3) Conforming statutes to reflect the new complex area structure; and
- (4) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 289, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 289, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Takamine, Kawakami, and Ching.  
(Representative Ching was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Hooser, Kawamoto, and Hogue.  
(Senators Kawamoto and Hogue were excused.)

**Conf. Com. Rep. 138 on H.B. No. 1175**

The purpose of this bill is to enact various administrative reforms to the Department of Education (DOE), including:

- (1) Allowing the Board of Education to set the salary of the Deputy Superintendent;
- (2) Changing the title of "district superintendent" to "administrative superintendent" and changing the role of these positions to chief administrative officer of a school complex, responsible for supervising the delivery of services to the complex; and
- (3) Capping the salaries of the deputy superintendent, assistant superintendents, and administrative superintendents at 80 percent of the salary of the Superintendent of Education's salary.

Your Committee on Conference finds that this bill will ensure that the statutes better reflect the decentralization reforms being implemented within the Department of Education. Furthermore, this bill provides an improved salary structure for various DOE administrators.

Your Committee on Conference has amended this bill by:

- (1) Changing all references to "administrative superintendent" to read "complex area superintendent";
- (2) Changing the effective date to July 1, 2003; and
- (3) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1175, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1175, H.D. 2, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takumi, Takamine, Evans, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Sakamoto, Taniguchi, Hooser, Tsutsui, and Hogue.  
(Senator Hooser was excused.)

**Conf. Com. Rep. 139 on H.B. No. 640**

The purpose of this measure is to transfer funds from the hurricane relief fund to the loss mitigation grant fund in order to develop and implement the loss mitigation grant program. The Insurance Commissioner will administer the funds.

Your Committee has amended this bill by adding language requiring the State to apply for federal pre-disaster hazard mitigation funds. Your Committee has been informed that federal funds will be available but these funds will be awarded on a competitive basis. Your Committee was further informed that state moneys need to be expended in order to receive these federal funds.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 640, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 640, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Wakai, Karamatsu, Nishimoto, and Meyer.  
(Representative Meyer voted no.)

Managers on the part of the Senate:  
Senators Menor, Taniguchi, Espero, Kokubun, and Whalen.  
(Senator Whalen was excused.)

**Conf. Com. Rep. 140 on H.B. No. 1152**

The purpose of this bill is to:

- (1) Repeal certain revolving and special funds that no longer serve the purpose for which they were originally established, are not an appropriate means of financing for the programs or activities, or are not financially self-sustaining;
- (2) Transfer excess balances from a number of other funds to the state general fund; and
- (3) Specify the division of excess amounts of tobacco settlement moneys appropriated into the University Revenue-Undertakings Fund between the Emergency and Budget Reserve Fund and the Hawaii Tobacco Prevention and Control Trust Fund.

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

- (1) Increasing the amount transferred from the Hawaii Capital Loan Revolving Fund to the general fund from \$500,000 to \$4,000,000;
- (2) Decreasing the amount transferred from the Compliance Resolution Fund to the general fund from \$4,800,000 to \$3,000,000;

- (3) Providing for the transfer of \$4,000,000 from the Hawaii Capital Loan Revolving Fund to the general fund;
- (4) Providing for the transfer of \$1,300,000 from the Hawaii Strategic Development Corporation Revolving Fund to the general fund;
- (5) Deleting the exemption for passenger-facility charges from certain laws to prevent prohibited revenue diversion; and
- (6) Making technical, nonsubstantive amendments for purposes of consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1152, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1152, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Karamatsu, Wakai, Waters, and Moses.

Managers on the part of the Senate:  
Senators Taniguchi, Kokubun, Tsutsui, and Hemmings.

**Conf. Com. Rep. 141 on H.B. No. 1400**

The purpose of this bill is to stimulate Hawaii's tourism and construction industries by:

- (1) Extending the Hotel Construction and Remodeling Tax Credit (Tax Credit) to construction or renovation costs incurred before July 1, 2004, provided that after July 1, 2003, the taxpayer shall also dedicate, in each taxable year for which the Tax Credit is claimed, 10 percent of the occupied retail space within the qualified hotel facility, if any, to the promotion and sale of Hawaii-made products;
- and
- (2) Expanding the definition of "qualified hotel facility" to include commercial buildings and facilities located within a qualified resort area.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provision that extends the Tax Credit to construction or renovation costs incurred before July 1, 2004, provided that after July 1, 2003, the taxpayer shall also dedicate, in each taxable year for which the Tax Credit is claimed, 10 percent of the occupied retail space within the qualified hotel facility, if any, to the promotion and sale of Hawaii-made products;
  - (2) Deleting the provision that expands the definition of "qualified hotel facility" to include commercial buildings and facilities located within a qualified resort area;
  - (3) Extending the tax credit increase an additional four years;
  - (4) Changing the amount of the tax credit to 8 percent of the construction or renovation costs incurred for each qualified hotel facility in Hawaii;
  - (5) Repealing the provision that the tax credit shall be available for taxable years beginning after December 31, 1998, but not for taxable years beginning after December 31, 2005;
  - (6) Repealing the provision requiring that the taxpayer be in compliance with all applicable federal, state, and county statutes, rules, and regulations to qualify for the tax credit;
  - (7) Changing the effective date of this bill so that:
    - (A) The amount of the tax credit will remain 10 percent for any hotel construction and remodeling costs incurred after November 1, 2001, and prior to the effective date of this bill; and
    - (B) The 8 percent amount will apply to construction costs incurred from the effective date of this bill until June 30, 2007, at which time the tax credit shall be repealed in its entirety;
- and
- (8) Making technical, nonsubstantive amendments for style and clarity;

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1400, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1400, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Chang, Schatz, Takamine, and Ontai.  
(Representative Ontai was excused.)

Managers on the part of the Senate:  
Senators Kim, Fukunaga, Taniguchi, Tsutsui, and Slom.  
(Senators Tsutsui and Slom were excused.)

**Conf. Com. Rep. 142 on H.B. No. 200**

The purpose of this bill is to fund the Executive branch's operating and capital improvement expenditures for the fiscal biennium July 1, 2003 through June 30, 2005.

### Overview

The Legislature has never faced the level of fiscal uncertainty that it has this session. Declining projected revenues, coupled with increasing fiscal needs, have greatly impacted the manner in which your Conference Committee constructed this Biennial Budget. Your Conference Committee had to choose among valid competing needs and has set forth, herein, its budgetary priorities.

### Economic Backdrop

#### Fiscal Situations in Other States

According to the National Conference on State Legislatures' "State Budget Update: November 2002" report:

- Thirty-one states reported budget gaps in the early months of fiscal year 2002-2003. Some states have already taken action to close them. Seventeen states report no gap or indicate that it is too early to specify the size of a potential budget gap, and two states did not provide information.
- The current cumulative budget gap for all states is approximately \$17.5 billion for fiscal year 2002-2003 (3.6 percent of original fiscal year 2002-2003 appropriations). This amount has grown since the fiscal year began. When developing their fiscal year 2002-2003 budgets, states faced an aggregate gap of \$49.1 billion.
- State revenue collections continue to be anemic. Thirty-three states report that revenue collections are below forecasted levels through October.
- Twenty-nine states revised their revenue estimates for fiscal year 2002-2003. The revenue forecast was lowered in 26 states.
- The revenue outlook for the remainder of the fiscal year does not reflect confidence for a strong national recovery. Twenty-nine states are concerned about revenue performance, and nine are pessimistic. Eight states report a stable outlook, and two are optimistic.

