

Conf. Com. Rep. 1-04 on H.B. No. 1800

The purpose of this bill is to amend the General Appropriations Act of 2003 (Act 200, Session Laws of Hawaii 2003), which appropriated funds for the operating expenses and capital improvement costs of the Executive Branch for the fiscal biennium from July 1, 2003, through June 30, 2005.

Overview

Through this Supplemental Budget, your Conference Committee has met its fiduciary responsibility to ensure the most prudent, efficient, and effective distribution of state resources. While your Conference Committee continues to affirm that government cannot be all things to all people, this budget provides for the priorities of the people of Hawaii while maintaining fiscal discipline.

Council on Revenues

At its meeting on December 22, 2003, the Council on Revenues (Council) revised its general fund tax revenue growth rate forecast for fiscal year (FY) 2003-2004 from 6.2 percent to 5.2 percent, based on a review of tax revenue growth trends. Its forecasts for general fund tax revenues for FY 2004-2005 and beyond remained unchanged.

At its subsequent meeting on March 10, 2004, the Council reaffirmed its forecast of general fund tax revenues for FY 2004-2005 and beyond. The Council's rationale was that the factors that drive the economy--visitor arrivals, construction, real estate activity, and consumer spending--were all very strong.

Although the Council provided relatively unchanged projections, your Conference Committee could not ignore the extremely low tax collections received to date. While the economy appears to be growing rapidly, the cumulative growth rate in actual tax revenue collections to date is roughly 3 percent, a situation that troubles your Conference Committee.

Economic Outlook

As the effects of recent events such as the war with Iraq and the severe acute respiratory syndrome (SARS) outbreak have subsided, it appears that Hawaii's economy has stabilized and is beginning its progress toward recovery. According to the latest figures from the Department of Business, Economic Development, and Tourism, unemployment in the state fell to 3.9 percent in January, and an all-time high of 603,200 workers are currently employed. Nominal personal income has risen by \$1,900,000,000, or 5 percent, and wages and salaries in the private sector grew roughly 6 percent.

Furthermore, factors are pointing to a recovery in the international stock markets. Indicators suggest that the corporate restructuring and governmental reforms in Japan's banking sector are allowing Japan to emerge from its decade-long economic stagnation. In the fourth quarter of 2003, Japan's economy expanded by 1.7 percent, its fastest growth rate in 13 years. As bad bank loans have been cleared out, investments in the securities markets have increased, allowing the benchmark Nikkei stock average to hit its highest closing point in 20 months. Despite the decrease in international arrivals, Hawaii has benefited from the strength of the yen relative to the dollar, as Japanese visitor spending has risen with increases in the purchasing power of the yen.

Although economic indicators seem promising, your Conference Committee recognizes the continued existence of risks in the geopolitical environment that could affect the economy at a moment's notice. The situation in Iraq remains extremely unstable, North Korea continues its provocative statements regarding nuclear arms, and the threat of terrorism is omnipresent. These factors could disrupt the global economy and affect the leisure travel that currently drives Hawaii's economy.

Despite the positive economic outlook, your Conference Committee is also concerned about the future impact of the diminished purchasing power of Hawaii's residents. According to the federal Bureau of Labor Statistics, the rate of inflation in Hawaii has risen 2.9 percent, exceeding the national average of 2 percent. Recently, the median price for a single-family home on Oahu rose to a record \$410,000. Regular gasoline prices have hovered around \$2 a gallon, 19.4 percent higher than in the second half of 2002.

Your Conference Committee believes that the signs of economic recovery reflect prudent steps taken by the Legislature in recent years, which have set the stage for a vibrant, diversified economy. Continuing efforts to maintain tax reductions, protect our consumers, and streamline government remain critical to economic stimulation.

Budget Situations in Other States**Budget Shortfalls**

Many states expect to finish the current fiscal year with only one-tenth of the budget shortfalls they carried at this time last year, and 30 states estimate ending the year with a modest surplus. At the same time, some states are projecting more than \$35,000,000,000 in budget shortfalls for FY 2004-2005. To fill these gaps, states have increased fees, tapped into rainy day funds, and cut government services. They have also received some relief from federal allocations providing \$10,000,000,000 for state Medicaid expenses and \$10,000,000,000 for other purposes.

Hawaii in Relation to Other States

According to the National Conference on State Legislatures, ten states, including Hawaii, have seen their fiscal health deteriorate since last November. Hawaii and 16 states reported that spending for Medicaid or other health programs continues to exceed prior budgeted amounts. In addition, these states are facing another round of budget shortfalls. Although budget shortfalls are less severe than in earlier years, the shortfalls are occurring at a time when many states, including Hawaii, have already depleted reserves, nearly exhausted one-time sources of funding, and imposed repeated budget reductions.

Budgeting Principles

Early in the legislative session, the Director of Finance outlined the four budgeting principles that this Administration recommended in developing its spending plan:

- (1) *The State must learn to live within its means.*
- (2) *The budget should have structural balance.*
- (3) *The budget should adhere to sound budgeting principles and its presentations should be clear and simple.*
- (4) *The State must strive to establish fiscal stability and reduce fiscal stress.*

Your Conference Committee generally agrees with these principles and developed its own Supplemental Budget and six-year general fund financial plan based on these shared principles.

Priorities

Your Conference Committee labored to craft a balanced budget that is responsive to the needs and demands of Hawaii's communities. Your Conference Committee has balanced the budget while ensuring the availability of adequate resources to:

- Put students first by reinventing our public school system with a focus on the factors that truly improve student achievement;
- Fight the crystal methamphetamine (ice) crisis through comprehensive and balanced initiatives to toughen criminal laws, provide treatment and prevention services, and empower our communities; and
- Make prescription drugs affordable and accessible to as many as 300,000 persons who lack adequate medical insurance by approving the Hawaii Rx Plus Program.

Reinventing our Public School System

Providing the tools required to educate the children of Hawaii has been a focal point for the 2004 legislative session, during which the Legislature has carefully considered numerous proposals for education reinvention and improvement.

The results of a recent statewide survey by the *Honolulu Advertiser* mirrored what your Conference Committee and the House and Senate Committees on Education felt necessary to create true educational improvement. First on the list of priorities for improving education was providing enough textbooks for students, followed by creating smaller classes in the primary grades, making needed repairs to school buildings and equipment, providing computers for students, and giving principals more control over how money is spent. These widely-supported, common sense approaches have also been identified by recognized education researchers as critical factors in improving student achievement.

These priorities reflect what the Department of Education (DOE) and the Board of Education (BOE) found to be vital components of their efforts and overall vision for improving public education in Hawaii. In an effort to support the DOE and the BOE's continuing efforts to improve and reinvent our schools, your Conference Committee and the House and Senate Committees on Education, funded many of the higher-priority items requested by BOE that were not included in the Governor's submittal.

BOE had asked the Governor to include an additional \$51,000,000 in the Executive Supplemental Budget. However, only \$3,700,000 was approved for submittal to the Legislature. Your Conference Committee and the House and Senate Committees on Education provided an additional \$26,000,000 for DOE in FY 2004-2005 to address the immediate needs of our schools and to further DOE's long-term plan and vision for public education.

The primary goal of the Legislature's educational initiatives is to provide the resources and the environment necessary for student achievement. Toward that end, your Conference Committee and the House and Senate Committees on Education developed a comprehensive funding approach, making the following appropriations through this bill and S.B. No. 3238, C.D. 1:

- \$2,500,000 for math textbooks and learning materials, almost doubling the current appropriation for schools;
- \$2,143,350 to lower the class size for kindergarten, first grade, and second grade;
- \$1,743,900 to establish Parent-Community Networking Centers (PCNCs) at every school;
- \$480,000 for pay differentials and reimbursements for teachers who earn National Board Certification;
- \$264,769 for the Hawaii Teachers Standard Board;
- \$500,000 to increase the ability of the University of Hawaii College of Education to produce highly-qualified teachers and administrators for our public schools;
- \$460,000 for full-time high school student activities coordinators;
- \$211,140 for 15 additional school security attendants to provide increased campus monitoring and supervision at 13 schools;
- \$347,299 for equipment and resources for new facilities;
- \$12,262,811 to raise the federal fund ceiling to reflect increased federal revenues under the federal No Child Left Behind Act and the Individuals with Disabilities Education Act; and
- \$25,886,070 for charter schools, based on the per pupil formula established under Act 203, SLH 2003.

These appropriations represent the Legislature's continuing commitment to fund quality education in our public schools. The \$2,500,000 appropriated for textbooks boosts the total amount available to purchase textbooks and instructional materials statewide to over \$5,000,000 in FY 2004-2005. The \$2,000,000 appropriated to lower class size will allow 75 additional teachers to be hired and will bring more attention to students' needs, especially during their critical formative years in kindergarten and first and second grade. The over \$1,200,000 appropriated for teacher education and advancement will help to develop teachers of the highest quality, and the \$1,743,900 to expand PCNCs at every school will allow greater parent involvement in the education of their children.

While your Conference Committee and the Senate and House Committees on Education believe that the complex area structure recently created to decentralize the old DOE district system will serve as an excellent base on which to build our educational reinvention efforts, more authority and accountability are needed at the school level. This authority and accountability should extend to school budgeting and expending funds.

It is the intent of your Conference Committee and the House and Senate Committees on Education to empower principals to act as their schools' educational leaders and to work together with the school community. To accomplish this, the Legislature provided \$500,000 for a Hawaii Principals Academy, \$400,000 for recall days for principal training, \$183,780 for the Administrator Certification of Excellence (ACE) program, \$400,000 for pilot school community councils and the development of academic and financial plans prior to statewide implementation of the weighted student formula, and \$350,000 for School Community Council training.

Hawaii is known for equity in public education funding, largely due to the State's organization under a single statewide district, which enables fair distribution of moneys to our public schools. In Hawaii, the poorest of communities receive the same level of resources as the wealthiest communities. In other states with local revenue sources, such as property taxes, there generally are large financial disparities between school districts in poorer neighborhoods and those in more affluent areas. To take the equity of Hawaii's public education funding one step further, your Conference Committee and the House and Senate Committees on Education have embraced a weighted student formula to allocate resources based on the needs of individual students, and to serve as the cornerstone of efforts to improve the delivery of educational services to our children.

To foster implementation of a weighted student formula, your Conference Committee provided \$10,000 to fund the operations of a Committee on Weights within DOE to determine student weights. \$2,000,000 has also been appropriated to facilitate field support, security and privacy, and training for the information technology infrastructure required to provide schools with a firm foundation for their reinvention efforts.

To help DOE prioritize school repair and maintenance expenditures and expedite their completion, your Conference Committee and the House and Senate Committees on Education consolidated certain responsibilities that were divided among various state agencies. The user and expending functions and funds for school repair and maintenance were transferred from the Department of Accounting and General Services (DAGS) to DOE. This will streamline administration of these functions and allow DOE to better address one of the major concerns of the Legislature, BOE, DOE, parent, and teachers: the quality of the physical learning environment.

In summary, your Conference Committee and the House and Senate Committees on Education worked with DOE and BOE to prioritize initiatives and successfully develop workable educational reinvention measures that address the needs of the children in our public schools. Over \$26,000,000 in additional funding has been provided to DOE for FY 2004-2005 along with initiatives that will reduce the bureaucracy that hinders school repair and maintenance, and the performance of public school functions. These measures represent only the opening notes of an educational initiative that will provide long-term benefits for our children and the people of Hawaii.

Fighting the Ice Crisis

Your Conference Committee recognizes and commends the work of the Joint House-Senate Task Force on Ice and Drug Abatement (Ice Task Force). The Ice Task Force traveled statewide to research the issues and listen to diverse communities. These communities told the Ice Task Force that the status quo is unacceptable. Over 6,000 ice users need treatment, and of these, fewer than 3,000 are able to access publicly funded treatment. The Ice Task Force found that women of childbearing age, pregnant women, parents with young children in the home, and Hawaiians are underserved, and should be given priority in receiving publicly funded substance abuse treatment.

Your Conference Committee has identified additional resources to begin the serious effort required to deal with the crystal methamphetamine crisis that has burdened every community in our state. To respond to the call heard clearly from communities across the state, your Conference Committee appropriated funds, through H.B. No. 2004, C.D. 1, for a multipronged approach to the crisis. This approach improves and extends the State's drug use prevention, drug abuse treatment, and public safety programs.

Appropriations in H.B. No. 2004, C.D. 1, include:

- \$4,000,000 for adult treatment services;
- \$3,000,000 for school-based treatment programs in high schools and middle/intermediate schools;
- \$2,000,000 for substance abuse prevention;
- \$500,000 for treatment of first-time, nonviolent drug offenders and any such drug offender sentenced to probation under sections 706-622.5 and 706-625, Hawaii Revised Statutes;
- \$1,499,688 for the introduction of drug court programs in the second and third judicial circuits;
- \$1,200,000 for the expansion of drug court programs, including those of juvenile and family drug courts;

- \$400,000 as a grant-in-aid to the various counties to fund community-based substance abuse prevention programs;
- \$300,000 for a study and analysis of the effects of clandestine methamphetamine laboratories on the environment;
- \$125,000 for the coordination of community-based drug abatement and mobilization efforts;
- \$75,000 for the Canine Drug Interdiction Program; and
- \$100,000 in grants-in-aid to each county to fund grassroots community efforts to sustain their anti-drug campaigns.

Increasing the Affordability of Prescription Drugs

Your Conference Committee has supported the efforts of the Legislature to refine and improve the Hawaii Rx Program, renamed the Hawaii Rx Plus Program (Rx Plus) in S.B. 3237, C.D. 1. Rx Plus employs the purchasing power of consumers to negotiate lower prices and rebate agreements from pharmaceutical companies for residents who lack drug coverage under Medicaid or other government or private programs.

Rx Plus will provide drug coverage for people with incomes up to 350 percent of the federal poverty level, approximately \$75,880 for a family of four, or \$37,450 for a single person. Eligible Hawaii residents will apply for a Hawaii Rx Plus card and use it to qualify for reduced drug prices between 10 and 60 percent below the retail price at their local participating pharmacy.

Your Conference Committee has put the people of Hawaii first by taking immediate action to address the issues of education reinvention, ice use abatement, and affordable prescription drugs--issues of primary importance to Hawaii's people.

In addition to providing the means to address the priorities of the people of Hawaii, your Conference Committee has also provided resources to address various other statewide concerns.

Department of Human Services

Your Conference Committee diligently reviewed the requests of the Department of Human Services (DHS) and arrived at equitable decisions based on departmental and public testimony. DHS is tasked with providing high-quality social services for those least able to help themselves. Your Conference Committee acknowledges the importance of the employees and programs within DHS and the individuals whom they serve. Accordingly, your Conference Committee has provided the needed fiscal resources to continue funding critical social service programs including those serving individuals under QUEST, the Compact of Free Association, foster care, adult and community-based care, and services for the medically uninsured.

In difficult financial times, low-income individuals are forced to go without basic health insurance. Your Conference Committee realizes that since QUEST is the primary safety net that provides low-income individuals with the basic medical services they need, it is imperative that the State provide funding at the highest possible level. Your Conference Committee is in full support of providing additional funds needed for QUEST due to higher enrollment and capitation rates, and has provided an additional \$25,800,000 in FY 2004-2005 to allow DHS to deliver basic health insurance to qualified residents.

The State spends approximately \$32,000,000 annually to cover the medical care costs of individuals under the Compact of Free Association and agrees that it is in the best interest of the State to continue providing medical services to Micronesians and Marshallese living in Hawaii. Your Conference Committee has accordingly provided \$7,300,000 in general funds for FY 2004-2005 to help defray costs in areas such as health and social services for individuals who receive services under the Compact of Free Association. A majority of the funds, \$6,700,000, will be used to offset high enrollment and capitation rates associated with the Hawaii QUEST managed care program. The remaining \$600,000 will fund services to approximately 500 eligible recipients in the aged, blind, and disabled population.

Abused and neglected children are a primary concern of your Conference Committee. These children have the right to live in safe homes and receive adequate care and supervision. Your Conference Committee has provided an additional \$3,600,000 to assist the State with payments made for foster care, higher education, difficulty-of-care, and subsidies to facilitate adoption for children with special needs. The increased child-out-of-home payments will care for approximately 700 children who will need services in FY 2004-2005.

Your Conference Committee realizes that the Adult and Community Care Services Branch (ACCS) is instrumental in sustaining a functional population of semi-dependent adults who are able to contribute to our community. One of the programs central to achieving success in this arena is the Residential Alternatives Community Care Program. Your Conference Committee has provided \$500,000 for home and community-based medical care services to persons with disabilities and chronic illnesses as an alternative to more costly institutionalization. An additional \$500,000 is also allocated in H.B. 2796, C.D. 1, for these purposes.

Another core program of ACCS is the Chore Services Program (CSP), which provides Hawaii's rapidly aging adult population an alternative to the more costly institutionalized care offered by hospitals and community-based service centers. CSP also provides in-home social, health, and protective services to this population. Your Conference Committee believes that the services provided by CSP are critical in helping vulnerable dependent adults sustain an active lifestyle. As a result of your Conference Committee's concern for disabled adults and the 675 individuals on CSP's waitlist, your Conference Committee has provided \$767,850 to care for approximately 150 individuals in need of services. The Legislature also provided \$100,000 in H.B. No. 2796, C.D. 1, to ensure that in-home services will be provided to an additional 40 recipients.

Your Conference Committee recognizes that the uninsured population must be dramatically reduced within the State. The Hawaii Uninsured Project in 2003 projected there are approximately 14,000 uninsured children within the State. Additional studies indicate that increasing the population of healthy keiki can reduce future medical expenses borne by all taxpayers. Your Conference

Committee believes that, even under fiscal constraints, it is important to provide medical insurance to individuals and specifically to children who meet eligibility requirements for QUEST. Therefore, your Conference Committee provided an additional \$4,800,000 for medical insurance for approximately 2,000 adults without children, and children who are currently without health insurance. Your Conference Committee strongly believes that insuring children is a cost-effective approach to avoiding additional medical costs borne by community health centers and emergency hospitals.

Department of Health

Your Conference Committee affirms its support for our most vulnerable populations, including those suffering from mental illness and substance abuse and reaffirms its commitment to ensuring that the health and safety needs of all of Hawaii's people are met despite the State's limited resources.

Your Conference Committee addressed these needs by providing the Department of Health's (DOH) Adult Mental Health Division (AMHD) with \$14,782,032 for FY 2004-2005 to assist individuals suffering from mental illness. The funds provide outpatient community-based services such as case management services, crisis intervention and rehabilitation services, as well as community housing services. Included in the funding amount is \$4,036,902 in general funds for additional bed space to accommodate patients being transferred or diverted from the Hawaii State Hospital (HSH). Additionally, your Conference Committee provided for the conversion of 66 temporary positions to permanent status for HSH to meet its staffing ratios as required by the federally imposed Remedial Plan for Compliance.

The Legislature further provided \$1,900,000 from the State's Emergency and Budget Reserve Fund, otherwise known as the "Rainy Day" fund for healthcare services for uninsured individuals. The funding, provided in H.B. 2796, C.D. 1, will expand medical, dental, and behavioral health services for the uninsured and provide additional funding for the 11 community health centers throughout the state. The funds appropriated are in addition to the \$2,100,000 already budgeted for the same services in DOH's base appropriation level.

In addition, your Conference Committee acknowledges the enormous progress made by the Child and Adolescent Mental Health Division in meeting the mandate of the Felix Consent Decree for children and youth with severe mental disorders.

Hawaii Health Systems Corporation

Your Conference Committee thoughtfully considered the need for the Hawaii Health Systems Corporation's (HHSC) level of general fund subsidy for FY 2004-2005. After much deliberation, your Conference Committee saw fit to fund HHSC's supplemental budget request of \$31,220,000 in general fund subsidy to support the State's twelve safety-net healthcare facilities. This general fund subsidy is in addition to the \$65,000,000 increase in special funds also approved by your Conference Committee. Your Conference Committee readily acknowledges that the constraints placed on HHSC, coupled with the low reimbursements from payors and the absence of Medicaid Disproportionate Share Hospital payments, make it unrealistic to assert that HHSC should be self-sufficient. Furthermore, these factors and others have hampered HHSC from attaining long-term solvency.

HHSC recently acknowledged that it "needs to continue to pursue opportunities to improve its policies and practices to increase revenues and reduce expenses wherever possible and appropriate, and will do so." Your Conference Committee appreciates HHSC's acknowledgement of its shortcomings and the Legislature looks forward to reviewing HHSC's progress in meeting its fiduciary responsibilities.

Your Conference Committee believes that great strides have been made by HHSC in resolving the myriad concerns and issues concerning HHSC that have plagued the Legislature the past few sessions. Looking forward, your Conference Committee is optimistic that a viable plan of action can be developed in the near future through the collaboration of executives and board members of HHSC, and other stakeholders. Your Conference Committee further believes that before the Legislature provides HHSC with any incremental increases of autonomy, HHSC needs to articulate its own vision for its future. Your Conference Committee hopes that this vision will lead to HHSC incrementally reducing its dependence on a state general fund subsidy and achieving greater autonomy.

Toward this end, your Conference Committee recommends that the executives of HHSC provide the Legislature with a draft blueprint outlining HHSC's plan and including measurable outcomes. For example, in anticipation of increased autonomy, HHSC should indicate the mechanisms that it will have to implement to address anticipated changes to its current structure. The plan should also address issues relating to collective bargaining for certain HHSC employees, and HHSC personnel rules. Once this draft blueprint for change has been outlined in detail, it should serve as the roadmap for HHSC.

Your Conference Committee further recommends that HHSC's executives and board members collaborate, develop, and present to the Legislature within the next few months, prior to the 2005 legislative session, this detailed strategic action plan outlining HHSC's vision for its future. Your Conference Committee agrees with HHSC that the recommendation to establish an ad-hoc committee is innovative, and supports the creation of such a committee.

Your Conference Committee embraces the notion that the time for positive change is at hand. The Legislature looks forward to working with HHSC's management, board, patients, physicians, and other stakeholders in developing a viable plan of action that will empower HHSC with incremental increases of autonomy that will benefit both HHSC and the State.

Department of Education

In addition to the funding appropriated for educational reinvention, the Legislature provided funding to help improve all aspects of a child's experience in Hawaii's public schools, including:

- \$1,000,000 for school restroom supplies for statewide;
- \$2,500,000 to meet increased costs of transportation;
- \$3,464,418 for the A+ Afterschool program;
- \$1,324,779 for coaches' salaries, athletic trainers, and school athletic programs; and

- \$1,000,000 for additional library books and materials for 51 public libraries statewide.

The DOE serves over 180,000 students and is tasked with the mission of making quality education available to all of Hawaii's children. Your Conference Committee recognizes that facilities provide the centerpiece around which all educational activities exist.

Your Conference Committee approved an additional \$180,000,000 for deposit to the State Educational Facilities Improvement Special Fund. Of these funds, \$80,000,000 is for the construction of new public school facilities and the improvement and upgrade of existing facilities. The remaining \$100,000,000 is for major, bond-financed repairs to protect the structural integrity and aesthetics of school buildings. Of this amount, \$7,000,000 are previously authorized funds that are being transferred from the DAGS to the DOE. These new and reassigned moneys will be used to make aggressive improvements to the State's school campuses and enhance the environment in which Hawaii's children learn. Placing these moneys under the control of DOE will also improve the overall efficiency and accountability of the DOE school repair program.

University of Hawaii

Your Conference Committee recognizes the University of Hawaii (UH) as an important component in transforming and diversifying the state's economy. Your Conference Committee believes that UH will play a vital role in the current and future economic health of Hawaii and appropriated the funds necessary to achieve this goal.

Recent international instability has caused filming in Hawaii to increase due to U.S. production companies electing to not film in foreign countries. To capitalize on and further increase film production in Hawaii, your Conference Committee provided funding to create the Academy for Creative Media, which will help establish UH's film school and generate a new source of revenue for the State from the film and television industries.

To position Hawaii as a world-class leader in medicine and medical research, your Conference Committee provided an additional 36 positions and \$3,525,019 to open and operate UH's John A. Burns School of Medicine (School) and Health Sciences Library. One goal of this new campus, located in Kakaako, is to attract additional research funding and grants for UH's biomedical department, which has steadily gained international attention. This appropriation will cover the facilities' core operating costs to allow a reasonable start-up phase and will prevent any negative impact on the School's core educational programs or on the current high growth rate in its extramurally funded research and training programs.

Furthermore, your Conference Committee provided an additional \$368,097 to expand the apprenticeship-training program offered at community colleges to increase the pool of apprentices for the Pearl Harbor Shipyard as well as the statewide pool of construction workers.

To enhance the learning environment for students at UH's campuses, your Conference Committee approved an additional \$25,000,000 for the repair, upgrade, and improvement of UH facilities and infrastructure. Your Conference Committee also approved an additional \$2,500,000 for other high priority health and safety projects requested by the Board of Regents but excluded from the Executive's budget recommendations. Moreover, your Conference Committee approved an additional \$54,000,000 in FY 2004-2005 for various other projects to improve the UH system.

Department of Public Safety

The paramount concerns of the Department of Public Safety (DPS) for FY 2004-2005 include the need to address overcrowding conditions within correctional facilities, improve the physical condition of current facilities, and rehabilitate inmates before releasing them back into the community.

Your Conference Committee worked to accommodate DPS's request for funds to transfer additional inmates to out-of-state facilities and the Federal Detention Center (FDC) despite fiscal constraints that were exacerbated by the increasing demands of other executive departments.

Your Conference Committee understands the constraints under which the department operates as it works to mitigate the overcrowding in our prisons. Your Conference Committee provided an additional \$4,500,000 for the transfer of additional inmates to out-of-state facilities and to the FDC. In making this appropriation, your Conference Committee kept abreast of weekly prison population statistics provided by DPS and notes that the populations at out-of-state facilities and particularly at FDC consistently remained below the level appropriated to DPS. For example, at FDC, the average population remained at just nearly half the number of beds appropriated. While your Conference Committee recognizes that this discrepancy is the result of a change in management at the FDC and its strict screening of inmates prior to their acceptance, DPS should continue its work to reconcile this difference.

Your Conference Committee has also provided an additional \$1,250,000 to address increases in the basic daily costs for inmates currently housed at out-of-state facilities and at the FDC on Oahu. Existing contracts with out-of-state facilities stipulate an annual increase in the basic daily fee by the greater of either 2.5 percent or the percent change in the Consumer Price Index for Urban Consumers. Accordingly, the contract to house Hawaii inmates in the FDC on Oahu specifies an annual increase in basic daily fees by approximately 2.25 percent. Your Conference Committee notes that another contract with Corrections Corporation of America to house inmates in Arizona will expire in June 2004, and negotiations that are under way between DPS and Corrections Corporation of America could determine whether the State will realize future cost savings or face increases in the cost of housing inmates out-of-state.

Your Conference Committee also provided \$934,407 to:

- Hire eight new permanent parole officers. Every day, the Hawaii Paroling Authority supervises approximately 2,500 offenders, 332 of which require intensive supervision. In the Intensive Supervision Unit, the average caseload for Parole Officers is approximately 55 cases, while the national standard is 30 cases. The average general caseload per parole officer is 140 cases, while the national standard is 65 cases. Clearly, caseloads for Hawaii's parole officers are well above the national standards;
- Hire seven new permanent deputy sheriff positions for the expansion of the Kauai Fifth Circuit Court and Kauai section of the Sheriff Division; and

- Create a new Inmate Release Unit in response to a court settlement agreement that ensures that all offenders under the care and custody of DPS are released in a timely manner in strict accordance with applicable court orders. For the establishment of this unit, your Conference Committee provided \$264,329 and five new permanent positions, which include one Inmate Release Administrator and four legal assistants.

Too often, inmates and parolees are released from prison only to return again. Your Conference Committee also appropriated \$500,000 for treatment programs for inmates and parolees to help break this cycle.

Your Conference Committee believes that funding both housing and treatment for inmates will contribute markedly to the achievement of DPS's main objectives, which include tackling prison overcrowding, providing adequate inmate treatment and job development services, and most importantly, ensuring public safety.

Department of Defense

Your Conference Committee recognizes the important role of the Department of Defense (DOD) in providing safety, welfare, and defense statewide. To help fight the "War on Terror," your Conference Committee has provided DOD with key personnel and funding to continue the defense of these islands.

The Hawaii Air National Guard (HIARNG) protects Hawaii's people and provides combat-ready units that can respond to any national contingency such as war, peacekeeping missions, or nation building operations. Your Conference Committee recognizes the importance of supporting military units that must maintain a high level of readiness. Therefore, your Conference Committee provided an additional \$633,000 for increased utility and operational expenses for various HIARNG facilities.

Your Conference Committee has also approved the addition of four personnel to maintain and upkeep the Regional Training Institute for the Hawaii Army National Guard at Bellows Air Force Station in Waimanalo. Your Conference Committee believes that well-maintained military sites are necessary for the vigilant protection of our state.

Department of Transportation

Hawaii's unique, isolated island environment makes it a potential target for terrorist attacks. To keep our nation safe, the United States Coast Guard enacted tougher security regulations for ports and harbors across the country. Your Conference Committee approved approximately \$700,000 in additional funds to enhance security at various harbors to comply with these regulations. In preparation for heightened security due to a terrorist attack or other event, your Conference Committee provided an additional \$3,500,000 for extra security measures.

A clean environment is very important to our island community. In the past, our state harbors have been dumping grounds for waste and chemicals. To protect our environment and keep our waters clean, your Conference Committee provided an additional \$280,000 for hazardous waste disposal for Honolulu Harbor and Kewalo Basin.

Department of Land and Natural Resources

Your Conference Committee provided \$4,000,000 for the implementation of the Hawaii Invasive Species Council (HISC), a statewide pilot project coordinating invasive species prevention, control, research, and outreach programs. The Department of Land and Natural Resources (DLNR) will be the lead agency in this partnership that includes other state departments, as well as federal, county, and private entities, all working together toward this vital goal of preserving and protecting Hawaii's resources and natural beauty. HISC will assist in preventing new invasive species from entering the State as well as preventing the spread of existing invasive species. In addition to protecting Hawaii's fragile ecosystem, this program will save millions of dollars that would have been spent on the eradication and control of pests entering the state.

Your Conference Committee provided for the conversion of the operations of the Bureau of Conveyances from general to special funds. Act 125, Session Laws of Hawaii 2002, amended the amount of document recording fees deposited into the Bureau of Conveyances Special Fund for this purpose. The Legislature will closely monitor the program to ensure that excessive expenditures of non-general funds do not occur.

Your Conference Committee recognizes the need to promote the safe and responsible use of Hawaii's natural resources, which is also the mission of the Division of Conservation and Resources Enforcement (DOCARE). Your Conference Committee provided an additional \$100,000 to cover the overtime expenses of DOCARE officers. This will ensure that even our isolated and remote areas are patrolled during holidays and weekends.

Hawaii's state parks are a resource for residents and tourists alike, offering educational opportunities, as well as a diversity of exotic coastal and inland experiences. As such, your Conference Committee believes an investment in Hawaii's State Park System is prudent. To this end, your Conference Committee provided an additional \$14,000,000 for improvements to state parks to enhance park users' experience of Hawaii's special environment and allow them to learn more about its unique development. Hawaii's state parks not only directly benefit the people of Hawaii through their use, but also serve as an economic development tool by providing a natural attraction for visitors to our islands.

Department of Accounting and General Services

In preparing the budget for DAGS, your Conference Committee has sought to facilitate efficiencies in the use of state resources, focus on core programs, and provide for basic needs and services.

Your Conference Committee has provided additional funds for the operation of the No. 1 Capitol District Building. These funds are for increases in utility costs associated with the No. 1 Capitol District Building.

Your Conference Committee also increased the ceiling for the Surplus Federal Property Fund to take advantage of cost savings associated with the purchase of vehicles from the federal government's Fleet Sales Program. This increase will allow the department to adequately meet the needs of state and county agencies, eligible nonprofit organizations, and eligible 8A minority-owned businesses.

Your Conference Committee also provided funds for the DAGS Physical Plant Operations and Maintenance Program, which supports the DOE by providing administrative, technical, and trades support to keep school buildings and facilities in good condition. The funding provided is for increases in maintenance contracts for air conditioning maintenance, elevator maintenance, and refuse pickup for eleven new schools that have opened since 1998.

Your Conference Committee also provided an additional \$2,200,000 for increases for risk management mitigation services and coverage to ensure the protection of the State against catastrophic losses.

Department of Commerce and Consumer Affairs

Your Conference Committee has provided adequate appropriation levels for the Department of Commerce and Consumer Affairs (DCCA). These levels greatly exceed the levels formally requested by the Administration but are consistent with DCCA's reported requirements.

To determine an appropriate funding level, your Conference Committee asked DCCA to provide a list of spending requirements for FY 2004-2005. Despite not receiving formal requests approved by the Administration, your Conference Committee has granted all funding appropriations informally requested by DCCA, including all increases in spending.

The methodology used by DCCA and your Conference Committee to determine appropriation levels was to take the recently completed FY 2002-2003 appropriations as a base spending level. Your Conference Committee then added to this base all of the new spending initiatives that DCCA documented. For example, in FY 2002-2003, the Cable Television Division spent \$397,456. By using FY 2002-2003 as a base, your Conference Committee then added on all spending increases that DCCA identified. This included authorization for increased spending for personnel (\$75,593), I-NET (\$500,000), consulting services (\$100,000), the public, educational, and governmental (PEG) pilot project (\$800,000), and other expenses such as supplies, telephones, and advertising (\$18,389). The total appropriation of \$1,891,438 for the Cable Television Division for FY 2004-2005 is well above the amount authorized last year in Act 200, Session Laws of Hawaii 2003. When the DCCA was unable to document planned expenditures for programs up to the authorized levels for FY 2004-2005 provided by Act 200, Session Laws of Hawaii 2003, your Conference Committee converted the means of financing from special funds to general and did not reduce the appropriation, despite the lack of justification for the appropriation levels.

Below is a table that shows the FY 2002-2003 actual expenditures for each program and the corresponding FY 2004-2005 general fund appropriation:

<u>Program ID</u>	<u>FY 2002-2003 Actual</u>	<u>FY 2004-2005 Appropriation</u>
• Cable Television	\$ 397,456	\$ 1,891,438
• Consumer Advocate	\$ 1,349,689	\$ 2,473,837
• Financial Institutional Services	\$ 1,533,551	\$ 2,153,836
• Insurance Regulatory Services	\$ 6,027,231	\$ 7,315,818
• Office of Consumer Protection	\$ 993,252	\$ 1,348,447
• Business Registration	\$ 4,027,365	\$ 5,477,813
• Regulated Industries Complaints Office	\$ 3,372,824	\$ 5,197,764
• General Support (Administration)	\$ 3,534,599	\$ 4,820,442

It is the hope of your Conference Committee that DCCA will exercise fiscal discipline to ensure that expenditures are not excessive and remain in line with revenues collected. In addition, your Conference Committee hopes that in the future DCCA will be more cognizant of the fact that if spending is contained then fees can be reduced accordingly.

Conclusion

Your Conference Committee has allocated the limited available resources of the State to meet its most critical needs, namely the reinvention of our education system, ice use abatement, and affordable prescription drugs. The appropriations contained herein comprise a thoughtful spending plan that reflects a balanced approach to addressing the important priorities of our communities without any tax increases.