Twenty-nine states report that spending is exceeding budgeted levels. Twenty-four states report that Medicaid or health care programs are over budget.

#### Outlook

The visitor industry plays a large role in the health of Hawaii's economy. Consequently, the State's growth is strongly correlated to the rate of economic expansion in U.S. and international visitor markets. Consensus projections of U.S. economic performance continue to indicate a weak economy. The Blue Chip Economic Forecast, based on an average of fifty major U.S. forecasts, adjusted the forecast for growth in real U.S. gross domestic product in 2003 downward in February 2003 to 2.7 percent.

In 2003, total visitor arrivals were predicted to grow 5.3 percent with visitor expenditures forecast to increase 6.8 percent. Positive growth in visitor arrivals was expected to come from a strong recovery of tourism from Japan together with growth from mainland areas. Visitor arrivals were projected to regain their 2000 levels in 2004, with an additional 4.2 percent increase over 2003, and subsequently return to its historical growth level in the 2 percent range. However, preliminary department of business, economic development, and tourism passenger counts for March 2003 versus March 2002 show a 1.3 percent decline in domestic arrivals and a 12.3 percent decline in international arrivals.

In addition, the recent outbreak of Severe Acute Respiratory Syndrome (SARS) threatens to reduce Hawaii's much needed visitor counts. Cases of the respiratory illness have been reported primarily in Asia. More than 3,800 cases of SARS and more than 200 deaths have been reported in 26 countries, with a vast majority of cases and deaths in mainland China and Hong Kong. Visitors from both East and West may be less inclined to travel aboard an airliner, as the chances for contracting the disease increase in such a close-quarters environment. Since the SARS outbreak appears to be in its infancy, its long-term economic effects on Hawaii are unknown.

It is clear that these negative factors will continue to affect Hawaii's economy--an economy that is still recovering from the effects of the national recession that began in early 2001. Your Conference Committee believes that Hawaii will continue to experience a decline in revenues, in the short-term. As such, the reductions made throughout the budget were necessary to provide for the most critical of services.

#### National Budget Shortfalls and Solutions

Last year, many states used rainy day funds and other measures to address the \$49.1 billion shortfall. States raised taxes by \$9.1 billion in the aggregate, breaking a trend of annual tax cuts that began in 1994. Only Hawaii cut taxes by more than one percent while eighteen states raised taxes more than one percent.

For the current fiscal year ending June 30, states must address a collective \$17.5 billion budget gap. The list of states with expected deficits is long. Hawaii's budget deficit stood at approximately \$165 million. Hawaii was one of only two states optimistic about revenue performance.

State legislatures around the country are currently experiencing similar problems. Declining revenues and growing demands will necessitate intense scrutiny of state budgets. Other states are dealing with their shortfalls in ways comparable to the choices made by your Conference Committee. For example, thirty-one states are imposing budget cuts, twenty-eight states are tapping various state funds, fourteen states are tapping rainy day funds, and twenty-one states are using tobacco settlement funds.

Revenue collections have been lethargic during the first four months of the fiscal year, and overruns, particularly in Medicaid programs, are already being reported in at least twenty-four states. Massachusetts will cut 50,000 people from its Medicaid rolls and still faces a \$300 million dollar gap in the program. Georgia reports a \$417 million shortfall in Medicaid. Consequently, states may be looking at raising the standards for Medicaid eligibility.

#### Council on Revenues

At its January 7, 2003 meeting, the Council on Revenues forecasted a growth rate of 6.1 percent for fiscal year 2002-2003. This estimate did not take into account the geopolitical uncertainty the nation faced at the time, namely, the impending war with Iraq.

During its March 13, 2003 meeting, the Council revised its estimated growth rate of 6.1 percent down to 4.3 percent. The Council stated that this downward revision was due almost entirely to tax credits claimed in 2001. According to the Council, the credits that may have the greatest unanticipated impact were high technology investment, research activities, and residential and

remodeling tax credits. This 1.8 percent drop in estimated revenues for the current fiscal year amounted to a loss of approximately \$56 million.

#### Budget Chronology

A key component of balancing the prior administration's six-year financial plan was the transfer of \$175 million from the Hawaii Hurricane Relief Fund (HHRF) to the general fund. The new administration's approach to balancing the budget did not call for the transfer of any monies from the HHRF, reductions in force, or any tax increases. Instead, the new administration pursued alternatives such as a 5 percent reduction to "discretionary" general fund expenditures, transferring balances from various non-general funds, imposing a statewide hiring freeze, as well as making reductions to previously submitted budget requests for additional funding to balance the budget. The process of working through these alternatives took a great deal of time for both the new administration and the Legislature.

As a result of the March 13, 2003 Council on Revenues meeting and its revised forecast, the new administration suggested that the Legislature plan for the projected decline in revenues by taking the following actions:

- Shift excess special funds to the general fund, providing an estimated \$24 million;
- Restructure existing debt and revise the interest rate assumption on future bond issuances, providing an estimated \$50.8 million;
- Revisit Act 221, Session Laws of Hawaii 2001, and make adjustments, providing an estimated \$55.5 million;
- Reduce the Department of Education's "Adult Education" program, providing an estimated \$2.7 million; and
- Supplanting \$8 million in general funds for the Department of Education with \$8 million in federal funds.

#### Non-General Funds

As previously mentioned, twenty-eight states have tapped various state special funds to meet budget shortfalls. Given the current fiscal crisis, your Conference Committee has also examined these funds as possible sources of revenue. While the new administration proposed to transfer \$41 million, your Conference Committee has identified more than \$75 million in non-general fund cash balances to be transferred to the general fund through HB 1152, relating to state funds. With the magnitude of fund transfers your Conference Committee proposes, fund administrators will need to closely monitor revenues and expenditures. While your Conference Committee finds no pleasure in taking this course of action, it believes it is necessary in order to ensure that priority programs in departments such as Education, Health, Human Services, and the University of Hawaii are, and will continue to be, funded at a level deserving of their core missions.

#### **Non-Discretionary Costs**

As a result of the growing needs reflected in the budget, your Conference Committee recognizes increases of approximately \$56 million in fiscal year 2003-2004 and \$161 million in fiscal year 2004-2005 in non-discretionary costs.

#### Health Fund

Your Conference Committee notes that among the non-discretionary additions contained in the budget, over \$20 million in fiscal year 2003-2004 and over \$50 million in fiscal year 2004-2005 is required for health premiums for active and retired state employees. In addition, over \$12 million in fiscal year 2003-2004 and over \$17 million in fiscal year 2004-2005 is required for the employer's portion of Social Security and Medicare contributions.

#### Pension Accumulation

Your Conference Committee also feels it is important to note that due to the condition of the stock market, the Employees' Retirement System has realized negative returns on the market value of retirement assets of 6.9 percent in fiscal year 2000-2001 and 5.9 percent in fiscal year 2001-2002. These negative market conditions resulted in increases of over \$24 million in fiscal year 2003-2004 and over \$94 million in fiscal year 2004-2005 in the State's obligation for funding the Employees' Retirement System.