As affirmed by the record of votes of the managers 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. 1800, 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. 1800, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Kaho'ohalahala, Karamatsu, Kawakami, Magaoay, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Bukoski and Moses.

Managers on the part of the House.
(Representative Shimabukuro was excused.)

Senators Taniguchi, Kokubun, Aduja, English, Espero, Hooser, Inouye, Kanno, Kawamoto, Kim, Sakamoto, Tsutsui and Hemmings.

Managers on the part of the Senate.

Conf. Com. Rep. 2-04 on H.B. No. 2300

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.

Your Committee on Conference, with an appreciation of the crucial function the Judiciary performs for the state, appropriated \$1,716,879 of the Judiciary's supplemental budget requests, increasing the Judiciary's total budget for fiscal year 2005 to \$119,743,478. Of the remaining requests, the Legislature appropriated a majority through H.B. No. 2004, C.D. 1, and H.B. No. 2796, C.D.1, both of which are poised to pass. This funding will enable the Judiciary to fulfill its mission of "administering justice in an impartial, efficient, and accessible manner in accordance with the law."

H.B. No. 2004, C.D. 1, will provide 15 positions and \$1,472,419 for the expansion of the drug court programs in the Second and Third Judicial Circuits. This funding will facilitate the Judiciary's efforts to accommodate the demand for the services provided by its drug court programs. In the Third Judicial Circuit, an additional 25 adults and 16 juveniles will be served, doubling client capacity. The additional personnel in both circuits will ensure that clients receive adequate attention and proper treatment. These programs are a cost-effective means of treating non-violent offenders and freeing up prison space in our overcrowded correctional facilities to provide more room for more dangerous criminals.

Your Committee on Conference approved the following additional funding:

- (1) \$500,000 for guardians ad litem in the First Circuit to represent children involved in child protective proceedings and legal counsel to represent indigent parties;
- (2) \$345,705 for increased security at First and Second Judicial Circuit facilities and at the Administrative Driver's License Revocation Office (ADLRO) to ensure the safety of judges, staff, and citizens accessing court facilities; and
- (3) One social worker for the Office of the Public Guardian to meet the increasing demand for public guardianship.

The Legislature is quite concerned about child sex abuse in our communities. The statistics are startling: the number of reports of child sex assault on Oahu doubled in five years. H.B. No. 2796, will provide \$200,000 in funding for the treatment of both victims of intra-familial child abuse and juvenile sex offenders under the age of 12. In the six months since its launch, the program has successfully served more than 100 on Oahu and the Big Island. Your Committee is dedicated to supporting the continued success of the program.

With regard to the Fifth Judicial Circuit, your Committee on Conference provided funding for additional equipment in fulfilling the operational requirements of the new Kauai Judiciary Complex, scheduled for completion during the last quarter of 2005. Funding for a Personnel Technician and a Data Processing Support Technician were also authorized for the Circuit. These appropriations will enhance the quality of service the Fifth Circuit provides to its community.

Your Committee on Conference, in realization of the efficiencies to be gained through the use of technology, accommodated the Judiciary's request for \$300,000 for the final phase of the Human Resource Management Systems Project. It also provided funding for the update of the electronic benchbooks used by judges in adjudicating cases. This funding will increase the efficiency with which the Judiciary operates.

In addition to the resources provided for the Judiciary's operating requirements, your Committee appropriated \$41,950,000 for capital improvement projects, including construction of the Hilo Judiciary Complex, improvements for the Juvenile Detention Home Facility, and the development of a new facility to house the Children's Justice Center.

As affirmed by the record of votes of the managers 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. 2300, 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. 2300, H.D. 1, S.D. 1, C.D. 1.

Representatives Takamine, Hamakawa, Kaho'ohalahala, Karamatsu, Kawakami, Magaoay, Mindo, Nakasone, Nishimoto, Shimabukuro, Wakai, Waters, Bukoski, Jernigan, Meyer and Moses.

Managers on the part of the House.

(Representatives Magaoay, Shimabukuro, Bukoski, Jernigan and Meyer were excused.)

Senators Hanabusa, Taniguchi, Aduja, English, Espero, Hooser, Inouye, Kanno, Kawamoto, Kim, Kokubun, Sakamoto, Tsutsui, Hemmings, Slom and Trimble.

Managers on the part of the Senate.

(Representatives Kanno, Sakamoto, Hemmings and Slom were excused.)

Conf. Com. Rep. 3-04 on H.B. No. 2280

The purpose of this bill 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 style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2280, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2280, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 4-04 on H.B. No. 1043

The purpose of this bill is to fund collective bargaining cost items in the agreements negotiated with collective bargaining units (2), (3), (4), (6), (8), (9), and (13), and salary increases and other cost adjustments for their excluded counterparts.

On March 26, 2004, the Arbitration Panel issued its decision in Hawaii Labor Relations Board Case No. 1-02-96, awarding collective bargaining units (2), (3), (4), (6), (8), and (13) salary increases and adjustments to collective bargaining agreements effective July 1, 2003, to June 30, 2005.

On April 7, 2004, pursuant to section 89-11(f), Hawaii Revised Statutes (HRS), the Governor transmitted proposed legislation to the Legislature containing all items requiring moneys for implementation, which are subject to appropriation.

Accordingly, your Committee has amended this bill by:

- (1) Clarifying that the funds appropriated to fund collective bargaining cost items in the negotiated agreements are for fiscal year 2004-2005 rather than for fiscal biennium 2003-2005;
- (2) Removing references to collective bargaining unit (9);
- (3) Inserting specific appropriation amounts to fund cost items negotiated with collective bargaining units (2), (3), (4), (6), (8), and (13) of the Executive Branch, Judicial Branch, and Hawaii Health Systems Corporation for fiscal year 2004-2005;
- (4) Inserting specific appropriation amounts to fund salary increases and other cost adjustments for state officers and employees of the Executive Branch, Judicial Branch, and Hawaii Health Systems Corporation who are excluded from collective bargaining for fiscal year 2004-2005;
- (5) Changing the effective date from July 1, 2050, to July 1, 2004; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1043, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1043, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 5-04 on H.B. No. 2004

The purpose of this bill is to provide the State and counties with the support and means to successfully battle the crystal methamphetamine (ice) epidemic that is raging throughout the State by, among other things:

- (1) Making appropriations for:
 - (A) Drug education and awareness;
 - (B) Segments of the population that are particularly vulnerable;
 - (C) Drug abuse treatment services;
 - (D) The Weed and Seed Program, Being Empowered and Safe Together Reintegration (BESTR) Program, and the KASHBOX Substance Abuse Treatment Program; and
 - (E) Grants-in-aid to counties to fund grassroots community efforts to sustain their anti-drug programs;
- (2) Establishing a statewide Substance Abuse Treatment Monitoring Program to assess the effectiveness of the various programs designed to stem the tide of the ice epidemic;
- (3) Requiring the Department of Public Safety (DPS) to, among other things, coordinate community-based drug abatement and mobilization efforts on a state-wide basis;

- (4) Expanding the services provided by the drug courts;
- (5) Expanding the Canine Drug Interdiction Program;
- (6) Creating a multi-agency task force to respond to the effects of ice on children; and
- (7) Providing a tax credit for lessors of rental properties used as drug rehabilitation homes.

Your Committee on Conference has used the recommendations of the Joint House-Senate Task Force on Ice and Drug Abatement as the State's battle plan in this war on ice. The resources of the State are straining to meet the numerous needs of the people, particularly in this precarious state of our recovering economy. Accordingly, your Committee on Conference finds that the most effective use of the State's resources should focus primarily on early intervention efforts to divert youth and young adults from drug use and prevention and treatment efforts to halt the spread of the ice epidemic.

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

- (1) Revising the appropriations for the various programs and services designed to curtail the ice epidemic;
- (2) Clarifying that the expending agency for the BESTR Program shall be DPS;
- (3) Deleting the tax credit for lessors of rental properties used as drug rehabilitation homes; and
- (4) Making technical, nonsubstantive amendments for 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. 2004, 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. 2004, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 6-04 on H.B. No. 2743

The purpose of this bill is to:

- (1) Transfer various excess balances contained in various non-general funds to the general fund for fiscal year 2004-2005;
- (2) Lower the balance ceiling, from \$300,000 to \$150,000, for moneys in the Environmental Health Education Fund that triggers an automatic transfer to the general fund at the end of each fiscal year; and
- (3) Repeal the authority of the Governor, or Director of Finance (Director) if so delegated by the Governor, to transfer the excess balances of certain special funds to the general fund at any time.

Your Committee on Conference has amended this bill by:

- (1) Changing the amounts of funding the Director is authorized to transfer to the general fund on July 1, 2004, as follows:
 - (A) From \$600,000 to \$800,000 from the Animal Quarantine Special Fund;
 - (B) From \$900,000 to \$1,000,000 from the State Motor Pool Revolving Fund;
 - (C) From \$296,000 to \$300,000 from the State Identification Revolving Fund;
 - (D) From \$250,000 to \$400,000 from the Foreign-Trade Zones Special Fund;
 - (E) From \$3,000,000 to \$10,000,000 from the Hawaii Community Development Revolving Fund; and
 - (F) From \$17,000,000 to \$11,000,000 from the State Highway Fund, with another \$1,500,000 authorized to be transferred on June 29, 2005;
- (2) Changing the amount of funding the Director is authorized to transfer from the Special Land and Development Fund to the general fund on July 1, 2004, to \$1,500,000, and authorizing the transfer of another \$1,500,000 on January 1, 2005;
- (3) Deleting language authorizing the Director, for fiscal year 2004-2005, to transfer funds from the:
 - (A) State Parking Revolving Fund;

- (B) Tobacco Enforcement Special Fund;
 - (C) Convention Center Enterprise Special Fund;
 - (D) Hawaii Capital Loan Revolving Fund;
 - (E) Hawaii Strategic Development Corporation Revolving Fund;
 - (F) Compliance Resolution Fund;
 - (G) State Health Planning and Development Special Fund;
 - (H) Driver Education and Training Fund;
 - (I) Probation Services Special Fund;
 - (J) Natural Area Reserve Fund; and
 - (K) Public Utilities Commission Special Fund;
- (4) Authorizing the transfer of excess balances contained in the following non-general funds to the general fund for fiscal year 2004-2005 on July 1, 2004:
- (A) \$900,000 from the Agricultural Loan Reserve Fund;
 - (B) \$500,000 from the Medicaid Investigations Recovery Fund;
 - (C) \$200,000 from the research subaccount of the Tourism Special Fund;
 - (D) \$150,000 from the Human Resources Development Special Fund;
 - (E) \$500,000 from the Environmental Response Revolving Fund; and
 - (F) \$2,000,000 from the Environmental Management Special Fund;
- (5) Lowering the balance ceiling, from \$1,000,000 to \$500,000, for moneys in the Tobacco Enforcement Special Fund that triggers an automatic transfer to the general fund at the end of each fiscal year;
- (6) Providing for the automatic transfer of funds in excess of \$500,000 from the State Parking Revolving Fund to the general fund at the end of each fiscal year;
- (7) Deleting language lowering the balance ceiling, from \$300,000 to \$150,000, for moneys in the Environmental Health Education Fund that triggers an automatic transfer to the general fund at the end of each fiscal year;
- (8) Deleting language that repealed the authority of the Governor, or Director if so delegated by the Governor, to transfer the excess balances of certain special funds to the general fund at any time;
- (9) Changing the effective date to June 30, 2004; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2743, 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. 2743, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 7-04 on H.B. No. 2796

The purpose of this bill is to maintain the levels of programs that are essential to the public health, safety, and welfare by appropriating \$9,585,765 from the Emergency and Budget Reserve Fund to support various health and human services programs.

Your Committee on Conference has amended this bill by:

- (1) Removing the appropriations for:
 - (a) Dental services at Kauai Community Health Center;
 - (b) The Bridge to Hope Program;

- (c) The Kaneohe Community Family Center's core services;
 - (d) The Kuhio Park Terrace Family Center's core services;
 - (e) The Blueprint for Change;
 - (f) The Maui AIDS Foundation;
 - (g) The Department of Health for oral health services for underserved children;
 - (h) The Hui Malama Learning Center; and
 - (i) Hawaii FI-DO Service Dogs;
- (2) Changing the appropriations for:
- (a) The Hana Community Health Center to \$750,000;
 - (b) Behavioral health services for Hana High and Elementary School to be provided by the Hana Community Health Center to \$250,000, provided that funds be matched dollar for dollar by the Department of Education;
 - (c) The Department of Health to provide services to the medically uninsured to \$2,200,000;
 - (d) The Kauai Community Health Center to \$200,000;
 - (e) Kapiolani Medical Center for Women and Children Sex Abuse Treatment Center to \$600,000; and
 - (f) Na Lei Wili Area Health Education Center to \$80,000;
- (3) Inserting appropriations for:
- (a) The Program for All Inclusive Care in the amount of \$75,000;
 - (b) Parents and Children Together in the amount of \$100,000;
 - (c) The Boys and Girls Club of Hawaii in Papakolea in the amount of \$40,000;
 - (d) The Teen Center at Nanakuli High and Intermediate School in the amount of \$85,000;
 - (e) Continued enrichment and after-school programs at Nanaikapono Elementary School in the amount of \$50,000;
 - (f) The Honolulu Community Action Program in Waianae in the amount of \$25,000;
 - (g) The Weed and Seed Program on the Waianae Coast in the amount of \$25,000;
 - (h) The Honolulu Neighborhood Housing Services in the amount of \$75,000; and
 - (i) Kokua Kalihi Valley Comprehensive Family Services in the amount of \$100,000;
- and
- (4) Making other technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2796, 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. 2796, H.D. 1, S.D. 2, C.D. 1.

Representatives Kahikina, Arakaki, Takamine, Kawakami and Finnegan.
Managers on the part of the House.
(Representative Finnegan was excused.)

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

Conf. Com. Rep. 8-04 on S.B. No. 2525

The purpose of this measure is to repeal the compliance resolution fund and redirect fees to the general fund.

Furthermore, this measure requires the Department of Commerce and Consumer Affairs (Department) to return or discount its fees if the fees collected in the prior year exceed one hundred ten per cent of the attributable costs to the Department. On the other hand, this measure requires the Department to increase its fees to eliminate the shortfall if the fees drop below ninety per cent of the attributable costs to the Department.

Your Committee finds that the special fund known as the compliance resolution fund is a major source of funding for the Department. Eliminating the special fund and having instead general funds be a major source of the Department's funding is necessary to streamline government operations and increase the Department's public accountability.

However, your Committee also finds that ensuring the financial self-sufficiency of the Department will be logistically difficult without a dedicated funding source. As a compromise, your Committee finds that that portion of the compliance resolution fund that is funded through professional and vocational licensing fees can be set aside and retained as a new special fund. Fees unrelated to professional and vocational licensing will continue to be redirected as planned to the general fund.

Your Committee has amended this measure by creating a compliance and regulatory education special fund to be administered by the Director of Commerce and Consumer Affairs. The fund will be financed through professional and vocational licensing fees and related revenues, and will be used for activities related to licensing compliance and regulatory education. Accordingly, your Committee has also amended this measure by:

- (1) Redirecting those professional and vocational licensing fees and related revenues from the general fund to the compliance and regulatory education special fund; and
- (2) Modifying the one hundred ten and ninety per cent triggering mechanisms for the increase or decrease of fees to remove certain listed special or trust funds from the calculation.

Your Committee has further amended this measure by appropriating general funds of \$4,200,000 to the compliance and regulatory education special fund for the professional and vocational licensing program. Finally, your Committee has also specified that the unencumbered balance remaining in the compliance resolution fund on June 30, 2004 will revert to the general fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2525, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2525, H.D. 1, C.D. 1.

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

Senators Taniguchi, Kim, Kokubun and Trimble.
Managers on the part of the Senate.
(Senator Trimble was excused.)

Conf. Com. Rep. 9-04 on S.B. No. 3238

The purpose of this Act is to:

- (1) Implement education reform and decentralization measures;
- (2) Establish a weighted student formula for providing operating moneys to individual public schools.

Your Committee finds that the time has come to enact a public education improvement act of historical importance. Both bodies of this Legislature have labored carefully throughout the Regular Session of 2004 to craft equally ambitious initiatives. Similarly, the ongoing efforts of both bodies addressed the critical need for their measures to be coordinated packages, linking together the weighted student formula, information technology, principals, teachers, students, community involvement, and accountability into a unified whole. Without such a holistic approach, any effort would be far less likely to improve the academic achievement, safety and well being, and civic responsibility of students. To make such an improvement is the motivating force behind this entire measure.

There are three elements in this measure which were common to both the Senate and House versions, which represent major changes in the public educational system. These are the weighted student formula, school community councils, and the transfer of many key functions from various state agencies to the Department of Education.

Under the weighted student formula, the relative cost of educating students can be much more accurately assessed (based upon the unique learning needs of each student), funds follow students to whichever school they attend, and the budget process becomes more transparent.

Your Committee further finds that the charter school community made a collective decision that their funding allocation should not be made under the weighted student formula. Out of respect for this decision, new century charter schools and new century conversion charter schools are excluded from the weighted student formula, although this does not preclude them from coming under the weighted student formula at a future date. Your Committee further finds that the committee on weights may want to consider developing a five year plan by which the percentage of funding allocated under the weighted student formula could be gradually increased over time.

The school community councils, which will be established at each public school, excluding new century charter schools and new century conversion charter schools, will work together with the principal regarding the school's academic and financial plans, as well in other areas to improve the school. Although this will significantly enhance community involvement in schools, principals will still remain empowered to exercise the authority they must legitimately retain if they are to be held accountable for school performance. To empower principals in their enhanced role as educational leaders, a Hawaii Principals Academy will be established to provide the necessary support and training.

Both the Senate and the House of Representatives also agreed upon the need to transfer a number of important functions carried out by other state agencies for the Department of Education to the department, to enhance autonomy and operating efficiency.

Your Committee has amended existing provisions in the measure by:

- (1) Structuring the Teacher National Board Certification Incentive Program so that \$1,500 shall be provided upon completing the certification program of the National Board for Professional Teaching Standards and providing the remainder of the application fee reimbursement upon achieving national board certification;
- (2) Expanding the contents of a report from the Department of Education to the next Legislature to encompass all of the salient elements affected by the implementation of this measure, rather than just the weighted student formula;
- (3) Appropriating \$2,500,000 for mathematics textbooks and other mathematics learning materials in schools, provided that mathematics curriculum is aligned within the school complex, instead of \$3,000,000 for textbooks in general;
- (4) Refining those key functions to be transferred from specified state agencies by particular dates to facilitate a smooth delinking process; and
- (5) Reinstating original statutory language allowing for the carryover of funds within the budget of the schools to which they were originally allocated, and reducing the Department of Education's carry over of funds from ten to five percent.

Your Committee has also amended the measure by adding the following new provisions:

- (1) Requiring the Department of Education to provide supplementary allocations to those schools whose budgets are adversely affected by the weighted student formula for no more than three years beginning with the 2006-2007 school year;
- (2) Appropriating \$2,000,000 to the Department of Education to facilitate field support, security and privacy for the telecommunications network, and training regarding information technology infrastructure used to enhance accountability, compliance with the federal No Child Left Behind Act of 2001, and implementation of school reform including the weighted student formula;
- (3) Appropriating \$400,000 to compensate principals recalled to work by the department, outside of their regular term of service, for professional development and any other activities that may enhance their effectiveness as leaders of their schools;
- (4) Appropriating \$100,000 for programs that support parents in working with students who need additional help to succeed in school, provided the programs have measurable outcomes;
- (5) Appropriating \$400,000 for the piloting of school community councils and development of academic and financial plans at selected schools prior to the statewide implementation of the weighted student formula;
- (6) Requiring the:
 - (A) Department of Education, with the invited participation of the exclusive bargaining agent of educational officers of the Department of Education, to propose salary schedules and other terms and conditions of employment of principals and vice principals based upon a twelve-month term of service, and report findings back to the Legislature; and
 - (B) Board of Education to classify all educational officer positions of the Department of Education to adopt two separate classification/compensation plans for educational officers, one for principals and vice principals (based on the general pattern of a school administrator's career development and associated school administrator's qualification requirements) and one for all other educational officers (reflective of the career development pattern and qualification requirements for the respective professional field of expertise), and including classification appeals procedures for both;
- (7) Appropriating \$500,000 for teacher education faculty positions at the University of Hawaii College of Education;
- (8) Clarifying and refining the operational aspects of the component parts of this comprehensive reform initiative;
- (9) Coming to agreement on appropriation figures; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3238, 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. 3238, S.D. 2, H.D. 2, C.D. 1.

Representatives Takumi, M. Oshiro, Takai, Hamakawa, Takamine and Ching.
Managers on the part of the House.

Senators Sakamoto, Taniguchi, Chun Oakland, Hooser, Kawamoto, Kokubun, Tsutsui and Hogue.
Managers on the part of the Senate.
(Senator Hogue did not concur.)

Conf. Com. Rep. 10-04 on H.B. No. 1294

The purpose of this bill is, among other things, to:

- (1) Address problems related to environmental assessments and impact statements by clarifying the roles planning departments have in processing and accepting these documents; and
- (2) Close loopholes in the review process by including proposals for any wastewater facility, except an individual wastewater system, waste-to-energy facility, landfill, oil refinery, or power-generating facility.

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

- (1) Revising its purpose section;
- (2) Amending the definition of "power-generating facility" to require that the facility be fueled by fossil fuels;
- (3) Exempting actions that propose an individual wastewater system or wastewater facility serving fewer than 50 single-family dwellings or the equivalent from the need for an environmental assessment;
- (4) Removing the provision that addresses the potential conflict of interest that may exist when the proposing agency and the agency making the determination on whether an environmental impact statement is necessary are the same;
- (5) Removing the provision requiring the Office of Environmental Quality Control to determine which agency shall prepare the environmental assessment and accept the final statement when a dispute arises over which agency shall be the accepting authority; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1294, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1294, S.D. 1, C.D. 1.

Representatives Morita, Nakasone, Evans and Bukoski.
Managers on the part of the House.
(Representative Bukoski was excused.)

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

Conf. Com. Rep. 11-04 on H.B. No. 2061

The purpose of this bill is to:

- (1) Remove the cap on deposits into the convention center enterprise special fund;
- (2) Change the percentage of transient accommodations tax (TAT) revenues to be deposited into the Tourism Special Fund (TSF);
- (3) Establishes an Aloha Aina Patrol in each county, the operational expenses of which are to be funded by \$1,000,000 from the TSF and up to \$1,000,000 from the Hawaii Tourism Authority;
- (4) Raises the cap on TAT revenue deposits into the TSF to \$63,292,000 in any fiscal year; and
- (5) Changes the percentage of TAT revenues to be deposited into the TAT trust fund.

Your Committee finds that establishment of an Aloha Aina Patrol will address the crime problem in areas of high tourist traffic while spreading the message of the aloha spirit, by:

- (1) Staffing the patrols with police service employees and cadets in aloha attire, who will serve as ambassadors of aloha; and
- (2) Creating additional security patrols geared toward beaches and parks where there have been too many incidents of crime against visitors and residents.

Your Committee notes that the current projections of the Council on Revenues indicate the total amount of TAT revenues collected by the State will increase approximately \$8,000,000 over previous projections. Therefore, this bill redistributes the percentage of TAT revenues being given to each county to fund the Aloha Aina Patrol. With the anticipated increase in TAT revenues, the counties will still realize a net increase in TAT revenues, while reaping the benefits of the increased police support.

Your Committee has amended this bill by:

- (1) Restoring the \$31,000,000 cap on TAT revenues to be deposited into the convention center enterprise special fund, with the excess to be deposited into the general fund;
- (2) Restoring the 32.6 percent of TAT revenues to be deposited into the TSF;
- (3) Changing the funding method for the Aloha Aina Patrol by:
 - (a) Restoring the \$62,292,000 cap on the TSF; and

- (b) Changing the percentage of TAT revenues going to each county to allow 1.3 percent of 44.8 percent of TAT revenues to support the Aloha Aina Patrol;
- (4) Restoring the TAT trust fund, and the 5.3 percent of TAT revenues to be deposited into it;
- (5) Deleting the section appropriating funds from the TSF for the Aloha Aina Patrol; and
- (6) Changing the effective date to July 1, 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 H.B. No. 2061, 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. 2061, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 12-04 on H.B. No. 1840

The purpose of this bill is to allow the Department of Health to adopt rules necessary to control fugitive dust, both within and beyond a property lot boundary line, regardless of whether the emissions enter the ambient air.

Your Committee on Conference has amended this bill by:

- (1) On page 1, line 13, changing "property boundary line" to "property lot boundary line";
- (2) On page 1, line 16, changing "property lot line boundary line" to "property lot boundary line"; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1840, 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. 1840, H.D. 1, S.D. 1, C.D. 1.

Representatives Morita, Waters, Evans and Bukoski.
Managers on the part of the House.
(Representative Waters was excused.)

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

Conf. Com. Rep. 13-04 on H.B. No. 1793

The purpose of this bill is to preserve agricultural lands, water resources, and community stability by directing the Board of Land and Natural Resources (BLNR) and other appropriate state agencies to enter into negotiations for the exchange of public lands for private lands north of Wahiawa[sic], Oahu, owned by the George Galbraith Trust (Trust).

Your Committee on Conference recognizes that the value of the Trust lands is in the tens of millions of dollars, and while its acquisition is desirable, it may exceed the State's ability to purchase or offer lands in exchange. BLNR and other appropriate state agencies are, therefore, requested to explore the feasibility of incrementally acquiring through a land exchange those Trust lands that are deemed to be of the highest priority to the State.

Your Committee on Conference has amended this bill 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 H.B. No. 1793, 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. 1793, H.D. 2, S.D. 1, C.D. 1.

Representatives Kanoho, Magaoay, Kaho`ohalahala and Moses.
Managers on the part of the House.

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

Conf. Com. Rep. 14-04 on S.B. No. 3135

The purpose of this measure is to authorize the issuance of special purpose revenue bonds in the amount of \$85,000,000 to assist St. Francis Healthcare System of Hawaii to finance the construction, improvement, and equipment of health care facilities.

Your Committee on Conference finds that the activities and facilities of St. Francis Healthcare System of Hawaii provide invaluable health care services to the general public. Your Committee on Conference places a high priority on ensuring the public welfare by supporting nonprofit health care facilities like the St. Francis Healthcare System of Hawaii.

Your Committee on Conference has amended this measure by correcting the defective effective date of July 1, 2010, and making the measure effective 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. 3135, 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. 3135, S.D. 1, H.D. 1, C.D. 1.

Representatives Kawakami, Karamatsu, Mindo and Moses.
Managers on the part of the House.

Senators Baker, Taniguchi, Chun Oakland and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 15-04 on H.B. No. 2578

The purpose of this bill is to promote the use of alternative energy resources by authorizing the issuance of special purpose revenue bonds for Honolulu Seawater Air Conditioning LLC for the design and construction of a seawater air conditioning/thermal energy storage district cooling system on the island of Oahu.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2004; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2578, 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. 2578, H.D. 1, S.D. 2, C.D. 1.

Representatives Waters, Shimabukuro, Kaho`ohalahala, Karamatsu and Jernigan.
Managers on the part of the House.
(Representative Jernigan was excused.)

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

Conf. Com. Rep. 16-04 on H.B. No. 2322

The purpose of this bill is to authorize the issuance of special purpose revenue bonds (SPRBs) to assist Aloun Farms in the planning, design, construction, and equipping of facilities for an agricultural processing plant.

Your Committee on Conference has amended this bill by:

- (1) Authorizing the issuance of SPRBs in a total amount not to exceed \$12,000,000; 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 H.B. No. 2322, 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. 2322, H.D. 1, S.D. 2, C.D. 1.

Representatives Karamatsu, Mindo, Wakai and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

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

Conf. Com. Rep. 17-04 on H.B. No. 1828

The purpose of this bill is to prohibit public urination and defecation in the downtown Honolulu area.

Your Committee on Conference finds that although public urination and defecation may be of general concern, they are concentrated in the downtown area.

Your Committee on Conference has amended this bill by:

- (1) Providing a boundary description of the downtown Honolulu area;
- (2) Increasing from eight hours to forty hours the maximum amount of community service work that may be imposed for the offense; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1828, 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. 1828, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 18-04 on H.B. No. 2022

The purpose of this bill is to clarify eligibility requirements for individuals with disabilities who receive general assistance benefits. The bill also gives a person 10 days to provide additional medical information following an initial denial notice of disability before denial of the claim.

Currently, an applicant wishing to receive benefits must apply for assistance under either a physical or mental disability. Because there is no consideration of both physical and mental disabilities, an applicant with a combined disability will only be granted assistance if the physical or mental disability alone meets the criteria for disability. This bill allows an applicant with both physical and mental disabilities to be eligible for general assistance.

Your Committee on Conference has deleted the requirement that:

- (1) Repeals the provisions of this bill on July 1, 2007; and
- (2) Reenacts the affected statute to the form in which it read on the day before the effective date of this bill.

Technical, nonsubstantive amendments to the bill have also been made for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2022, 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. 2022, H.D. 2, S.D. 1, C.D. 1.

Representatives Kahikina, Arakaki, Kawakami, Shimabukuro and Stonebraker.
Managers on the part of the House.
(Representatives Kawakami and Stonebraker were excused.)

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

Conf. Com. Rep. 19-04 on S.B. No. 3207

The purpose of this measure is to:

- (1) Change the ethanol investment tax credit to the ethanol facility tax credit (EFTC);
- (2) Allow the EFTC only:
 - (a) If the amount of the EFTC claimed does not exceed one hundred per cent of the investment amount;
 - (b) In years that the ethanol production facility is operating at seventy-five per cent of nameplate capacity or more;
 - (c) If the facility is in production on or before January 1, 2012; and
 - (d) If no other tax credits for the same taxable year are claimed if the EFTC is claimed;
- (3) Clarify the definitions for "credit period," "investment," "nameplate capacity," and "qualifying ethanol production facility" or "facility";
- (4) Delete the definition for "maximum annual credit allowable" and fold the definition of "qualifying ethanol production" into "qualifying ethanol production facility";
- (5) Require the Department of Business, Economic Development, and Tourism (DBEDT) to maintain records pertaining to the EFTC and issue certificates verifying investment amounts, credit amounts, and cumulative tax credit amounts;
- (6) Place a cap of \$12,000,000 in the aggregate for all credits certified by DBEDT in any year;
- (7) Require all information pertaining to the EFTC to be available to the public under chapter 92F, Hawaii Revised Statutes;
- (8) Allow partnerships, S corporations, estates, and trusts to claim the EFTC; and
- (9) Provide the Director of Taxation the authority to audit and adjust the certification of the credits.

Your Committee on Conference believes the EFTC will have a beneficial impact on the State's economy by encouraging the construction of large-scale ethanol production facilities and reducing the State's dependence on fossil fuels. By promoting large-scale production of ethanol, the EFTC will create new jobs in a growing alternative fuels industry. The increased need for organic feedstocks and waste materials to meet the demands of large-scale ethanol production will have a beneficial effect on the agriculture industry as well.

It is the intent of your Committee on Conference that the calculation of the amount of the EFTC be based on a percentage of the production capability of a qualifying ethanol production facility, based on a one dollar for one gallon equivalency conversion, to encourage maximum nameplate capacity for that facility. For example, a qualifying ethanol production facility that has a nameplate capacity of ten million gallons of ethanol in a given year will be entitled to claim an EFTC of three million dollars (thirty percent of ten million) for that taxable year.

Your Committee on Conference amended the measure by:

- (1) Specifying that the annual dollar amount of the credit shall be equal to thirty percent of the qualified facility's nameplate capacity if that capacity is greater than five hundred thousand but less than fifteen million gallons;
- (2) Restoring the definition of "qualifying ethanol production" in section 235-110.3, Hawaii Revised Statutes, with an amendment to the types of qualifying production methods;
- (3) Deleting the additional language to the definition of "qualifying ethanol production facility" that pertains to ethanol production methods;
- (4) Making the measure effective on July 1, 2004, and applicable to taxable years beginning after December 31, 2003; 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. 3207, 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. 3207, S.D. 2, H.D. 2, C.D. 1.

Representatives Morita, Waters, Kaho'ohalahala and Bukoski.
Managers on the part of the House.
(Representative Kaho'ohalahala was excused.)

Senators English, Kokubun, Taniguchi and Trimble.
Managers on the part of the Senate.
(Senator Trimble was excused.)

Conf. Com. Rep. 20-04 on H.B. No. 1860

The purpose of this bill is to allow taxpayers to designate \$5 of state income tax refunds for any taxable year to the Hawaii Children's Trust Fund, Domestic Violence Prevention Special Fund, and the Department of Human Services' and the Judiciary's respective Spouse and Child Abuse Special Accounts.

Your Committee on Conference notes that domestic violence is a serious concern, and children in Hawaii are entering the child protective services system at alarming rates. Children who are not abused directly may still suffer trauma after witnessing domestic violence. This measure will provide additional revenue to enhance prevention and intervention services, in addition to increasing community awareness regarding domestic violence and child abuse.

Your Committee on Conference has amended this bill by:

- (1) Making the bill effective upon approval, and applicable to taxable years beginning after December 31, 2004; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1860, 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. 1860, H.D. 1, S.D. 2, C.D. 1.

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

Senators Chun Oakland, Taniguchi, Fukunaga, Inouye, Kanno, Kawamoto, Kokubun and Hogue.
Managers on the part of the Senate.
(Senators Kanno and Kokubun were excused.)

Conf. Com. Rep. 21-04 on H.B. No. 1774

The purpose of this bill is to encourage eligible claimants of unemployment insurance to seek gainful employment by permitting claimants to receive their weekly benefit amount without regard to earnings received from employment. In addition, this bill allows federal Reed Act funds to be used to offset anticipated increases in unemployment insurance claims.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date from July 1, 2040, to July 1, 2004; 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. 1774, 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. 1774, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 22-04 on H.B. No. 2741

The purpose of this bill is to establish position justification requirements and provide for legislative review of deputy director and special assistant positions within the Executive Branch.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the position justification requirements and legislative review procedures shall apply to all deputy director and special assistant positions except for those positions in the Department of Education or the University of Hawaii;
- (2) Eliminating language that exempted positions listed in section 76-16(b), Hawaii Revised Statutes, from the position justification requirements and legislative review procedures;
- (3) Deleting references to "deputy superintendent" and "assistant superintendent" from the definitions of "deputy director" and "special assistant"; and
- (4) Making technical, nonsubstantive revisions for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2741, 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. 2741, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 23-04 on S.B. No. 2586

The purpose of this measure is to allow the Board of Dental Examiners to issue a community service license for an eligible dentist or dental hygienist for the purpose of servicing low-income and uninsured communities within the State.

Your Committee on Conference finds that access to dental care for low-income or uninsured individuals within the State is severely limited. Currently, there are a small handful of non-profit federally qualified health centers in Hawaii which offer dental clinic services. Your Committee on Conference further finds that increasing the pool of qualified dentists and dental hygienists increases access to basic dental services by the poor and uninsured.