#### Bond Issuance

With fiscal prudence in mind, your Conference Committee chose to reduce the amount of new capital improvement projects initiated. Conversely, the related bond issuance was kept at \$450 million in fiscal year 2003-2004 but reduced from \$450 to \$400 million in fiscal year 2004-2005. In addition, bond interest rate assumptions were reduced from 6 percent to 5.5 percent in fiscal year 2003-2004 and from 6 percent to 5.7 percent in fiscal year 2004-2005. As a result, related interest and bond costs were reduced by \$787,000 in fiscal year 2003-2004 and \$712,000 in fiscal year 2004-2005 respectively.

#### **Reductions to the Budget**

Without the use of some of the Hawaii Hurricane Relief Fund balance, increases in taxes, or reductions in force to assist in balancing the budget, the new administration found it necessary to propose a five percent reduction to the discretionary general fund budgets of the majority of departments. Some of these proposed reductions were accepted by the Legislature, while other reductions were introduced.

#### Bond Restructuring and Refinancing

The overall global economy has provided at least one positive scenario which helps to alleviate the state's budget shortfall. Lower interest rates have allowed the State to realize savings in debt service costs. Due to previous general obligation bond restructuring and refinancing transactions, the State is projected to have a net savings of \$55.2 million in fiscal year 2003-2004 and \$24.8 million in fiscal year 2004-2005. Furthermore, the new administration is proposing another restructuring and refinancing transaction that would provide additional estimated savings of \$24.9 million in fiscal year 2003-2004 and \$23.4 million in fiscal year 2004-2005. These two transactions have the potential to save the State \$80.1 million in fiscal year 2003-2004 and \$48.3 million in fiscal year 2004-2005.

#### Vacant Positions

Your Conference Committee had a difficult time working within the framework established by the new administration. Given this limitation, your Conference Committee carefully examined positions identified as vacant since at least December 31, 2001. Although the departments may want to maintain these positions, they have adjusted to the vacancies. Workloads have been redistributed and savings have been realized. In these uncertain economic times, lower budget allocations will not permit departments to fill these vacancies. It is your Conference Committee's hope that, when Hawaii's economy recovers, these vacancies may be restored.

In addition to reducing positions and funds in various departments, your Conference Committee also looked at programs where position count reductions were not warranted. In these instances, a fifty percent reduction to the salary amount for positions that had been vacant since at least December 31, 2001, was assessed but no positions were taken.

Your Conference Committee believes that the new administration will continue to keep a watchful eye on personnel expenditures in order to realize the efficiency savings needed to contend with these reductions of vacancies. The Legislature recommends that the new administration carefully review position vacancies and recommend the elimination of unneeded positions accordingly, in the coming supplemental budget for fiscal year 2004-2005.

#### Travel

Your Conference Committee understands that the new administration is seeking ways to improve efficiency in state government. As such, your Conference Committee has identified two key areas, travel and overtime, for reductions, with the expectation that the new administration will find further reductions using similar approaches.

Your Conference Committee has reduced the amount of travel budgeted in state government by ten percent for the Department of Education and the University of Hawaii, and thirty percent for all other departments. Your Conference Committee realizes that because Hawaii is an island state, travel is very important, but expects that it can be reduced with minimal impact to services provided by state government.

To help preserve services, your Conference Committee hopes that, through the actual execution of these reductions, the departments will take special care to ensure that these reductions will least affect those counties where travel is critically important.

#### Overtime

Your Conference Committee reduced overtime by \$685,527 in fiscal year 2003-2004 and \$1,582,344 in fiscal year 2004-2005 in five program areas: the Halawa Correctional Facility, the Hawaii Community Correctional Center, the Maui Community Correctional Center, the Oahu Community Correctional Center, and the Women's Community Correctional Center. Your Conference Committee notes that significant overtime costs were cited in the Office of the Auditor's Financial Audit of the Department of Public Safety, Report No. 02-10, May 2002. As a result of this report, your Conference Committee identified these amounts as reductions, in an attempt to bring these facilities' overtime expenditures closer to levels found in other areas of the country.

### **Education**

In consideration of the State's current fiscally constrained situation, your Conference Committee has generally adopted the new administration's proposed budget for Fiscal Biennium 2003-2005 for the Department of Education (DOE) and the Hawaii State Public Library System (HSPLS). Your Conference Committee, in accepting most of the new administration's recommendations, has not abdicated the Legislature's responsibility to scrutinize and carefully evaluate these departments' budgetary requests. In acknowledging the Council on Revenues' amended and reduced state revenue projections, your Conference Committee has made additional, very specific, budget reductions. These reductions will not adversely impact the departments' ability to meet its mandated responsibilities or stated missions.

#### Department of Education

Your Conference Committee has approved the DOE's request to internally reallocate resources, both within and between major program areas, to address specific departmental needs. Your Conference Committee has agreed to the new administration's requests to transfer funds from various programs and other cost categories to address department salary shortfalls within Regular Education (EDN 100) and Comprehensive School Support Services (EDN 150). Your Conference Committee would like to specifically acknowledge the special and federal fund surplus in the department's Food Services program (EDN 400/MD), which will be used to supplant a portion of the Food Services program general fund appropriation. Due to this special and federal fund surplus, your Conference Committee has concomitantly approved the reduction of approximately \$9.2 million for fiscal year 2003-2004 and \$10.6 million in fiscal year 2004-2005 in general funds for the Food Services program. These general fund reductions will be transferred to Regular Education (EDN 100) and includes \$2.4 million in fiscal year 2003-2004 and \$2.3 million in fiscal year 2004-2005 for textbooks, equipment, and supplies; \$1.2 million in fiscal year 2004-2005 for workers' compensation costs; and \$1 million in fiscal year 2003-2004 and \$2.4 million in fiscal year 2004-2005 for charter school funding. Approximately \$5.9 million in fiscal year 2003-2004 and fiscal year 2004-2005 will be transferred to Comprehensive School Support Services (EDN 150) to offset a projected salary shortfall.

#### The Felix Consent Decree and Special Education

Your Conference Committee has also approved the administration's request to transfer various resources from the Department of Health (DOH) to DOE, which would supplement the DOE's Special Education and Felix Consent Decree services. The DOE's EDN 150 budget has also been increased with the addition of (24) temporary positions and (28.50) permanent positions and \$11.9 million in general funds for fiscal year 2003-2004 and fiscal year 2004-2005, which will be transferred from DOH to DOE's Services for Children with Autism, a mandated Felix Response Plan program. Your Conference Committee has also approved the transfer of \$14.6 million in both fiscal year 2003-2004 and fiscal year 2004-2005 to DOE's Services for The Children with Autism program, primarily to fund contract services.

In addition, your Conference Committee has approved the conversion of eight hundred and three (803) temporary Comprehensive School Support Services (EDN 150) positions, which are primarily Felix Response Plan (FRP) and School Based Behavioral Health (SBBH) positions, to permanent status. Although your Conference Committee has not stipulated the specific positions to be converted, your Committee encourages the DOE to seriously consider converting specialized technical and school-level positions (e.g., school based behavioral specialists, special and regular education teachers, therapists, high risk counselors, speech pathologists, etc.) before the conversion of administrative, state or district level positions. In the 2002 Supplemental Appropriations Act, the Legislature requested that the DOE complete a comprehensive needs assessment of the Felix Response Plan (FRP) and School-Based Behavioral Health (SBBH) programs in order to identify those program needs, e.g., permanent positions, other resources, etc., which are critical to compliance and maintenance of compliance under the Felix Consent Decree and other related federal Special Education statutes. The DOE is continuing to work on the requested program needs assessment and has also provided some of the requested information to your Conference Committee. Your Conference Committee has approved a proviso which, among other requirements, requests the DOE to continue its ongoing needs assessment and report to the Legislature prior to the convening of the 2004 and 2005 legislative sessions in order to allow the Legislature to complete its determination of the appropriate number of temporary positions to convert to permanent status in the future.