Your Committee on Conference has amended this measure by:

- (1) Deleting the requirement that renewal requests be submitted sixty days prior to expiration;
- (2) Deleting the provision for a maximum of five consecutive years for renewal of a license;
- (3) Providing that no person after the effective date of the new law who has failed to pass the dental license examination may be issued a community service dental license;
- (4) Repealing the Act on July 1, 2009, so the Legislature will have an opportunity to review the effectiveness of the community service license; and
- (5) Clarifying the language in the purpose 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. 2586, 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. 2586, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Hiraki, Herkes and Ching.
Managers on the part of the House.

(Representative Ching was excused.)

Senators Baker, Menor, Chun Oakland, Inouye and Hogue.
Managers on the part of the Senate.
(Senator Inouye was excused.)

Conf. Com. Rep. 24-04 on S.B. No. 2948

The purpose of this measure is to statutorily establish the Public Health Nursing Services Program and prescribe its scope of services.

Your Committee on Conference finds that the Public Health Nursing Services Program delivers an array of invaluable health services to the residents of the State and should be formally established in law.

Your Committee on Conference has amended this measure by:

- (1) Deleting the examples listed for a natural disaster; and
- (2) Correcting the defective date and making it effective 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. 2948, 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. 2948, S.D. 2, H.D. 1, C.D. 1.

Representatives Arakaki, Nishimoto, Shimabukuro and Finnegan.
Managers on the part of the House.

Senators Baker, Kokubun, Kanno and Hogue.
Managers on the part of the Senate.
(Senator Kanno was excused.)

Conf. Com. Rep. 25-04 on S.B. No. 2608

The purpose of this measure is to extend the sunset date of the payment methodology for critical access hospitals to June 30, 2006 and making permanent the exemption of critical access hospitals from Medicaid reimbursement equity.

Upon further discussion, your Committee has amended this measure by repealing the sunset date of Act 226, Session Laws of Hawaii 2000. Consequently, the amendments make the following permanent:

- (1) Payment methodology to critical access hospitals using medicare reasonable cost principles;
- (2) Definition of "critical access hospital"; and
- (3) Exemption of critical access hospitals from medicaid reimbursement equity.

As affirmed by the record of votes of the managers 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. 2608, 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. 2608, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 26-04 on S.B. No. 2929

The purpose of this measure is to amend the effective start date for the revised reimbursement methodology for long-term care services to July 1, 2008, and eliminate the sunset provision regarding critical access hospitals.

Your Committee has amended this measure to correct its effective date to June 29, 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. 2929, 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. 2929, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 27-04 on H.B. No. 1259

The purpose of this bill is to update Article 1 of the Uniform Commercial Code. Article 1, entitled "General Provisions," covers such matters as supplemental principles of law, general definitions, territorial applicability, and choice of laws.

The amendment of the definition of "good faith" and the amendments concerning the choice of laws, which were proposed by the National Conference of Commissioners on Uniform State Laws, are not included. In these two cases, the current law is retained.

Your Committee on Conference has amended this bill by:

- (1) Removing the defective effective date and making the bill effective upon approval; and
- (2) Making technical, nonsubstantive amendments to page 19 of the bill that include the deletion of an unnecessary reference to Article 6, which was repealed in 1998.

As affirmed by the record of votes of the managers 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. 1259, 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. 1259, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Herkes, Sonson, Souki and Thielen.
Managers on the part of the House.
(Representative Souki was excused.)

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

Conf. Com. Rep. 28-04 on H.B. No. 2020

The purpose of this bill is to:

- (1) Make it a class C felony to sell or offer to sell travel services promoting prostitution; and
- (2) Include these activities on the list of prohibited acts for which travel agency registration may be revoked, suspended, or denied renewal.

Your Committee on Conference finds that establishing a new offense of promoting travel for prostitution recognizes that travel businesses should be held accountable for their roles, if any, in encouraging prostitution and the consequent abuse and exploitation of women.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the meaning of "travel services" as used in the new offense of promoting travel for prostitution;
- (2) Deleting the rebuttable presumption that advertisements that include:
 - (a) The terms "sex tours" or "sex travel"; or
 - (b) Depictions of genitalia;are prohibited acts for which travel agency registration may be revoked, suspended, or denied renewal;
- (3) Removing amendments that would have added references to promoting travel for prostitution to section 712-1201, Hawaii Revised Statutes, which defines terms related to promoting prostitution; and
- (4) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2020, 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. 2020, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 29-04 on H.B. No. 2013

The purpose of this bill is to restrict the use of polybrominated diphenyl ethers (PBDEs) in the State by prohibiting the manufacturing, processing, or distribution of products containing more than 0.1% of pentabrominated diphenyl ether (pentaBDE) or octabrominated diphenyl ether, beginning 2006.

Your Committee on Conference has amended this bill by:

- (1) Removing the definition of "PBDE," since there is no reference to that term in the statutory additions;
- (2) Adding a definition for "pentaBDE;"
- (3) Clarifying that the restriction on the manufacturing, processing, or distribution in commerce of pentaBDE and octaBDE applies likewise to any other chemical formulation that is part of those classifications; and
- (4) Making technical, nonsubstantive amendments for style 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. 2013, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2013, S.D. 2, C.D. 1.

Representatives Morita, Hiraki, Herkes, Waters and Bukoski.
Managers on the part of the House.
(Representatives Waters and Bukoski were excused.)

Senators English, Menor, Hooser and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 30-04 on S.B. No. 2748

The purpose of this measure is to amend the drug demand reduction assessment provisions by:

- (1) Expanding the offenses for which an offender must pay the drug demand reduction assessment used to fund substance abuse treatment and demand reduction programs;
- (2) Providing that restitution to the victim, probation fees, and crime victim compensation fees shall be made before payment of monetary assessments; and
- (3) Permitting the courts to order offenders to treatment and to reduce or waive monetary assessments.

After careful consideration, your Committee on Conference has amended this measure by changing the effective date to June 29, 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. 2748, 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. 2748, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 31-04 on S.B. No. 2840

The purpose of this measure is to prohibit the distribution of untaxed cigarettes by mail order, the internet, or other on-line sources and to limit the supersedeas bond amount for tobacco master settlement signatories to ensure their ability to continue to make settlement payments.

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

- (1) Adding a purpose section to outline the contents of the entire measure;
- (2) Amending the effective date to July 1, 2004; and
- (3) Making technical, nonsubstantive changes for 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 S.B. No. 2840, 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. 2840, S.D. 2, H.D. 2, C.D. 1.

Representatives Hamakawa, Takamine, Nakasone and Pendleton.
Managers on the part of the House.

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

Conf. Com. Rep. 32-04 on S.B. No. 2861

The purpose of this measure is to establish:

- (1) Specific felony offenses that may use information charging;

- (2) Procedures for using information charging; and
- (3) Procedures to contest the information charge.

After careful consideration, your Committee on Conference has amended this measure by changing the effective date to upon the date the Chief Election Officer under section 11-156, Hawaii Revised Statutes, certifies that the State Constitution has been amended to allow felony criminal charges to be initiated by the filing of a written information. Your Committee on Conference has also amended this measure by making technical, nonsubstantive amendments 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 S.B. No. 2861, 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. 2861, S.D. 1, H.D. 2, C.D. 1.

Representatives Hamakawa, Waters, B. Oshiro, Sonson and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 33-04 on S.B. No. 3113

The purpose of this measure is to propose an amendment to article V, section 6, of the Constitution of the State of Hawaii to provide for the election of the Attorney General and the Insurance Commissioner.

Your Committee on Conference has amended this measure by replacing the entire contents of the measure with the provisions of S.B. No. 3113, S.D. 1. The Conference draft of the measure allows absentee ballots to be mailed to residents of Kalaupapa automatically, without the need to file an absentee-ballot application.

The C.D. 1 would allow Kalaupapa residents to fully enjoy the right to vote, due to their geographical isolation which makes normal absentee voting procedures onerous.

As affirmed by the record of votes of the managers 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. 3113, 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. 3113, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 34-04 on H.B. No. 1765

The purpose of this bill is to provide for expiration of the term of a member of a state board, commission, agency, authority, or committee who, without valid excuse, fails to attend three consecutive meetings where a quorum cannot be achieved because of the member's absence.

Your Committee on Conference has amended this measure by:

- (1) Providing that in the absence of the chair, the board's acting chair shall determine whether a member's absence is excused; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1765, 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. 1765, H.D. 1, S.D. 1, C.D. 1.

Representatives B. Oshiro, Caldwell, Souki and Thielen.
Managers on the part of the House.
(Representative Souki was excused.)

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

Conf. Com. Rep. 35-04 on H.B. No. 2254

The purpose of this bill is to:

- (1) Clarify the definition of "sexual penetration" to include the acts of cunnilingus and anilingus, whether or not actual penetration has occurred;

- (2) Include as a victim of sexual assault in the second degree, a person committed to the director of public safety and knowingly subjected to sexual penetration; and
- (3) Amend the offense of sexual assault in the third degree to include law enforcement officers who knowingly subject to sexual contact a person confined to a detention facility or in custody.

Your Committee on Conference finds that:

- (1) The definition of sexual penetration should include the acts of cunnilingus or anilingus, regardless of whether there was actual penetration; and
- (2) This measure creates uniformity between the offenses of sexual assault in the second degree and in the third degree regarding the aforementioned offenders and victims.

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

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

Representatives B. Oshiro, M. Oshiro, Caldwell, Sonson and Pendleton.
Managers on the part of the House.
(Representatives M. Oshiro and Pendleton were excused.)

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

Conf. Com. Rep. 36-04 on H.B. No. 2683

The purpose of this bill is to:

- (1) Preclude deferred acceptance of guilty (DAG) and deferred acceptance of nolo contendere (DANC) pleas for offenses involving substantial bodily injury; and
- (2) Add new subsections to section 853-4, Hawaii Revised Statutes, expanding the offenses for which DAG and DANC pleas do not apply.

Your Committee on Conference finds that revising the statute regarding DAG and DANC pleas to make the relief available only for a few offenses is a radical departure in policy, and that DAG and DANC pleas should be allowed except for specific offenses.

Your Committee on Conference has amended this bill by deleting its contents and inserting provisions precluding DAG and DANC pleas for offenses involving substantial bodily injury.

As affirmed by the record of votes of the managers 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. 2683, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2683, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 37-04 on S.B. No. 3025

The purpose of this measure is to require the Office of Planning to report to the Director of Business, Economic Development, and Tourism and to clarify that the Department of Business, Economic Development, and Tourism has sole jurisdiction over the Land Use Commission, state planning, and the Hawaii State Planning Act.

Your Committee on Conference believes that clarifying the roles of the Office of Planning and the Department of Business, Economic Development, and Tourism is necessary to ensure that the legislatively determined functions of those entities are not altered without prior action by the Legislature. It is the intent of your Committee on Conference that this measure shall not affect the Office of Planning's historical or coastal zone management programs, and that the Office of Planning shall continue to communicate freely with and assist all state departments in all planning-related issues.

Your Committee on Conference amended the measure by correcting the defective effective date of July 1, 2010 and making the measure effective 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. 3025, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3025, H.D. 1, C.D. 1.

Representatives Kanohe, Takamine, Kaho'ohalahala and Kawakami.

Managers on the part of the House.

Senators Inouye, Fukunaga, Kokubun, Espero, Kanno and Whalen.

Managers on the part of the Senate.

(Senators Kanno and Whalen were excused.)

Conf. Com. Rep. 38-04 on H.B. No. 1770

The purpose of this bill is to:

- (1) Increase fines for repeatedly allowing a car alarm to sound for longer than five continuous minutes; and
- (2) Provide courts with the discretion to order the revocation of an individual's driver's license, for a period not to exceed five years, when the individual operates a motor vehicle at a speed exceeding 90 miles per hour.

Your Committee on Conference finds that although car alarms were made to deter auto theft and vandalism, the proliferation of false alarms have decreased their effectiveness. Moreover, the incessant wailing of an inadvertently triggered car alarm has become a nuisance in many neighborhoods on Oahu.

In addition, your Committee on Conference finds that accidents involving high speed are occurring far too often. Many of these accidents, especially those which have occurred in the past several months, have caused numerous fatalities. This measure addresses the occurrence of extreme speeding on our roads.

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

- (1) Changing the effective date to July 1, 2004; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1770, 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. 1770, H.D. 1, S.D. 2, C.D. 1.

Representatives Souki, Hamakawa, Nishimoto, Wakai and Blundell.

Managers on the part of the House.

Senators Kawamoto, Hanabusa, Espero and Whalen.

Managers on the part of the Senate.

(Senator Whalen was excused.)

Conf. Com. Rep. 39-04 on H.B. No. 2023

The purpose of this bill is to provide that, on an appeal by an aggrieved public assistance applicant or recipient, all of the evidence presented by the parties shall be considered, as allowed by chapter 91, Hawaii Revised Statutes.

At earlier hearings concerns were raised by the Legal Aid Society of Hawaii and the Disability Rights Center which reflected their perception that the opinion of the Medical Review Board was being given undue deference. Your Committee on Conference wishes to reiterate that all evidence which is properly admitted before the hearing officer is to be considered on its own merits as the hearing officer deems fair and appropriate. The function of the hearing officer is to exercise independent judgment and to arrive at a determination of which item of evidence the hearing officer believes is more persuasive.

While the hearing officer may choose in any given case to agree with the opinion of the Medical Review Board or to agree with a contrary opinion held by another physician or psychologist, your Committee on Conference feels that it is important that each case be decided fairly and independently and that no preconceived additional deference be afforded to the Medical Review Board. To clarify this intent, the words "fair and impartial" have been added to the measure.

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

- (1) Clarifying that the evidence presented by the parties shall be considered in a fair and impartial manner; and
- (2) 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 H.B. No. 2023, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2023, H.D. 2, S.D. 2, C.D. 1.

Representatives Kahikina, Hamakawa, Shimabukuro and Ching.

Managers on the part of the House.

(Representative Ching was excused.)

Senators Chun Oakland, Hanabusa, Fukunaga, Hooser and Trimble.

Managers on the part of the Senate.

(Senator Fukunaga was excused.)

Conf. Com. Rep. 40-04 on H.B. No. 2674

The purpose of this bill is to exempt disclosure of social security numbers from government public records, and to restrict retail merchant club card issuers from requesting personal information except for credit purposes.

Specifically, this measure:

- (1) Ensures that social security numbers are exempt from disclosure in payroll records that are otherwise public records;
- (2) Prohibits retail merchant club card issuers from requesting personal information in club card application forms except for credit, check cashing, or check verification; and
- (3) Allows retail merchant club card issuers to share cardholder information, including personal information, for marketing purposes if the issuer complies with established procedures and permits the cardholder to opt-out from sharing the information.

Your Committee on Conference finds that identity theft is a serious problem in Hawaii. Most consumers are unaware of the amount of personal information, such as a social security number, that is collected about them. Consumers are also unaware that such information is shared with other business entities with whom they have no business relationship. One method of curtailing opportunities for identity theft is by protecting personal information from being collected and disseminated without a sound business purpose that benefits the consumer.

Your Committee also finds that while government should provide access to public information, access to documents containing an individual's social security number should be protected from disclosure.

Your Committee received additional correspondence from Costco Wholesale Corporation and after discussion with Costco, has amended this bill by:

- (1) Defining "cardholder information" to mean name, mailing address, email address, and unique membership identifiers assigned by the club card issuer, to clarify and limit the type of information that may be shared with an unaffiliated third party for marketing purposes if the club card issuer complies with certain requirements;
- (2) Defining "personal information" to mean information associated with a person that includes social security number, driver's license, account numbers, or other personal identifiers;
- (3) Clarifying that the restrictions on requesting personal information in a club card application do not apply when the application form is used for club card membership and privileges for check cashing, check verification, or credit, provided that no club card issuer shall require, as a condition of obtaining a club card, that the cardholder obtain the club card as an identification card for check cashing or credit;
- (4) Clarifying that the club card issuer may use the application form as an application for a credit card with a designated credit card company provided that the credit application is separately identified and discloses that the cardholder is applying for credit with a designated credit card company;
- (5) Amending the effective date to ensure that the section of this bill relating to retail merchant club cards will not take effect until July 1, 2005; and
- (6) Making technical, nonsubstantive amendments for consistency, 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. 2674, 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. 2674, H.D. 1, S.D. 1, C.D. 1.

Representatives Hamakawa, Hiraki, Herkes, Caldwell and Thielen.
Managers on the part of the House.

Senators Hanabusa, Menor, Chun Oakland, Espero and Slom.
Managers on the part of the Senate.
(Senators Espero and Slom were excused.)

Conf. Com. Rep. 41-04 on H.B. No. 2739

The purpose of this bill is to authorize the High Technology Development Corporation (HTDC) to issue up to \$100,000,000 in special purpose revenue bonds to assist Townsend Capital, LLC, in constructing wet lab space and a biotech incubator near the University of Hawaii medical school in Kakaako.

Upon review of the appropriate statutory requirements for bond issuance through HTDC, your Committee on Conference has amended this measure by:

- (1) Correcting the statutory authorization for issuing these special purpose revenue bonds from part V, chapter 39A, Hawaii Revised Statutes (HRS), to part I, chapter 206M, HRS;
- (2) More comprehensively describing the uses for this issuance to include acquisition, improvement, installation, equipping, and development of land, buildings, and other improvements relating to the wet lab space and the biotech incubator;
- (3) Specifically referencing the appropriate constitutional provisions relevant to this issuance;

- (4) Deleting language specific to the issuance of tax-exempt refunding bonds to allow for flexibility in the issuance to Townsend Capital, LLC;
- (5) Specifying that Townsend Capital, LLC, is a Maryland limited liability company;
- (6) Changing the effective date to upon its approval; and
- (7) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2739, 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. 2739, H.D. 1, S.D. 2, C.D. 1.