#### Reductions

Your Conference Committee has adopted the administration's proposed five percent discretionary general fund reduction for the department of education. Your Committee has approved the reduction of approximately \$3 million in general funds for fiscal year 2003-2004 and fiscal year 2004-2005: approximately \$2.7 million per year for Regular Education (EDN 100); approximately



\$94,000 per year for School Instructional Support (EDN 200); approximately \$144,000 per year for State and District Administration (EDN 300); and approximately \$38,000 per year for School Community Service (EDN 500).

Your Conference Committee has provided lump-sum additions to the EDN 100 budget that include: approximately \$2.5 million and \$2.9 million in fiscal year 2003-2004 and fiscal year 2004-2005, respectively, for New Century Charter Schools; approximately \$2 million in fiscal year 2003-2004 and fiscal year 2004-2005 for the School Safety Manager program; and approximately \$405,000 in fiscal year 2003-2004 for lease rent for Nanaikapono School. New Century Charter School funding remains a statutorily mandated obligation for the State, and the approved lump-sum adjustment would address a portion of this required cost. The New Century Charter School program has been historically under-funded. Act 177, Session Laws of Hawaii 2002, the Supplemental Appropriations Budget for fiscal year 2002-2003 provided approximately \$6 million in charter school funding. This resulted in a \$5.5 million shortfall for the program in fiscal year 2002-2003. Currently, there is only \$6 million in the DOE's base budget for charter schools. Therefore, without increased funding, the State's charter schools, which are defined as State public schools, may again face deficits in fiscal year 2003-2004 and fiscal year 2004-2005. To further insure the solvency of the charter school program your Conference Committee has included a budget proviso that clarifies, for the DOE, that any funds allocable to the charter schools shall be determined by statute and, therefore any reduction to the statutorily determined amount must be explicitly stated in and justified under current Hawaii charter school law.

Your Conference Committee has also determined that the lump-sum adjustment for rental payment for Nanaikapono School also qualifies as a fixed and mandated cost for the State. Additionally, your Conference Committee believes that school safety remains a major priority for the department and therefore, the school safety manager program should continue to receive the approved lump sum funding.

Your Conference Committee has evaluated two administration requests to reduce the base general fund budgets for Regular Education (EDN 100) and the Adult Education program in School Community Service (EDN 500). Specifically, the administration requests an \$8 million general fund reduction for fiscal year 2003-2004 and fiscal year 2004-2005 and an associated \$8 million increase to the federal fund ceiling for both years for Federal Impact Aid funding. Additionally, the administration requests a \$2.7 million general fund reduction to Adult Education (EDN 500) and a concurrent \$2.7 million increase to the Adult Basic Education Special Fund ceiling in fiscal year 2003-2004 and fiscal year 2004-2005. After considering the projected negative impact to both the Regular and Adult Education programs, your Conference Committee has again decided to exercise prudence and deny these reductions.

#### Additions

Your Conference Committee has also approved various additions to the DOE's base operating budget. However, most of your Committee's approved funding increases are to meet mandated costs. To meet collective bargaining agreed-to increments, your Conference Committee has approved a total of approximately \$85.7 million in fiscal year 2003-2004 and fiscal year 2004-2005 in general funds. Additionally, your Conference Committee has added approximately \$14.4 million in fiscal year 2003-2004 and \$43.8 million in fiscal year 2004-2005, in general funds for employee pension accumulation costs. To meet rising Social Security and Medicare costs, your Conference Committee has approved approximately \$9.5 million in fiscal year 2003-2004 and \$12 million in fiscal year 2004-2005 in general funds. Finally, your Conference Committee has added approximately \$6.4 million in fiscal year 2003-2004 and \$18.6 million in fiscal year 2004-2005 in general funds to meet the increased cost of DOE employee health premiums. In total, your Conference Committee has approved approximately \$116 million in fiscal year 2003-2004 and \$160 million in fiscal year 2004-2005 to fund the new administration requested fixed program costs.

#### Hawaii State Public Library System

Your Conference Committee, again considering the State's current financial situation and your Conference Committee's commitment to opening and operating the Kapolei library, has appropriated \$1 million for other current expenses, including books and equipment, for fiscal year 2003-2004 and nineteen positions and approximately \$1.6 million for fiscal year 2004-2005 for the Kapolei Library. Although your Committee's adjusted appropriation for the library will delay its opening for a year, your Conference Committee believes that the appropriation configuration was a required compromise between the needs of the leeward community and fiscal prudence.

Your Conference Committee has also exercised prudence by adopting the new administration's request to reduce general funds in fiscal year 2003-2004 and fiscal year 2004-2005 from the overall HSPLS budget. Specifically, your Conference Committee has approved the reduction of approximately \$551,000 for fiscal year 2003-2004 and \$566,000 for fiscal year 2004-2005 from HSPLS's general fund budget. Your Conference Committee believes that the above-stated reduction to HSPLS's discretionary general fund budget is a balanced melding of department resource needs and fiscal constraint.

#### Summary

Your Conference Committee has approved a total education budget (which includes state libraries) of approximately \$1.437 billion in general funds in fiscal year 2003-2004 and \$1.488 billion in general funds in fiscal year 2004-2005. This budget also appropriates (19,469.15) general funded Full Time Equivalents (FTE) in fiscal year 2003-2004 and (19,471.15) general funded FTEs in fiscal year 2004-2005. By comparison, the administration education budget appropriates (20,369.65) general funded FTEs and approximately \$1.425 billion in general funds in fiscal year 2003-2004 and (20,357.15) general funded FTEs and \$1.471 billion in general funds in fiscal year 2004-2005. But for differences in appropriated general funded positions, which have been explained in the Special Education portion of this committee report, your Conference Committee's education budget and the new administration's budget are relatively close in total general funds appropriated. This similarity results from your Conference Committee's intent to be fiscally prudent and to adopt many of the new administration's budget reduction requests. The differences in the appropriated general funds also demonstrate your Conference Committee's exercise of due diligence, in providing additional resources (approximately \$12 million in fiscal year 2003-2004 and \$15 million in fiscal year 2004-2005) for specifically identified education needs.

#### **Higher Education**

Your Conference Committee continues to make access to quality public higher education opportunities in Hawaii one of its highest priorities. Your Conference Committee notes that the new administration proposed reductions totaling \$3.2 million, or five percent of the university's discretionary general fund for fiscal years 2003-2004 and 2004-2005. This reduction would have adversely affected the Hilo campus, West Oahu campus, the small business development center, aquarium, and all of the community colleges. The effect of the reduction would have hampered the purchase of needed supplies, the replacement of equipment, the repair and maintenance of equipment and facilities, the hiring of lecturers and regular faculty and staff, the number of classes that can be offered, the level of State effort for federal fund matching, and the continuance or expansion of outreach programs. Your Conference Committee supports the university's goal of becoming a world-class institution and, therefore, could not concur with all of the new administration's proposed reductions.