Representatives Nakasone, Wakai, Karamatsu, Waters and Moses.
Managers on the part of the House.

Senators Ige, Taniguchi, Aduja, Fukunaga, Kokubun and Hemmings.
Managers on the part of the Senate.
(Senators Aduja and Hemmings were excused.)

Conf. Com. Rep. 42-04 on S.B. No. 2908

The purpose of this measure is to clarify ambiguities and correct errors and inconsistencies in the State's business registration laws.

This measure is a general housekeeping measure that clarifies ambiguities and corrects errors and inconsistencies in the business registration laws that have occurred due to changes in division policies and procedures, and drafting errors. Your Committee on Conference finds that this measure updates and improves the efficiency of Hawaii's business registration procedures, and promotes a more business friendly climate in the State.

Your Committee on Conference has amended this measure by:

- (1) Amending section 414-163(c), Hawaii Revised Statutes (HRS), to:
 - (a) Permit the disclosure of a shareholder agreement by conspicuously noting its existence in a corporation's articles of incorporation;
 - (b) Require the recall of certificates that are outstanding at the time the agreement is executed and the issuance of substitute certificates therefor, if the agreement's existence is not noted in a corporation's articles of incorporation; and
 - (c) Preclude the rescission of a purchase of shares based on the lack of knowledge of an agreement if the existence thereof is noted in a corporation's articles of incorporation or, if not so noted, is disclosed in an information statement delivered to the purchaser prior to or at the time of purchase; and
- (2) Making technical amendments:
 - (a) That effect revisions to the trade name certificate of registration law by amending section 482-3, HRS, in lieu of amending section 12 of Act 210, Session Laws of Hawaii 2003, and by deleting the effective date proviso applicable to the latter; and
 - (b) For purposes of style, clarity, and consistency, and 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. 2908, 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. 2908, S.D. 1, H.D. 1, C.D. 1.

Representatives Schatz, Hiraki, Herkes and Ontai.
Managers on the part of the House.
(Representative Ontai was excused.)

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

Conf. Com. Rep. 43-04 on S.B. No. 2377

The purpose of this measure is to add digital recordation to the type of record covered by the crime of violation of privacy. The measure also:

- (1) Prohibits unauthorized interception and divulging of photographic images by phone; and
- (2) Defines the terms "electronic communication," "electronic communication service," "electronic communication service provider," "remote storage service," and "electronic communication system."

This measure exempts electronic communication service providers and remote storage services that disseminate, distribute, or transfer images in the ordinary course of business from the offense of violation of privacy.

This measure makes statutory amendments to the existing privacy law in order to prohibit the inappropriate use of new digital technologies, such as cellular phones, that are capable of taking digital photographs and transmitting those images.

Your Committee has amended this measure by making a technical non-substantive amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2377, 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. 2377, S.D. 1, H.D. 1, C.D. 1.

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

Senators Ige, Hanabusa, Fukunaga and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 44-04 on S.B. No. 2380

The purpose of this measure is to authorize the establishment of the State Art Museum and a nonprofit organization called the Friends of the Hawaii State Art Museum to assist in the work of the Museum.

This measure also incorporates the Art in Public Places and Relocatable Works of Art programs into the duties and responsibilities of the State Foundation on Culture and the Arts.

Your Committee has amended this measure by making technical, non-substantive amendments and changing the effective date of the measure to take effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2380, 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. 2380, S.D. 1, H.D. 1, C.D. 1.

Representatives Chang, Karamatsu, Wakai and Bukoski.
Managers on the part of the House.
(Representative Bukoski was excused.)

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

Conf. Com. Rep. 45-04 on S.B. No. 3156

The purpose of this measure is to appropriate funds for the professional development and training of Hawaii's paramedics.

Specifically, funding would be used toward a development and training instructor for Kauai, a video conference system to connect Kauai, Maui, and Hawaii with emergency medical services instruction on Oahu, and paramedic training equipment for Kauai, Maui, and Hawaii.

Your Committee on Conference has amended this measure by deleting its contents and replacing it with language that clarifies state immunity for the discretionary function of providing emergency aeromedical services. Specifically, this measure provides that the State shall not be liable for claims based on the failure to establish or continue emergency aeromedical services in every county of the State.

Your Committee on Conference notes that both the Senate President and House Speaker waived conference rule 1a to allow your Committee to consider language not originally part of this measure. This measure was used as a vehicle to address the Governor's concern regarding liability arising from the enactment of Senate Bill 745 as Act 2, Session Laws of Hawaii, Special Session, 2003.

The contents of the original version of this measure are addressed in Senate Bill 2690 SD2 HD2, whereby funds generated from a new emergency medical services special fund would support, among other items, a development and training instructor for Kauai, a video conference system to connect Kauai, Maui, and Hawaii with EMS instruction on Oahu, and for paramedic training equipment for Kauai, Maui, and Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3156, 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. 3156, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Arakaki, Hamakawa, Kawakami, Nishimoto and Bukoski.
Managers on the part of the House.
(Representative Kawakami was excused.)

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

Conf. Com. Rep. 46-04 on S.B. No. 3085

The purpose of this measure is to remove the June 30, 2004, sunset date of Act 192, Session Laws of Hawaii 2002, which provides prescriptive authority for advanced practice registered nurses (APRNs) and to statutorily require that the Department of Commerce and Consumer Affairs establish a Joint Formulary Advisory Committee.

Your Committee on Conference finds that APRNs play an important role in the provision of health care in our State, and that their prescriptive authority is essential for effective patient care.

Your Committee on Conference has amended this measure by:

- (1) Codifying Section 2 of Act 192, Session Laws of Hawaii 2002, which establishes a Joint Formulary Advisory Committee; and
- (2) Correcting the defective date and making it effective on June 29, 2004, so as not to conflict with the repeal date of Act 192, sections 2 and 3.

Your Committee on Conference notes that the establishment of the Joint Formulary Advisory Committee by this measure is a continuation of the committee that was established in Act 192, Session Laws of Hawaii 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3085, 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. 3085, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Hiraki, Herkes and Ching.
Managers on the part of the House.

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

Conf. Com. Rep. 47-04 on S.B. No. 2782

The purpose of this measure is to provide the Department of Land and Natural Resources with the same financial flexibility afforded through federal guidelines regarding habitat conservation plans.

The United States Fish and Wildlife Service and the state Department of Land and Natural Resources jointly administer habitat conservation plans. Your Committee on Conference finds that those plans are administered and managed most effectively when the financial tools available for implementation are consistent at both the federal and state levels. Your Committee on Conference believes this measure provides that needed consistency.

Your Committee on Conference amended the measure by:

- (1) Retaining the term "impact" in paragraph (1) of section 195D-4(g), Hawaii Revised Statutes, to conform with the accepted use of that term throughout the State's Endangered Species Act; and
- (2) Deleting the defective effective date of July 1, 2010 and making the measure effective 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. 2782, 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. 2782, S.D. 1, H.D. 1, C.D. 1.

Representatives Kanohe, Morita, Kaho'ohalahala and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators Inouye, English, Aduja and Hemmings.
Managers on the part of the Senate.

Conf. Com. Rep. 48-04 on H.B. No. 2814

The purpose of this bill is to effectively care for the residents of Kalaupapa Settlement by requiring the Department of Health (DOH) to:

- (1) Submit annual reports to the Legislature that detail DOH's efforts to improve the financial and management operations of Kalaupapa; and
- (2) Track separately, whenever appropriate and possible, patient and nonpatient costs.

Your Committee on Conference recognizes that many years ago, Hansen's disease patients were forced into exile at Kalaupapa Settlement to be isolated from society. While the patients are now free to come and go as they please, the State has acknowledged the injustice that occurred and has pledged that the remaining patients may live out their lives at Kalaupapa, and has committed to caring for them.

In 2003, the Auditor conducted an audit that confirmed the allegations of excessive or inappropriate expenditures and preferential treatment toward workers. There are approximately 39 patients living in Kalaupapa, most of whom are elderly. The

patients are living out the final years of their lives with the burden of poor administration of Kalaupapa Settlement. Your Committee on Conference believes this measure will address the misuse of funds and inadequate care of patients, and reaffirms the State's commitment to the patients that they may live the remainder of their lives peacefully and comfortably in Kalaupapa.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2814, 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. 2814, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Nishimoto, Shimabukuro, Kaho'ohalahala and Ching.
Managers on the part of the House.
(Representative Ching was excused.)

Senators Baker, Kokubun, English, Tsutsui and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 49-04 on H.B. No. 2472

The purpose of this bill is to make permanent the provisions of Act 292, Session Laws of Hawaii 2001, to allow the continued sale of the syringes for the prevention of disease.

Your Committee on Conference finds that this measure will keep in effect a law that helps prevent the transmission of blood-borne diseases.

Your Committee on Conference has amended this bill by making technical and 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. 2472, 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. 2472, H.D. 2, S.D. 1, C.D. 1.

Representatives Arakaki, Hamakawa, Caldwell, Nishimoto and Finnegan.
Managers on the part of the House.
(Representative Finnegan was excused.)

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

Conf. Com. Rep. 50-04 on H.B. No. 1980

The purpose of this bill is to:

- (1) Require the Chief Justice of the Supreme Court to conduct biennial reviews of family court judges;
- (2) Eliminate the automatic closure of family court hearings in child protective services' (CPS) matters brought pursuant to chapter 587, Hawaii Revised Statutes (HRS), (hereinafter referred to as "CPS" matters, hearings, or cases);
- (3) Allow parents to bring a non-lawyer advocate to CPS hearings;
- (4) Specify the qualifications of the advocate; and
- (5) Require family court judges to enforce perjury statutes.

Your Committee on Conference finds that many concerns have been raised by the community regarding what is commonly referred to as the "CPS system." This bill seeks to address many of the perceived problems with that system. Measures such as this one must carefully balance the desire for increased transparency and accountability with the interests of children and families.

Mandating a special review process for family court judges does not appear necessary at this time. Judges are already subject to periodic review. Under Supreme Court Rule 19, the Chief Justice administers the judicial performance program. Based on standardized questionnaires and comments from attorneys who practice in our courts, judges are evaluated approximately twice in a three-year term, or three times in a ten-year term.

Some parents attending CPS hearings may benefit greatly from the company and support of an adult non-lawyer advocate. Under appropriate circumstances and subject to the discretion of the court, such advocates could provide great comfort to parents faced with CPS hearings.

To protect the administration of justice and the integrity of the process, advocates must be concerned only with the child's protection and the family's healing. Because advocates would be providing support rather than representation, they need not possess specific training or expertise. However, an advocate must demonstrate an awareness of, and a sensitivity to, the needs of the child, and must also show appropriate respect to the court and to the other parties.

Currently, all CPS hearings are closed to the public. However, there may be times when circumstances dictate that a CPS hearing should be open to the public, subject to the discretion of the court. The impact of opening a hearing to the public, or allowing

for an adult advocate, may not be initially apparent. Therefore, such decisions must be subject to the continuing discretion of the judge. Finally, the bottom line on such decisions must always be the best interests of the child.

Your Committee on Conference has amended this bill by:

- (1) Deleting the requirement that the Chief Justice establish a biennial review of family court judges;
- (2) Deleting the requirement that family court judges "strictly enforce" existing perjury statutes;
- (3) Allowing hearings under chapter 587, HRS, to be open to the public upon a party's request and subject to the judge's discretion;
- (4) Clarifying that parties involved in CPS hearings may be accompanied by an adult advocate, unless the court finds that the presence of the advocate would not be in the best interests of the child;
- (5) Deleting the qualifications of the advocate but specifying that the advocate's interest in the matter is limited to the protection of the child and the healing and rehabilitation of the family;
- (6) Changing the effective date to upon approval; and
- (7) Making technical, nonsubstantive amendments for 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. 1980, 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. 1980, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 51-04 on S.B. No. 2704

Your Committee on Conference finds that this measure enhances consumer protection by requiring that prospective purchasers of residential real property be provided with information relating to the existence of construction defects in a written disclosure statement, prior to purchase. This mandatory disclosure will better enable consumers to make informed decisions regarding this major consumer transaction.

Your Committee on Conference has amended this measure so as to take effect upon its approval, rather than on July 1, 2099.

As affirmed by the record of votes of the managers 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. 2704, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2704, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 52-04 on S.B. No. 2909

The purpose of this measure is to streamline and expedite the rate filings of public utilities with annual gross revenues of less than \$2,000,000.

This measure requires public utilities with annual gross revenues of less than \$2,000,000 to utilize a standard rate adjustment application that, when complete, would contain sufficient information to permit analysis by the Consumer Advocate, to submit financial information in conformance with a standard chart of accounts, and to file annual financial statements and an updated chart of accounts with the Public Utilities Commission (PUC) and Consumer Advocate within ninety days from the end of each calendar year. Additionally, this measure requires the PUC to hold a public hearing on the rate increase request and to make every effort to issue a decision and order within six months of the application filing.

Your Committee on Conference finds that the revised filing procedures established in this measure will provide an incentive for smaller public utilities to submit their rate filings on a more timely or regular basis in order to avoid imposing deferred, but large and financially burdensome, rate increases on utility customers. Additionally, these procedures will enable the PUC and the Consumer Advocate to utilize their resources more efficiently.

Your Committee on Conference has amended this measure by replacing its contents with the language of S.B. 2909, S.D. 1. As amended, this measure takes effect upon its approval, and is technically, but not substantively, different from the measure, as received.

As affirmed by the record of votes of the managers 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. 2909, 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. 2909, S.D. 1, H.D. 1, C.D. 1.

Representatives Schatz, Hiraki, Takamine and Leong.
Managers on the part of the House.

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

Conf. Com. Rep. 53-04 on S.B. No. 2951

The purpose of this measure is to improve the administration of the laws regulating radiologic technicians and strengthen the penalties against persons who violate these laws.

This measure corrects the title of the administrative officer for the Radiologic Technology Board (Board), removes the officer from the supervision of the Board to maintain independence between the entities' prosecutorial and adjudicatory functions, authorizes the imposition of a maximum \$10,000 fine against persons who commit certain prohibited acts, and requires the Board to adopt rules that establish a fines schedule.

Your Committee on Conference finds that the Department of Health prefers to have discretionary authority regarding fines, and opposes the requirement to adopt rules establishing a fines schedule. However, your Committee has concerns regarding the severity of the fine and the lack of any rules or standards to guide the Board in the imposition of fines. Accordingly, your Committee has amended this measure:

- (1) By reducing the proposed maximum fine from \$10,000 to \$2,000; and
- (2) By deleting the requirement that the Board adopt rules to establish a schedule of fines, but adding a requirement that the Board report to the 2005 Legislature on the implementation of the fines provision, the sufficiency of the fine, and the Board's efforts in adopting guidelines for the imposition of fines.

As affirmed by the record of votes of the managers 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. 2951, 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. 2951, S.D. 1, H.D. 1, C.D. 1.

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

Senators Menor, Baker and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 54-04 on H.B. No. 2786

The purpose of this bill is to clarify the application of section 431:10-242, Hawaii Revised Statutes (HRS), to establish the right of a policyholder, beneficiary, or person acquiring the rights of a policyholder or beneficiary under the policy, to collect attorney's fees and costs when an arbitrator, arbitration panel, or the Insurance Commissioner orders the insurer to pay benefits under an insurance policy.

Your Committee on Conference finds that in Labrador v. Liberty Mutual, 103 Haw. 206 (2003), the court ruled that the word "suit" in section 431:10-242, HRS, did not include arbitration and therefore did not allow an award of attorney's fees to a policyholder. Because the purpose of awarding attorney's fees and costs where an insurance company has wrongfully denied benefits is to place the expense of the wrongful denial on the insurance company and not the consumer, it should not matter whether an order is issued by a court, an arbitrator, or an arbitration panel.

Furthermore, awarding fees and expenses only in lawsuits will discourage the use of arbitration when alternative dispute resolution procedures should be encouraged to provide a faster, less expensive alternative and reduce the load on our already overburdened judicial system. This measure is intended to clarify that fees and expenses are to be awarded where an insurance company has wrongfully denied benefits, regardless of whether the matter is handled by lawsuits or by arbitration.

Your Committee on Conference finds that the purpose of this measure is strictly limited to addressing the Labrador decision and is not intended to affect any other issue relating to the award of attorney's fees and expenses. This measure is not meant to have any other effect on the construction or application of section 431:10-242, HRS. Furthermore, this measure is not intended to express any legislative intent, one way or another, regarding the application of section 431:10-242, HRS, to disputes involving the award of damages in arbitration proceedings and does not change existing law on that issue in any way whatsoever.

Your Committee on Conference has amended this bill by:

- (1) Removing reference to the Insurance Commissioner, because that provision exceeded the scope of the title of this bill; and
- (2) Deleting the provision extending the date after which the Uniform Arbitration Act governs agreements to arbitrate whenever made.

As affirmed by the record of votes of the managers 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. 2786, 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. 2786, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 55-04 on S.B. No. 2834

The purpose of this measure is to appropriate money for the payment of claims against the State and other miscellaneous payments.

After careful consideration, your Committee on Conference has amended this measure by the request of the Department of the Attorney General to add the following claims:

- | | | |
|-----|---|------------------------------|
| (1) | Bohland v. State of Hawaii
Civil No. 03-1-2558-12, First Circuit | \$ 105,000.00
Settlement; |
| (2) | Duncan v. Sheraton, et al.
Civil No. 02-1-1292-05, First Circuit | \$ 15,945.46
Settlement; |
| (3) | Godbehere v. State of Hawaii, et al
Civil No. 02-1-1292-05, First Circuit
and | \$ 100,000.00
Settlement; |
| (4) | Kealoha, et al. v. Johnson, et al.
Civil No. 01-1-0681(3), Second Circuit | \$ 705,000.00
Settlement; |

Your Committee on Conference also amended this measure by:

- (1) Changing its effective date to upon approval;
- (2) Amending the amount appropriated to the State, Hawaii Health Systems Corporation and the Judiciary to \$4,340,027.14 in section 7; and
- (3) Making technical, nonsubstantive changes for 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 S.B. No. 2834, 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. 2834, S.D. 2, H.D. 2, C.D. 1.