Your Conference Committee sought to completely restore all of the fiscal year 2003-2004 and fiscal year 2004-2005 restrictions proposed by the new administration. However, due to continued fiscal constraints, your Conference Committee could only restore \$1.7 million of the new administration's five percent discretionary general fund reductions to the University of Hawaii.

## Health

Your Conference Committee remains fully committed to ensuring that essential health related services remain a priority despite the current fiscal state of the Hawaii's economy. To this end, the appropriations authorized by your Conference Committee in the area of health will ensure sufficient funding for the essential services provided by the Department of Health.

Your Conference Committee commends the Department of Health for pursuing and receiving federal funding totaling \$8.4 million to support and strengthen its capacity to respond to threats of bioterrorism and other public health emergencies resulting from terrorism. Your Conference Committee further affirms its commitment to health related issues by supporting the general practice dental residency program for disabled patients and restoring funds for emergency medical services equipment.

Your Conference Committee recognizes that the previous administration deleted positions and funding for the Developmental Disabilities Services Branch (DDSB) due to the closure of the crisis shelter and Waimano Training School and Hospital. Your Conference Committee was informed that DDSB, since 1999, has been providing safety net transition supports, as well as monitoring activities relating to residential settings for persons with developmental disabilities. This practice is consistent with national standards. Upon reviewing a request submitted by the Developmental Disabilities Division, a blueprint for a revised mission was laid out, detailing well-defined functions required for the proposed Disabilities Supports Branch (DSB). This clarified the functions required of DSB. Your Conference Committee supports the restoration of a total of twenty-four positions and \$1,378,764 in fiscal year 2003-2004 and \$1,237,396 in fiscal year 2004-2005.

### The Community & Remedial Plans and the Adult Mental Health Division

On January 23, 2003, federal Chief District Judge David Ezra accepted the Community and Remedial Plan under an order of the court. The Community Plan replaces the Implementation Plan for Service Development (IPSD). The Community Plan is designed to ensure appropriate community services for individuals discharged, transferred or diverted from Hawaii State Hospital, and for individuals at risk of hospitalization at the Hawaii State Hospital.

Your Conference Committee affirms its full support of and commitment to the mentally ill population residing in Hawaii by approving and providing full funding to the Adult Mental Health Division's (AMHD) budget request totaling \$2.68 million in the upcoming biennium to meet essential Community Plan requirements. Your Conference Committee notes that the additional requests for the next two years increase the total base funding amount for community outpatient services to \$99.56 million. Your Conference Committee, after reviewing the proposed methodology to be used by the AMHD to determine the number of additional staff, has decided to provide temporary position counts in lieu of the seventy-nine permanent positions requested. Further, your Conference Committee was informed that AMHD has developed a statistical model to predict risk of hospitalization using regression analysis. Using this utilization management model, AMHD believes that it will be able to determine its annual target population, which will result in a more accurate caseload analysis for its staffing requirements. Once the reports from AMHD have been submitted, your Conference Committee believes that supporting permanent positions may be warranted.

Moreover, since 1991, the State of Hawaii has been under a Settlement Agreement with the United States District Court to comply with various stipulations and orders that included the Hawaii State Hospital (HSH) Remedial Plan for Compliance and the HSH Space Utilization Plan. The HSH Remedial Plan was made an order of the court on February 21, 2002, relative to the treatment and services at the Hawaii State Hospital. Your Conference Committee notes that the Community Plan, in conjunction with the HSH Remedial Plan, was found to meet the requirements of the court ordered Omnibus Plan and permits the State to meet its legal obligation in an efficient and accountable manner. Furthermore, your Conference Committee has provided a total of \$23.70 million over the next two years to address the compliance issues with this court-ordered HSH Remedial Plan.

Your Conference Committee reaffirms its commitment to ensure that the mentally ill population receives the best available care. Based on AMHD's current assumptions on identifying all vacant positions that could be used to cover projected workload, your Conference Committee found it more prudent to provide funding for temporary positions at this time. Your Conference Committee is reassured that the AMHD will develop a better framework of its actual caseload analysis after reviewing its utilization management in the upcoming months. At that point, there will be a better basis for approving future permanent position counts.

### Felix Costs – Department of Health

Your Conference Committee is committed to the initiatives implemented under the Felix Consent Decree of December 31, 2001, which required meeting various fundamental benchmarks and measures including effective service coordination and appropriate family/child participation in the delivery of services and in the area of early intervention.

Your Conference Committee acknowledges that the Child and Adolescent Mental Health Division (CAMHD) has achieved substantial compliance with the terms of the decree. In meeting these mandates, your Conference Committee commends the division for reaching this milestone. Your Conference Committee is further cognizant that due to the decreased number of registered children and youth from 3,000 to 1,457 and lower utilization of residential programs and intensive services, CAMHD was able to realize a total cost savings of \$17.14 million in each year of the biennium by reducing its purchase of service contracts; of this amount, \$14.6 million was transferred to the Department of Education for contract services for youth with autism spectrum disorders.

### Hawaii Health Systems Corporation

Act 162, Session Laws of Hawaii 1996, established the Hawaii Health Systems Corporation (HHSC), to provide safety-net healthcare services particularly in the rural areas. Administratively attached to the Department of Health, the Corporation, through its twelve community hospitals, provides long-term, rural health, and primary acute care to all that require medical assistance.

To this end, your Conference Committee is committed to supporting the HHSC by providing a general fund subsidy totaling \$31.22 million for the upcoming biennium to cover its projected shortfalls. Your Conference Committee acknowledges and shares in the plight faced by HHSC with regard to: its collective bargaining issues; payments to the Employees Retirement System and for health benefits for both current HHSC and for former employees; and the inability of the Med-QUEST program to pass the "disproportionate share" funds through the health plans to HHSC facilities; all of which have further exacerbated HHSC's healthcare crisis.

Although the former Community Hospitals Division has made significant improvements over the last seven years, your Conference Committee is, however, not without concerns relating to the basic fundamentals of the Corporation. Toward this end, your Conference Committee wishes to highlight a few areas of concern with regards to HHSC's fiduciary obligations and duties.

Your Conference Committee had some concerns this session regarding the Corporation's budget requests and justifications. For example, HHSC's revenues and expenditures were not easily understandable in light of its statement of revenues and expenses for the twelve facilities operated by HHSC, and the documents submitted by HHSC. Upon raising this issue, your Conference Committee was informed by the Corporation that the accounting method prescribed by HHSC was based on an accrual method of accounting--resulting in the variance reported by HHSC. Another example of the lack of clarity involved the breakout of HHSC's original baseline

budget submittal to the Department of Budget and Finance. Your Conference Committee noted that the original biennial budget submittal was for \$39.4 million and \$44.6 million in fiscal years 2003-2004 and 2004-2005, respectively. In order to understand its original submittal request, your Conference Committee required further justification for the stated shortfalls and requested additional information. In its response, the HHSC submitted a spreadsheet highlighting these projected shortfalls. The Corporation, however, did not provide any explanation on how these numbers were derived. Facilities that were previously touted as being solvent were now projected to have shortfalls in the upcoming years.

Your Conference Committee, however, finds that during the last days of the 2003 session, an honest attempt was made by the executives of the Corporation to provide further clarification and information for use by your Conference Committee's staff. In this regard, your Conference Committee appreciates the efforts of the senior management of HHSC to be more forthright with the Legislature. Your Conference Committee hopes that this effort will continue on the part of HHSC's management to provide its fullest cooperation in assisting the Legislature in understanding its requests for general fund subsidy in future sessions.

Your Conference Committee further finds that the unfavorable reimbursements from government-type payors such as Medicaid and Medicare have added and exacerbated the revenue shortfalls for the HHSC of more than \$35 million per year. Moreover, while your Conference Committee is aware that HHSC is not able to negotiate rates with the federal government for the Medicare program or with the State for the Medicaid program, your Conference Committee believes that the HHSC should continue to look for ways to make administrative and statutory changes to allow for more favorable rates to increase its revenue stream. Your Conference Committee is confident that the HHSC and the new administration will be resourceful and find creative means to resolve these issues relating to Medicare/Medicaid issues.

Your Conference Committee further notes that during the last few legislative sessions, HHSC cited collective bargaining as one of the primary factors contributing to its huge deficits. However, your Conference Committee does not believe that the collective bargaining costs provided by the Corporation portray an accurate picture of the actual costs. While your Conference Committee is aware that the HHSC believes it is necessary to contract for additional help, your Committee raises concerns about the use of three lobbyists under contract with HHSC. While it may not violate any ethics rules, your Conference Committee questions the appropriate use of \$120,000 in State funds for such purposes, given there may be other pressing needs for the use of these funds within its twelve facilities.

Your Conference Committee also believes that the Corporation's procurement policies undermine the intent of fair competition because it avoids the competitive process, lacks accountability, provides for discretionary contracts, and allows purchases under \$200,000, without Board of Directors approval. Toward this end, your Conference Committee is concerned about a number of its contracts.

For example, the HHSC had an annual \$199,000 contract for a dialysis nurse on the neighbor islands for the period of May 6, 2002 through April 25, 2003. Your Conference Committee carefully reviewed the scope of services of this contract to justify the \$199,000 contract amount and allowances. Your Conference Committee could not find any significant or specialized skills other than the requirement that the contractor must be a Registered Nurse (RN) licensed to practice in Hawaii. While your Conference Committee does not disagree with the need for the Corporation to contract for or hire a dialysis nurse for the Maui Memorial Medical Center (MMMC), your Conference Committee questions the high compensation paid to this contractor. Your Conference Committee is further distressed by four other contracts for dialysis nurses and the amounts contracted out for these services.

Your Conference Committee conducted a brief and independent internet search to find comparable salaries for dialysis nurses or equivalent positions in order to determine whether these contractual amounts were justified. Your Conference Committee found that an independent healthcare survey on the average salary of dialysis nurses nationwide is \$45,577 and the average bonus received by these nurses was four percent, depending on the region within the United States. Your Conference Committee was also informed that the job rate for Registered Nurses (with 24 months of experience) in the private sector in Hawaii is \$29.75 per hour or \$57,120 annually. There are no salary differentials for specialty areas. When your Conference Committee requested further clarification for this contract to determine the qualifications of this contractor, HHSC provided your Conference Committee with an unsigned copy of its request for discretionary procurement (RDP). Your Conference Committee believes that the justification cited is unpersuasive. The RDP cited "Much of the data we will need to setup such a program at MMMC i.e., Policy and Procedure Manuals, she already has done and will bring them over for our review. This will save time and money for MMMC." Since your Conference Committee's review of these contracts and subsequent discussion with HHSC, your Conference Committee was informed that these contracts for dialysis nurses for MMMC were "awarded with appropriate coordination with HHSC senior management and HHSC Board leadership in order to deal with a healthcare crisis on Maui and in order to assure access to critical healthcare services and to protect the health status of Maui citizens." Your Conference Committee raises the concern as to whether the present use of general funds for such contracts are cost-effective and judicious.

Due to the time constraints faced by your Conference Committee, a review of other contracts was not carried out. Another example of the imprudent use of State funds includes an aquarium maintenance contract for \$8,000. Your Conference Committee also found a signed contract that was never encumbered by the Corporation for housekeeping services by the Four Seasons Resort in the amount of \$23,000 for a one-month period in 2002.

Your Conference Committee does not believe that relying on the State for annual substantial incremental increases in general fund subsidy is an effective long-term solution for the Corporation. Your Conference Committee further understands that as a provider of safety-net services, the majority of its facilities are unlikely to achieve operating efficiencies to break even. Your Conference Committee also acknowledges and understands that managing and accounting healthcare revenues is complex and difficult to simplify. It is, however, the hope of your Conference Committee that HHSC and the new administration will be able to address these areas of concern and find alternatives to offset its professional services-on-a-fee contracts and the other issues addressed in this Conference Committee report.

#### **Human Services**

In an effort to minimize the impact to the department's programs and recipients, your Conference Committee has been as judicious as possible in its reductions to the Department of Human Services.

#### Compacts of Free Association

Your Conference Committee looked to reduce funding in areas where the State currently receives little or no federal fund assistance in the form of a reimbursement for expenditures of state resources, but where such assistance is expected. One of the larger reductions, \$7.3 million, is in the fiscal year 2004-2005 funding for Compacts of Free Association (CFA) recipients in the Med-QUEST program.

Prior to the Welfare Reform Act of 1996, CFA migrants were eligible to participate in federally funded Medicaid. However, the Welfare Reform Act prohibited the participation of aliens, including CFA migrants, in federally funded public assistance programs. As a result, the State has needed to request federal funds through the governor's office each year to partially offset CFA's medical and other costs. Recently, the Bush administration offered \$15 million a year over the next two decades to help those areas most impacted. Hawaii and Guam will divide the bulk of these funds, as they have the largest number of CFA migrants. Your

Conference Committee believes a large portion of these federal funds should be directed to the medical care of the CFA migrants. The fiscal problem facing the State of Hawaii by the services required for the CFA migrants escalates annually with estimates reaching \$100 million for this fiscal year alone. To reduce the financial burden to Hawaii's public and private sectors, your Conference Committee encourages the new administration to urge the federal government to increase its assistance to Hawaii through appropriation of funds or revision to federal law. Your Conference Committee is also allowing time for the new administration to secure these federal funds by preserving funding for CFA recipients in fiscal year 2003-2004.

#### Temporary Assistance to Needy Families (TANF) and General Assistance Payments

Under welfare reform there has been a strong emphasis on employment. The department of human services encourages individuals on welfare assistance to move toward self-sufficiency. The focus is on maximizing income to the household and removing disincentives to working. To encourage employment, the department has increased the income disregards and the asset exemption limits, as well as extended eligibility for medical and childcare assistance for those who have become gainfully employed. While your Conference Committee reduced TANF funding by \$900,000 in fiscal year 2004-2005, the minimum maintenance of effort level will be sustained. Your Conference Committee is pleased with the direction of the department and encourages continuance of this effort.

In program areas where there are anticipated decreases in program population or costs, your Conference Committee has reprojected program-funding requirements based on prior expenditure levels. With regards to General Assistance, your Conference Committee reduced funding by \$1.9 million in fiscal year 2003-2004 and \$2.1 million in fiscal year 2004-2005 to reflect decreases in the program population. While these reductions are large, the department of human services will be able to continue current monthly benefit levels.

#### Medicaid

Your Conference Committee has provided increases in funding to program areas where population growth and rising costs are anticipated to impact program needs.