Representatives Hamakawa, Takamine and Marumoto.
Managers on the part of the House.

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

Conf. Com. Rep. 56-04 on S.B. No. 3185

The purpose of this measure is to authorize the Office of Information Practices (OIP) to declare a person a vexatious requester if that person abuses opportunities for access to government records afforded by the uniform information practices act.

Your Committee has amended this measure by:

- (1) Referring to "excessive interference" with "legitimate responsibilities" of an agency required to respond to record requests, rather than referring to "abuse of process," to avoid confusion with abuse of legal process in the court setting;
- (2) Clarifying that concerted action with "one or more" persons can lead to a vexatious requester determination;
- (3) Providing that declaring a person as a vexatious requester and imposing restrictions on a vexatious requester's rights shall be reviewable by the court of the circuit in which the requester resides, pursuant to the Hawaii Rules of Civil Procedure;
- (4) Deleting the provision that would permit the ombudsman to affirm, modify, or overturn restrictions that OIP placed on a person designated a vexatious requester;
- (5) Requiring OIP to inform any person declared to be a vexatious requester that the person may request an independent review of OIP's actions by the ombudsman;
- (6) Changing the effective date from July 1, 2040 to July 1, 2004; and
- (7) Making technical, nonsubstantive changes for 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 S.B. No. 3185, 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. 3185, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 57-04 on S.B. No. 2077

The purpose of this measure is to require state agencies to prepare and update their functional plans every ten years, beginning June 30, 2006.

This measure also requires legislative approval of any new functional plan or update and requires the consideration and incorporation, if practicable, of the previous findings and recommendations by state agencies contained in planning documents produced within five years of an update.

Your Committee has amended this measure by changing the effective date to make the measure take effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2077, 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. 2077, S.D. 2, H.D. 1, C.D. 1.

Representatives Wakai, Nishimoto, Karamatsu and Moses.
Managers on the part of the House.
(Representative Moses did not concur.)

Senators Fukunaga, Kawamoto, Taniguchi, Inouye, Kokubun and Trimble.
Managers on the part of the Senate.
(Senator Trimble was excused.)

Conf. Com. Rep. 58-04 on S.B. No. 2926

The purpose of this measure is to increase the bond authorization amount for the Hula Mae multi-family housing program from \$200,000,000 to \$300,000,000.

Currently, the Housing and Community Development Corporation of Hawaii (HCDCH) is authorized to issue up to \$200,000,000 in tax-exempt revenue bonds to provide below-market rate interim or permanent financing to developers or owners of affordable rental housing projects. By increasing this authorization amount by \$100,000,000, your Committee on Conference finds that this measure will enable HCDCH to facilitate additional construction to help meet the State's need for affordable housing.

Your Committee on Conference has amended this measure to take effect upon its approval and by making a technical, nonsubstantive change.

As affirmed by the record of votes of the managers 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. 2926, 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. 2926, S.D. 1, H.D. 2, C.D. 1.

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

Senators Menor, Taniguchi, Baker, Kim and Trimble.
Managers on the part of the Senate.
(Senators Kim and Trimble were excused.)

Conf. Com. Rep. 59-04 on S.B. No. 2928

The purpose of this measure is to repeal the Rental Housing Trust Fund Advisory Commission (Commission).

Your Committee on Conference finds that the Commission's role is to advise and inform the Housing and Community Development Corporation of Hawaii (HCDCH) on matters concerning the administration of the Rental Housing Trust Fund (Fund). Administrative responsibility for the Fund, however, rests with HCDCH. Consequently, housing developers seeking Fund loan approvals must make presentations to both the Commission and HCDCH. This measure eliminates this redundancy and waste of resources by repealing the Commission.

Your Committee on Conference has amended this measure:

- (1) By deleting language proposing to replace the Commission's seat on the HCDCH Board of Directors with a representative of low-income housing, to avoid violating the State Constitution by exceeding the scope of the title; and
- (2) To take effect upon its approval, rather than on July 1, 2010.

As affirmed by the record of votes of the managers 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. 2928, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2928, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 60-04 on S.B. No. 473

The purpose of this measure is to require public informational meetings as part of the county zoning permit process for halfway houses for persons released from a correctional facility or a mental health treatment facility, or for persons receiving substance abuse or sexual offender treatment.

Your Committee on Conference noted concerns about who the State should notify prior to the public informational meetings. It is the intent of your Committee on Conference that notification of public informational meetings for halfway houses should be given to the area's:

- (1) Neighborhood board;
- (2) Community association; and
- (3) Surrounding residents.

Your Committee on Conference has amended this measure by:

- (1) Adding a purpose section;
- (2) Reverting back to language stating that "the powers granted herein" shall be liberally construed in favor of the county exercising them;
- (3) Defining "halfway houses" as a group living facility for people who:
 - (a) Have been released or are under supervised release from a correctional facility;
 - (b) Have been released from a mental health treatment facility; or
 - (c) Are receiving substance abuse or sex offender treatment; andare housed to participate in programs that help them readjust to living in the community;
- (4) Defining "mental health treatment facility" as a psychiatric facility or special treatment facility as defined under section 334-1, Hawaii Revised Statutes;
- (5) Amending the effective date to take effect "upon its approval"; and
- (6) Making technical, nonsubstantive changes for 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 S.B. No. 473, 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. 473, S.D. 1, H.D. 3, C.D. 1.

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

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

Conf. Com. Rep. 61-04 on S.B. No. 2887

The purpose of this measure is to adopt the National Association of Insurance Commissioners' Interstate Insurance Compact (Compact).

Your Committee on Conference finds that the adoption of the Compact will improve speed-to-market conditions for insurance investment products by establishing uniform standards and a single point of filing for product review, thereby making new products available for sale sooner to consumers. Additionally, the Compact will enable state regulators to share best practices and utilize their resources more efficiently, and help to level the playing field among entities offering investment products.

Your Committee on Conference has amended this measure to take effect on January 1, 2005, and by making technical amendments for purposes of 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. 2887, 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. 2887, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 62-04 on S.B. No. 2839

The purpose of this measure is to clarify and strengthen the laws regulating professional solicitors and professional fundraising counsel who contract with charitable organizations to conduct fundraising.

Your Committee on Conference finds that the regulation of professional fundraisers is essential to prevent the exploitation of donors and charitable organizations, and that the laws in this area require updating. Your Committee further finds that it is appropriate to transfer oversight of these entities from the Department of Commerce and Consumer Affairs to the Attorney General, which currently oversees the activities of public charities and private charitable foundations. Finally, your Committee finds that authorizing enforcement powers, and establishing reporting and contract requirements will facilitate the administration of the law and enable consumers to be better informed regarding the disbursement of their donations.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2005, and by 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 S.B. No. 2839, 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. 2839, S.D. 2, H.D. 2, C.D. 1.

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

Senators Menor, Hanabusa, Taniguchi, Baker, Kokubun and Whalen.
Managers on the part of the Senate.
(Senators Kokubun and Whalen were excused.)

Conf. Com. Rep. 63-04 on S.B. No. 2606

The purpose of this measure is to authorize licensed brewpubs to sell malt beverages manufactured on the licensee's premises:

- (1) In brewery sealed packages for off-premises consumption;
- (2) In securely sealed containers provided by the licensee or consumer, not to exceed one gallon per container, directly to consumers for off-premises consumption; and
- (3) In brewery sealed containers to wholesale and retail dealers, dispensers, club vessels, transient vessels, tour or cruise vessels, special, cabaret, hotel, and caterer licensees.

This measure also requires brewpubs engaged in the retail sale of malt beverages to comply with regulations pertaining to class 4 retail licensees as well as permit brewpubs to conduct activities at a second location licensed by the same brewpub ownership, provided that the manufacturing takes place in Hawaii.

Your Committee has amended this measure by:

- (1) Providing that malt beverages manufactured on the licensee's premises and sold for off-premises consumption may be sold in brewery sealed kegs and growlers, and defining "growler" as a glass container, not to exceed one half-gallon, that may be securely sealed; and
- (2) Clarifying that malt beverages, manufactured on the licensee's premises for off-premises consumption sold in "containers" provided by the licensee or consumer, not to exceed one gallon per container, are to be sold in "glass" containers.

As affirmed by the record of votes of the managers 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. 2606, 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. 2606, S.D. 1, H.D. 2, C.D. 1.

Representatives Schatz, B. Oshiro, Caldwell and Blundell.
Managers on the part of the House.

Senators Fukunaga, Menor, Hanabusa, Kawamoto and Trimble.
Managers on the part of the Senate.
(Senators Kawamoto and Trimble were excused.)

Conf. Com. Rep. 64-04 on S.B. No. 3170

The purpose of this measure is to promote alternative energy sources in Hawaii by:

- (1) Establishing new requirements for the blending of ethanol in gasoline on an annual basis; and
- (2) Requiring, by January 1, 2006, that not less than eighty-five per cent of all gasoline sold for use in motor vehicles contains ten per cent ethanol by volume.

The intent of your Committee on Conference is to reduce Hawaii's dependence on imported fossil fuels.

Your Committee has amended this measure by changing the effective date of the measure so that the measure takes effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3170, 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. 3170, S.D. 2, H.D. 2, C.D. 1.

Representatives Morita, Waters, Kaho'ohalahala and Thielen.
Managers on the part of the House.

Senators Fukunaga, Menor, Taniguchi, English, Espero and Trimble.
Managers on the part of the Senate.

Conf. Com. Rep. 65-04 on S.B. No. 1238

The purpose of this measure is to recognize, establish, and set forth an adult's and emancipated minor's rights to make enforceable advance mental health care directives, and to repeal chapter 327F, HRS, relating to medical treatment decisions for psychotic disorders.

Your Committee on Conference acknowledges that an individual should have the authority to determine the scope and type of care and services that they will receive, especially when incapacitated. Your Committee on Conference further finds that this measure improves current law, reflects national standards, and assures individuals rightful control over the care they receive.

The intent of your Committee on Conference is to give priority to the intent of the incapacitated person, above all others, unless that person was incompetent at the time the directive was completed.

Your Committee on Conference has amended this measure by:

- (1) Deleting clarifying amendments to this measure if H.B. No. 2297, relating to guardianship and protective proceedings, is passed by the Legislature in this Session (that measure has passed and has been sent to the Governor);
- (2) Inserting clarifying amendments to section 560:5-304, Hawaii Revised Statutes, should H.B. 2297 be enacted; this provision inserts a cross-reference to the term "mental health care directive" into section 560:5-304(b) to conform to this measure; and
- (3) Making the measure effective 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. 1238, 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. 1238, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, B. Oshiro, Nishimoto and Marumoto.
Managers on the part of the House.
(Representative Marumoto was excused.)

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

Conf. Com. Rep. 66-04 on S.B. No. 2056

The purpose of this measure is to designate the Auditor as an authorized representative of the Department of Education, Department of Health, a state educational authority, or a state educational official, for purposes of accessing student or other records related to the provision of mental health services to public schools pursuant to the Felix-Cayetano consent decree.

Your Committee finds that this measure will enable the Auditor to fulfill necessary oversight functions while still preserving the privacy of individuals' records. Restricting the Auditor's access to records to those relating to the Felix-Cayetano consent decree, however, may prevent the Auditor from conducting other necessary oversight functions regarding other matters in the future.

Your Committee has amended the measure by deleting reference to the phrase Felix-Cayetano consent decree and mental health services, as being superfluous to the other language in the new law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2056, 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. 2056, S.D. 1, H.D. 2, C.D. 1.

Representatives Takumi, Magaoay, B. Oshiro and Ching.
Managers on the part of the House.

Senators Sakamoto, Baker, Hanabusa and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 67-04 on S.B. No. 2200

The purpose of this measure is to repeal administrative rulemaking requirements for the Running Start program.

Your Committee finds that repealing the administrative rulemaking requirements for the Running Start program will provide enhanced operational effectiveness and flexibility for this worthy program.

Your Committee has amended this measure by making it effective 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. 2200, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2200, H.D. 1, C.D. 1.

Representatives Takumi, B. Oshiro, Kawakami and Leong.
Managers on the part of the House.

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

Conf. Com. Rep. 68-04 on S.B. No. 2425

The purpose of this measure is to expedite funding for new century charter schools by requiring that:

- (1) Fifty percent of per pupil allocations be provided by July 15 of each year, based upon projected enrollment;
- (2) Forty percent of per pupil allocations be provided by October 15 of each year, based upon an actual student count made by September 15 of each year; and
- (3) Ten percent of per pupil allocations be provided by January 1 of each year, based upon an actual student count made by October 15 of each year.

Your Committee finds that this measure will enhance the timeliness of the funding stream available to new century charter schools, thus enhancing their ability to serve as an effective alternative to other public schools.

Your Committee further finds that the Governor's budget request, as expressed in House Bill No. 1800, H.D. 1, S.D. 1, C.D. 1, contained a student count (4,834) and per pupil allocation figure (\$5,355) that were somewhat lower than an updated student count verified by the Charter School Administrative Office (4,944) and an updated per pupil allocation (\$5,736) approved by the Board of Education based upon figures calculated by the Charter School Administrative Office, Department of Education Budget Office, and charter school financial officers. These updated figures were reflected in the most recent consolidated annual financial report of the Department of Education. As a result, a supplemental appropriation of \$2,472,714 is necessary to cover the difference.

Your Committee has amended the measure by:

- (1) Allowing the Legislature to adjust the per pupil allocation;
- (2) Allowing the Legislature to make additional appropriations for fringe or other employee benefits, and facility costs;
- (3) Requiring the Charter School Administrative Office to provide the initial fifty percent of a new century charter school's per pupil allocation no later than July 20 of each year, instead of July 15;
- (4) Requiring the Charter School Administrative Office to provide forty percent of a new century charter school's per pupil allocation no later than November 15 of each year, based upon a student enrollment verified on October 15 of each year, provided that the student enrollment shall be verified on the first day of business immediately prior to October 15 should that date fall on a weekend;
- (5) Requiring the Charter School Administrative Office to provide a new century charter school's remaining ten percent per pupil allocation no later than January 1 of each year and delinking it from a revised student enrollment;
- (6) Requiring that, in conjunction with the verified student enrollment on or immediately prior to October 15, the charter school administrative office shall also collect from new century charter schools accountings of the percentage of students who transferred from public schools established and maintained by the department to new century charter schools;
- (7) Requiring that these accountings also be submitted by the Charter School Administrative Office to the Legislature no later than twenty days prior to the convening of each Regular Session;

- (8) Requiring the Department of Education to transfer from EDN 100 to EDN 600 additional per pupil allocations for new century charter schools whose verified student enrollment exceeds their projected student enrollment, in an amount to correspond with the additional students;
- (9) Requiring the Charter School Administrative Office to transfer from EDN 600 to EDN 100 any excess per pupil allocations for new century charter schools whose verified student enrollment is lower than their projected student enrollment in an amount to correspond with the lower number of students;
- (10) Adding an appropriation of \$2,472,714 for new century charter schools; and
- (11) Changing the effective date from July 1, 2010 to upon approval; provided that the appropriation section is to take effect on July 1, 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. 2425, 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. 2425, S.D. 1, H.D. 1, C.D. 1.

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

Senators Sakamoto, Taniguchi and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 69-04 on S.B. No. 2716

The purpose of this bill is to improve the organization of the higher education laws by establishing the Higher Education Statutory Analysis Interim Study Group (Study Group) to, with the assistance of the Legislative Reference Bureau:

- (1) Determine an improved framework for statutes relating to higher education and the University of Hawaii; and
- (2) Make recommendations for changes to the statutes.

Your Committee on Conference finds that recodifying the higher education statutes will provide better organization of these important laws and allow them to be more effectively implemented.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the Speaker of the House of Representatives and the President of the Senate, rather than the chairs of the House Committee on Higher Education and the Senate Committee on Education, shall appoint the members of the Study Group; and
- (2) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2716, 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. 2716, S.D. 1, H.D. 2, C.D. 1.

Representatives Takai, Magaoay, Tamayo and Halford.
Managers on the part of the House.

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

Conf. Com. Rep. 70-04 on S.B. No. 2538

The purpose of this measure is to authorize the issuance of \$30,000,000 in special purpose revenue bonds to assist Iolani School, a not-for-profit private elementary and secondary school, to finance and refinance the planning, construction, and improvement of its educational facilities in the State.

Your Committee finds that the issuance of special purpose revenue bonds serves a valuable public purpose by making much-needed educational facilities available to the students of Hawaii.

Your Committee has amended the measure by making the measure effective 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. 2538, 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. 2538, S.D. 1, H.D. 1, C.D. 1.

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

Senators Sakamoto, Taniguchi, Chun Oakland, Menor and Hemmings.

Managers on the part of the Senate.
(Senator Menor was excused.)

Conf. Com. Rep. 71-04 on S.B. No. 2671

The purpose of this measure is to authorize the issuance of \$10,000,000 in special purpose revenue bonds to assist The Congregation of Christian Brothers, Inc., dba Damien Memorial High School, a not-for-profit private elementary and secondary school, to finance or refinance the planning, acquisition, construction, or improvement of its educational facilities.

Your Committee finds that the issuance of special purpose revenue bonds serves a valuable public purpose by making much-needed educational facilities available to the students of Hawaii.

Your Committee has amended the measure by making it effective 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. 2671, 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. 2671, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Shimabukuro, Arakaki and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

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

Conf. Com. Rep. 72-04 on S.B. No. 2790

The purpose of this measure is to authorize the issuance of \$9,450,000 in special purpose revenue bonds to assist Haleakala Waldorf School, a not-for-profit private elementary and secondary school, to finance or refinance the planning, acquisition, construction, or improvement of its educational facilities.