Soaring medical costs, especially in the area of prescription drugs, have impacted several programs in different departments throughout the State, prompting the need for large increases in expenditures. These escalating medical costs are not limited to Hawaii, as the nation as a whole continues to struggle with this crisis.

The Med-QUEST program, which provides medical care to the State's low-income population through the Title XIX Medicaid program, is beset by these cost increases, necessitating your Conference Committee to appropriate an additional \$38.4 million and \$49.3 million in general funds for fiscal year 2003-2004 and fiscal year 2004-2005, respectively, and another \$75.6 million and \$90.9 million in federal funds for fiscal year 2003-2004 and fiscal year 2004-2005, respectively.

#### Childcare Payments

Another area facing population and cost increases is child welfare services. There has been a marked rise in the number of children requiring maintenance outside of their family home due to abuse, neglect, or the inability of the family to provide adequate care and supervision. Your Conference Committee increased funding by approximately \$4.2 million in fiscal year 2003-2004 and \$6.8 million in fiscal year 2004-2005 for child placement board and related payments, to provide these children with an adequate standard of living.

#### **Capital Improvement Program Projects**

Your Conference Committee has taken a fiscally responsible approach regarding the new administration's Capital Improvements Projects (CIP) budget. The new administration's proposed \$554 million in general obligation (G.O.) bond expenditures over the fiscal biennium has been reduced by your Conference Committee to \$400 million. Your Conference Committee believes this reduction is necessary to control the ever-rising cost of debt service paid by the state. By reducing the G.O. bond expenditures the State could potentially save over \$262 million over the next twenty years.

The majority of the capital expenditures your Conference Committee provides are directly invested in the State's educational infrastructure. Your Conference Committee approved \$192 million for deposit to the State Educational Facilities Improvement Special Fund. These funds will be used for the construction of new school facilities, as well as improving and upgrading existing public school facilities. In addition, your Conference Committee approved \$42 million for major repairs to protect the structural integrity and aesthetics of school buildings.

In order to enhance the learning environment for students at University of Hawaii campuses, your Conference Committee approved nearly \$30 million for the repair, upgrade, and improvement of University facilities and infrastructure.

In addition, much of the remaining new capital expenditures your Conference Committee has provided for address many health and safety needs of various facilities and institutions across the State.

#### **Conclusion**

Your Conference Committee believes that it may be a long and hard road ahead to economic recovery. Even in these challenging times, your Conference Committee has provided the resources necessary to meet all of the State's critical needs. Your Conference Committee's commitment to higher and lower education, health, and human services is clearly evidenced in its actions.

As affirmed by the records of votes of the managers of your Committee on Conference that are attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 200, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 200, H.D. 1, S.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Kaho'ohalahala, Karamatsu, Kawakami, Magaoy, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Bukoski, Jernigan, Meyer, and Moses.

Managers on the part of the Senate:  
Senators Taniguchi, Aduja, English, Espero, Hooser, Inouye, Kanno, Kawamoto, Kim, Kokubun, Sakamoto, Tsutsui, Hemmings, Slom, and Trimble.  
(Senator Sakamoto was excused.)

#### **Conf. Com. Rep. 143 on H.B. No. 808**

The purpose of this bill is to provide the necessary appropriations and authorizations for the operation of and capital improvements for the Judiciary for fiscal biennium 2003-2005.

In deliberating on this and other bills affecting the State's finances, your Committee on Conference considered the serious impact of lower revenue projections and the inevitable negative economic consequences of the recent war in Iraq. Therefore, your Committee on Conference has taken a conservative approach in developing the Judiciary's biennium budget.

Mindful that most of the Judiciary's biennium budget requests are needed and justifiable, your Committee on Conference has given careful consideration to all of them. Incorporated into the Judiciary's budget is previously approved collective bargaining which would increase the Judiciary's budget by \$10.3 million in fiscal year 2003-2004 and fiscal year 2004-2005 in general funds.

The Judiciary's budget requests for fiscal biennium 2003-2005 reflect an increase in requested resources as compared to the Judiciary's current budget by \$8.5 million in fiscal year 2003-2004 and \$9.8 million in fiscal year 2004-2005. These additional resources were expected to address a number of areas to meet the needs of Hawaii's citizens.

In considering all of the Judiciary's priorities and the current fiscal situation, your Committee on Conference has provided a total of eighteen positions and \$1,440,895 in general funds for fiscal year 2003-2004 and twenty-seven positions and \$1,737,029 in general funds for fiscal year 2004-2005. Total funding increases, including requests and collective bargaining, for the Judiciary's budget in general funds total \$11,751,469 in fiscal year 2003-2004 and \$12,047,603 in fiscal year 2004-2005.

Your Committee on Conference realizes that the number one priority of the Judiciary is two Intermediate Court of Appeals (ICA) Judgeships. Currently, there is a severe backlog of cases in the ICA and the Judiciary does not have the resources to hire staff and additional support to address these cases. Act 248, SLH 2001, amended section 602-51, HRS, authorizing two additional intermediate appellate court judgeships. Your Committee on Conference realizes the importance of this request, which will allow for more flexibility and greater capacity for the ICA to address its demanding caseload. Therefore, your Committee on Conference has provided general funds totaling eight positions and \$613,744 for fiscal year 2003-2004 and eight positions and \$564,220 for fiscal year 2004-2005.

Your Committee on Conference also recognizes the significance of interpreters in the court process and realizes that at the current level of funding, it is difficult for the Judiciary to attract skilled, experienced court interpreters. This said, your Committee on Conference has provided general funds totaling \$91,000 in fiscal year 2003-2004 and \$91,000 in fiscal year 2004-2005 to provide access to qualified court interpreters.

In addition, disturbing trends in drug use are prevalent in all communities throughout the State, and there has been a corresponding increase in the number of drug-related convictions. Your Committee on Conference finds that drug treatment programs are far more cost-effective than incarceration as participants in drug treatment programs have lower recidivism rates compared to incarcerated individuals.

Recognizing that drug treatment programs are essential services that benefit many, your Committee on Conference has thus provided funds totaling \$574,420 in fiscal year 2003-2004 and \$564,220 in fiscal year 2004-2005 for the Juvenile Drug Court program for the First Judicial Circuit.

Your Committee on Conference also realizes that non-discretionary costs are necessary for the daily operation of the Judiciary and therefore has provided general funds for the following non-discretionary priorities:

- \$143,533 for both fiscal year 2003-2004 and fiscal year 2004-2005 for the Hawaii State Law Library System for subscriptions and books;
- \$18,198 and \$29,690 for fiscal year 2003-2004 and fiscal year 2004-2005 respectively for risk management costs; and
- Nine positions and \$344,366 for fiscal year 2004-2005 for the new Kauai courthouse operations and maintenance expenses.

In addition to the increased amount of resources provided for the Judiciary's operating requirements, your Committee on Conference has provided \$3.155 million for capital improvements to Judiciary facilities over the biennium. These improvements are necessary repairs and renovations to ensure the Judiciary's existing facilities remain adequate.

Even in these challenging times, your Committee on Conference has provided the resources necessary to meet the Judiciary's critical needs. Your Committee on Conference believes its commitment to the preservation of a fair and equitable judicial system is clearly evidenced by its actions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of

H.B. No. 808, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 808, H.D. 1, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Hamakawa, Kaho'ohalahala, Karamatsu, Kawakami, Magaoay, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Bukoski, Jernigan, Meyer, and Moses.  
(Representative Shimabukuro was excused.)

Managers on the part of the Senate:  
Senators Taniguchi, Hanabusa, Aduja, English, Espero, Hooser, Inouye, Kanno, Kawamoto, Kim, Kokubun, Sakamoto, Tsutsui, Hemmings, Slom, and Trimble.  
(Senator Sakamoto was excused.)

#### **Conf. Com. Rep. 144 on H.B. No. 1300**

The purpose of this bill is to provide the necessary appropriations for the operation of the Office of Hawaiian Affairs (OHA) for fiscal biennium 2003-2005.

Your Committee on Conference recognizes OHA's mandate under section 10-2, Hawaii Revised Statutes, to improve the conditions of both native Hawaiians and Hawaiians. It is clear that OHA must continue to provide services and create opportunities for the betterment of all Hawaiians.

In deliberating on this and other bills affecting the State's finances, your Committee on Conference seriously considered the impact of lower revenue projections and the certain negative economic consequences of the recent war in Iraq.

On January 8, 2003, OHA presented a biennium budget at a joint briefing of the Senate Ways and Means Committee and House Finance Committee. At this briefing, OHA requested a total of \$2,532,647 in general funds and \$4,029,866 in trust funds to be expended for fiscal biennium 2003-2005.

On January 16, 2003, OHA's Board of Trustees approved a second, revised fiscal biennium budget requesting \$5,700,000 in general funds and \$1,275,905 in trust funds for fiscal year 2003-2004 and \$5,700,000 in general funds and \$1,190,898 in trust funds for fiscal year 2004-2005. This revised biennium budget was then presented at a joint briefing of the House Water, Land Use, and Hawaiian Affairs Committee and Senate Judiciary and Hawaiian Affairs Committee. This budget was submitted with the understanding that all positions within OHA, with the exception of the Board of Trustees, would now be funded through the State general fund.

In considering OHA's second biennium budget, your Committee on Conference recognized that as a result of the current fiscal situation, all executive departments were undergoing reductions to their respective budgets, with many departments taking a 5 percent reduction in fiscal years 2002-2003, 2003-2004, and 2004-2005. Mindful of this situation, your Committee on Conference has amended this bill to reflect the original biennium budget presented by OHA on January 8, 2003.

On April 23, 2003, OHA submitted a request to the House Committee on Finance and Senate Committee on Ways and Means to revise provisions to reflect updated, anticipated expenditure levels and proper placement in programs. The request also sought adjustments to position counts and updated allocations to programs. In addition to providing OHA with its original biennium budget request as submitted on January 8th, your Committee on Conference recognized the importance of the adjustments and the reorganization of OHA and thus amended this bill to reflect the adjustments contained in the April 23rd request.

Upon consideration of OHA's budget requests, its unique status as a government entity, and the State's financial situation, your Committee on Conference has provided the resources OHA requires to fulfill its statutory mandates as reflected in OHA's original fiscal biennium budget request.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1300, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1300, H.D. 2, S.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives Takamine, Kanoho, Kaho'ohalahala, Karamatsu, Kawakami, Magaoay, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Bukoski, Jernigan, Meyer, and Moses.  
(Representative Shimabukuro was excused.)

Managers on the part of the Senate:  
Senators Taniguchi, Hanabusa, Aduja, English, Espero, Hooser, Inouye, Kanno, Kawamoto, Kim, Kokubun, Sakamoto, Tsutsui, Hemmings, Slom, and Trimble.  
(Senators Kim, Sakamoto and Slom were excused.)

#### **Conf. Com. Rep. 145 on S.B. No. 687**

The purpose of this measure is to authorize the State to establish a special pay plan, pursuant to section 401(a) of the Internal Revenue Code, for state and county employees separating from service.

This measure also allows employees under the age of fifty-five years, who elect early withdrawal from the special pay plan within sixty days from the date of separation from service, to be reimbursed by the employer the difference between the Federal Insurance Contribution Act (FICA) amount and any Medicare tax savings to the employee, and any early withdrawal penalty imposed by the Internal Revenue Service. Additionally, this measure provides for leaves of absence with pay for state and county employees who are members of the National Guard and Military Reserves.

Your Committee on Conference recognizes that the repeal of Chapter 79, Hawaii Revised Statutes, acted to remove leave provisions, including those relating to military leave. As a result of the current war in Iraq, the restoration of military leave provisions are necessary to protect and support those public employees who are also involved in active military service.

Your Committee on Conference finds that the implementation of a special pay plan for eligible public employees separating from service can provide the State as well as terminating employees with the benefit of substantial savings. However, so as not to adversely affect individuals who do not wish to enjoy the long-term benefits of a special pay plan or those who require cash upon separation, the State will reimburse the employee the difference between FICA and Medicare savings, and any federal early withdrawal penalty.

However, in an effort to allow more employers the option of utilizing a special pay plan for public employees separating from service, your Committee on Conference has amended the measure by creating a new chapter within Title 7, Hawaii Revised Statutes, which additionally:

- (1) Includes definitions for the terms "employee", "jurisdiction" and "special pay plan";
- (2) Creates the authority of a jurisdiction to establish a special pay plan;
- (3) Requires that participation in a special pay plan shall be:
  - (i) Mandatory for all employees whose employer has elected to offer a special pay plan; and
  - (ii) In accordance with chapters 89 for employees subject to a collective bargaining agreement.
- (4) Requires the employer to pick-up any mandatory employee contribution of accumulated vacation allowance to the special pay plan within the meaning of section 414(h)(2) of the Internal Revenue Code;
- (5) Requires each jurisdiction to be responsible for the administration of an established special pay plan;
- (6) Allows each jurisdiction, either individually or jointly with other jurisdictions, to contract the services of a special pay plan provider;
- (7) Allows each jurisdiction to adopt rules in accordance with Chapter 91, Hawaii Revised Statutes, and federal and state law;

- (8) Requires the selected plan provider to be responsible for any costs associated with the implementation and administration of the special pay plan;
- (9) Amends section 78-23, Hawaii Revised Statutes, to require payments of vacation allowance paid pursuant to subsections (c) or (d) to be subject to the provisions of the new chapter; and
- (10) Changes the effective date of the Act as follows:
  - (i) Part I shall not take effect until December 31, 2004; and
  - (ii) Part II shall take effect retroactively to June 30, 2000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 687, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 687, S.D. 1, H.D. 1, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Ito, Mindo, and Blundell.  
(Representative Blundell was excused.)

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

**Conf. Com. Rep. 146 on S.B. No. 768**

The purpose of this measure is to reinstate binding arbitration for employees of collective bargaining units (2), (3), (4), (6), (8), and (13) in the event of an impasse between the employer and exclusive representative of the collective bargaining unit.

Your Committee on Conference has amended this measure by reverting back to the Senate Draft 1 which included provisions prohibiting "essential" employees from participating in strikes.

Your Committee on Conference amended the measure by removing the essential employee provisions.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 768, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 768, S.D. 1, H.D. 2, C.D. 1.

Managers on the part of the House:  
Representatives M. Oshiro, Takamine, Nakasone, and Bukoski.

Managers on the part of the Senate:  
Senators Kanno, Taniguchi, Kawamoto, Kokubun, and Espero.