Your Committee finds that the issuance of special purpose revenue bonds serves a valuable public purpose by making much-needed educational facilities available to the students of Hawaii.

Your Committee has amended the measure by making it effective 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. 2790, 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. 2790, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Nakasone, Kaho'ohalahala and Bukoski.
Managers on the part of the House.
(Representative Kaho'ohalahala was excused.)

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

Conf. Com. Rep. 73-04 on S.B. No. 2791

The purpose of this measure is to authorize the issuance of \$10,000,000 in special purpose revenue bonds to assist Montessori School of Maui, Inc., a not-for-profit private elementary and secondary school, to finance or refinance the planning, acquisition, construction, or improvement of its educational facilities.

Your Committee finds that the issuance of special purpose revenue bonds serves a valuable public purpose by making much-needed educational facilities available to the students of Hawaii.

Your Committee has amended the measure by making it effective 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. 2791, 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. 2791, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Nakasone, Kaho'ohalahala and Blundell.
Managers on the part of the House.
(Representative Blundell was excused.)

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

Conf. Com. Rep. 74-04 on S.B. No. 3086

The purpose of this measure is to authorize the issuance of \$20,000,000 in special purpose revenue bonds to assist Island Pacific Academy, a not-for-profit private elementary and secondary school, to finance or refinance the planning and construction of its educational facilities.

Your Committee finds that the issuance of special purpose revenue bonds serves a valuable public purpose by making much-needed educational facilities available to the students of Hawaii.

Your Committee has amended the measure by making a technical amendment and making it effective 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. 3086, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3086, H.D. 1, C.D. 1.

Representatives Takumi, Karamatsu, Mindo, Magaoay and Ontai.
Managers on the part of the House.
(Representative Magaoay was excused.)

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

Conf. Com. Rep. 75-04 on S.B. No. 2968

The purpose of this measure is to establish a new civil natural resource violations system within the Department of Land and Natural Resources for rule violations.

Your Committee on Conference finds that the enhancement of enforcement authority for the Department of Land and Natural Resources in both the Senate and House versions of the measure should be adopted to ensure that the State's natural resources are protected effectively.

Your Committee on Conference amended this measure by adding the language from S.B. No. 2968, S.D. 1, which expands the enforcement authority of the Department of Land and Natural Resources under the conservation and resources enforcement program to the Kaho'olawe Island Reserve, cave protection, and all state lands and waters. Your Committee on Conference further amended this measure by requiring rather than permitting the Department of Land and Natural Resources to adopt, amend, and repeal rules under the new civil natural resource violations system, and by deleting the new criminal penalties for violations of chapter 171, Hawaii Revised Statutes.

As affirmed by the record of votes of the managers 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. 2968, 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. 2968, S.D. 1, H.D. 1, C.D. 1.

Representatives Kanohe, Morita, B. Oshiro and Bukoski.
Managers on the part of the House.
(Representative Bukoski was excused.)

Senators Inouye, Hanabusa, Aduja, Fukunaga, Ihara and Whalen.
Managers on the part of the Senate.
(Senators Ihara and Whalen were excused.)

Conf. Com. Rep. 76-04 on S.B. No. 2063

The purpose of this measure is to:

- (1) Authorize schools to assess each student a textbook and instructional materials fee up to \$20 per school year;
- (2) Require schools to provide copies of current lists of textbooks and instructional materials to students;
- (3) Prohibit schools from selling textbooks, equipment, and necessary school supplies and equipment unless written permission is obtained from the department; and
- (4) Establish the textbook and instructional materials fee special account.

Your Committee finds that this measure provides an incentive to students and families to take greater responsibility for the condition of their textbooks.

Your Committee has amended the measure by:

- (1) Deleting the provision authorizing schools to assess and collect a textbook and instructional materials fee of up to \$20 from each student;
- (2) Requiring each school to make available a copy of the current list of textbooks and instructional materials upon the request not later than the tenth day of class in each school year; and
- (3) Changing the effective date to July 1, 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. 2063, 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. 2063, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 77-04 on S.B. No. 2358

The purpose of this measure is establish procedures for the resolution of disputes related to construction defects.

This measure abolishes the Design Professional Conciliation Panel and establishes a process of resolving disputes over construction defects that requires a contractor to be given notice of a construction defect claim and an opportunity to repair the defect or make some other settlement. Unresolved disputes must proceed to mediation before the filing of a lawsuit, and construction contracts must contain disclosures regarding the notice and opportunity to repair law. Your Committee on Conference finds that this measure will facilitate the nonjudicial resolution of construction defect claims, enable property owners to more quickly regain the full use of affected structures, and ultimately reduce the cost of construction for consumers in Hawaii.

Your Committee on Conference has amended this measure:

- (1) By adding a definition for "claim" and expanding the definition of "contractor" to include entities that engage in manufacturing and the supplying of products;
- (2) To exclude construction claims related to commercial, industrial, and hotel facilities;
- (3) To clarify that the serving of a notice of claim does not constitute the making of a claim of liability under an insurance policy and does not obligate an insurer to provide a defense thereunder;
- (4) To require a claimant to give a contractor reasonable prior notice and an opportunity to observe testing after serving the contractor with a notice of claim;
- (5) To require, rather than permit, a contractor to serve a written response to a notice of claim;
- (6) By deleting provisions specific to the rights, duties, and prohibitions applicable to apartment owners' or homeowners' associations, except for provisions that provide associations with additional time to provide access to premises and accept a settlement offer;
- (7) To take effect on July 1, 2004; and
- (8) By making technical 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. 2358, 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. 2358, S.D. 2, H.D. 1, C.D. 1.

Representatives Hiraki, B. Oshiro, Herkes and Marumoto.
Managers on the part of the House.

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

Conf. Com. Rep. 78-04 on S.B. No. 3092

The purpose of this measure is to appropriate funds to the Department of Health to expand its solid waste management enforcement and monitoring capabilities and to allow persons who report illegal dumping activity to receive fifty per cent of the fines collected.

Your Committee on Conference notes the success of the CrimeStoppers program in reducing crime in remote and residential areas and intends that a similar result with illegal dumping will be achieved by the enactment of this measure.

Your Committee on Conference amended this measure by:

- (1) Deleting the unspecified appropriation for expanding the Department of Health's solid waste management enforcement and monitoring capabilities;
- (2) Specifying that the fines collected for illegal dumping will go to the enforcing agency, with fifty per cent of the fines collected to go to the person reporting the illegal activity; and
- (3) Adding a purpose 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. 3092, 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. 3092, S.D. 1, H.D. 1, C.D. 1.

Representatives Morita, Waters, Kaho'ohalahala and Bukoski.
Managers on the part of the House.
(Representative Bukoski was excused.)

Senators English, Kokubun, Hooser, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Hooser and Taniguchi were excused.)

Conf. Com. Rep. 79-04 on H.B. No. 1756

The purpose of this bill is to assist Electricore, Inc., in the planning, design, construction, and operation of facilities for the development and production of unmanned vehicle systems, unmanned aerial vehicles, and the technologies associated with integrated multi-use unmanned systems. This bill authorizes the High Technology Development Corporation to issue up to \$30,000,000 in special purpose revenue bonds to Electricore, Inc.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the nature of Electricore, Inc.'s business and operations;
- (2) Changing the effective date to July 1, 2004; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1756, 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. 1756, H.D. 2, S.D. 1, C.D. 1.

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

Senators Ige, Taniguchi, Aduja, Fukunaga, Kokubun and Hemmings.
Managers on the part of the Senate.
(Senator Kokubun was excused.)

Conf. Com. Rep. 80-04 on H.B. No. 1710

The purpose of this bill is to enable the University of Hawaii (UH) to provide tuition scholarships to qualified students by:

- (1) Establishing the Student Scholarship and Assistance Special Fund (Fund);
- (2) Enabling UH to transfer moneys into the Fund from the UH Tuition and Fees Special Fund;
- (3) Appropriating moneys from the UH Tuition and Fees Special Fund into the Fund; and
- (4) Authorizing the expenditure of moneys from the Fund for fiscal year 2004-2005.

Your Committee on Conference finds that establishing the Fund will enable UH to provide cash scholarships rather than tuition waivers to students. Providing scholarships instead of tuition waivers will have the additional benefit of allowing students or their families to take advantage of the federal HOPE Scholarship tax credit program, which counts scholarships, but not tuition waivers, as eligible expenses for the purpose of claiming the tax credit.

Your Committee on Conference has amended this bill by:

- (1) Deleting the appropriation from the UH Tuition and Fees Special Fund;
- (2) Changing the appropriation from the Fund from an unspecified amount to \$20,000,000; 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 H.B. No. 1710, 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. 1710, H.D. 2, S.D. 2, C.D. 1.

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

Senators Sakamoto, Taniguchi, Hooser and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 81-04 on H.B. No. 1786

The purpose of this bill is to allow employees who have been in civil service exempt positions for eight or more consecutive years to apply for intra-departmental and inter-departmental transfers and intra-departmental and inter-departmental promotional examinations for which they otherwise meet the minimum qualifications. In addition, this bill would restrict the total number of exempt positions to an unspecified percentage of full-time civil servant positions.

Your Committee on Conference has amended this bill by:

- (1) Changing the time period, from eight to six consecutive years, during which an employee in a civil service exempt position must satisfactorily perform work to apply for intra- and inter-departmental transfer or promotional examination;
- (2) Deleting a provision that capped the number of civil service exempt positions to a percentage of full-time civil service positions;
- (3) Inserting an effective date of July 1, 2004, and a repeal date of July 1, 2006; and
- (4) Making various technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1786, 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. 1786, H.D. 1, S.D. 2, C.D. 1.

Representatives M. Oshiro, Takamine, Nakasone and Jernigan.
Managers on the part of the House.
(Representative Jernigan was excused.)

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

Conf. Com. Rep. 82-04 on H.B. No. 2911

The purpose of this bill is to improve accountability for charter schools by requiring them to be subject to:

- (1) County laws, codes, and rules governing land use and public health and safety to the extent that those laws, codes, and rules apply to other public schools; and
- (3)[sic] Audit and inspection by the Charter School Administrative Office.

Your Committee on Conference finds that this bill will help to ensure that charter schools meet basic health and safety standards and land use regulations as required by the counties. Students at charter schools should be provided with a secure and healthy environment that is conducive to learning. Furthermore, this bill will help to clarify the responsibilities of charter schools inasmuch as the exemptions from state laws currently applied to charter schools are somewhat ambiguous.

Your Committee on Conference has amended this bill by:

- (1) Making charter schools subject to state land use laws;
- (2) Deleting the qualification that charter schools only be subject to county laws, codes, and rules to the extent that the laws, codes, and rules apply to other public schools; and
- (3) Making this bill effective 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. 2911, 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. 2911, H.D. 2, S.D. 1, C.D. 1.

Representatives Takumi, Takamine and Magaoay.
Managers on the part of the House.

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

Conf. Com. Rep. 83-04 on H.B. No. 1929

The purpose of this measure is to:

- (1) Appropriate funding for the Hawaii 3R's program; and
- (2) Codify a coordinator position in the Department of Accounting and General Services.

Your Committee finds that Hawaii 3R's is an effective public-private partnership that leverages state resources to provide much needed repair and maintenance in public schools. Your Committee further finds that the functions of the Hawaii 3R's program are among the repair and maintenance functions that will be transferred from the Department of Accounting and General Services to the Department of Education upon the approval of Senate Bill No. 3238, S.D. 2, H.D. 2, C.D. 1 in 2004 as a part of the coordinated effort to reduce the bureaucracy that hinders the effective operation of the Department of Education. The functions of the Hawaii 3R's program are presently coordinated by a single employee of the Department of Accounting and General Services. This measure makes conforming amendments to the statute to reflect the transfer of these functions and this employee to the Department of Education.

Your Committee finds that, at present, the Department of Education can operate this program at of existing resources.

Your Committee has amended the measure by:

- (1) Establishing the coordinator position in the Department of Education instead of the Department of Accounting and General Services;
- (2) Making conforming amendments to the statutes regarding the repair and maintenance tax credit;
- (3) Making conforming amendments to the statutes regarding the school repair and maintenance fund;
- (4) Deleting the appropriation for the coordinator position; 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 H.B. No. 1929, 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. 1929, H.D. 1, S.D. 2, C.D. 1.

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

Senators Sakamoto, Taniguchi, Hooser, Kokubun and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 84-04 on H.B. No. 2049

The purpose of this bill is to:

- (1) Broaden the financing options for energy performance contracts;
- (2) Replace shared savings plans with guaranteed-savings plans;
- (3) Increase the allowable length of energy performance contracts from 15 years to 20 years;
- (4) Amend the definition of "energy performance contract" to include water saving technology retrofits;
- (5) Specify that energy conservation retrofits also include energy saved off-site by water or other utility conservation enhancing retrofits; and
- (6) Add a definition for "financing agreement."

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2004; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2049, 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. 2049, H.D. 1, S.D. 2, C.D. 1.

Representatives Morita, Hiraki, Chang, Herkes and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators English, Ige, Espero, Menor and Slom.
Managers on the part of the Senate.
(Senator Menor was excused.)

Conf. Com. Rep. 85-04 on H.B. No. 1820

The purpose of this bill is to allow motor vehicle insurers to adopt more efficient business practices that will ultimately benefit the consumer. This bill:

- (1) Permits cancellation of a motor vehicle insurance policy within the first 60 days of the policy, where cancellation is not based on prohibited discrimination; and
- (2) Reduces the notice requirement for cancellation of a policy for nonpayment of premiums, from 30 days to 15 days.

Your Committee on Conference has amended this bill to reduce the notice requirement for cancellation of a policy for nonpayment of premiums, to 20 days.

Your Committee on Conference finds that undisclosed traffic violations and accidents often result in large additional premiums and necessitate collection activities. To avoid this problem, some insurers ask a prospective insured to obtain an abstract of their traffic record, prior to issuing a policy. This delays issuance of the policy and requires the consumer to visit the District Court, adding to the lines and workload.

The addition of a 60-day "underwriting period" affords the insurer time to perform driving record and claims history searches to ensure that a policy is properly rated. The underwriting period gives the insurer time to access periodically updated magnetic tapes containing traffic abstract data, and makes it possible for more insurers to offer immediate coverage.

A period of extended coverage triggered by a cancellation notice issued after a missed premium payment is a common feature in insurance. It reduces the risk of an inadvertent policy lapse.

While Hawaii's longer period of extended coverage may appear to benefit consumers, there are also disadvantages. The interest of consumers is in having an optimal period that provides the benefit of avoiding an inadvertent policy lapse, without the disadvantages that attach when the cancellation period is too long.

For example, minimum down payments are higher in states with a longer cancellation period. Drivers on a tight budget, while they "save up" for the down payment, sometimes feel the need to use their car. This adds to the uninsured driver problem. Those who abide by the law and do not drive uninsured are inconvenienced during this period of saving for the high down payment.

Even after receiving the larger down payment, many insurers are reluctant to offer monthly payment plans, which are an option preferred by many consumers. With a shorter extended coverage period, more insurers will make this option available.

Further, unrecovered underwriting costs and administrative costs associated with extended coverage are proportional to the duration of the extended coverage period. Because these costs are passed through to all insured drivers, shortening the extended coverage period will reduce the insurer's costs and, in Hawaii's competitive market, will reduce the cost of insurance.

Your Committee on Conference finds that the majority of the states establish a ten-day notice of cancellation and extended coverage requirement. Most of the other states have a 15-day or 20-day notice requirement. Only Hawaii, West Virginia, and the District of Columbia have a 30-day notice requirement.

As affirmed by the record of votes of the managers 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. 1820, 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. 1820, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 86-04 on H.B. No. 2143

The purpose of this bill is to protect consumers and update the gift certificate law by:

- (1) Clarifying the existing law concerning the minimum duration of a gift certificate, by adding an explicit prohibition against dormancy and other service fees;
- (2) Permitting the expiration date of an electronic card with a banked dollar value to be published on the sales receipt;
- (3) Creating an exemption from the gift certificate law for gift certificates issued without the consumer giving anything of value to the issuer, such as in the case of promotional and charitable gift certificates; and
- (4) Updating the definition of "gift certificate" to reflect technological changes.

In addition to a single technical, nonsubstantive amendment, your Committee on Conference amended the effective date of this bill. The Act takes effect on July 1, 2005. It should be noted, however, that the amendment concerning dormancy and other service fees is a clarification of the current law. Issuers of gift certificates should not interpret the Act as permitting the imposition of such charges prior to July 1, 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 H.B. No. 2143, 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. 2143, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 87-04 on H.B. No. 2773

The purpose of this bill is to allow an apartment owner who is an amateur radio operator licensed by the Federal Communications Commission to install amateur radio equipment on the owner's condominium unit or on limited common elements reserved for use of the unit without obtaining approval or consent of the association.

Your Committee on Conference has amended this bill to authorize the board of directors of a condominium property regime to permit amateur radio operators to install antennas in their apartments or their limited common elements. While the decision to grant or deny a request lies solely with the board of directors, in the exercise of the board's responsibility to all owners, any denial must be in writing and must state the reasons for the denial.

As affirmed by the record of votes of the managers 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. 2773, 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. 2773, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Herkes, Sonson, Caldwell and Marumoto.
Managers on the part of the House.
(Representative Sonson was excused.)

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

Conf. Com. Rep. 88-04 on H.B. No. 2774

The purpose of this bill is to permit an amateur radio operator licensed by the Federal Communications Commission who owns a subdivision lot, to install an amateur radio antenna on the lot so long as it does not directly affect any other subdivision lot owner, and without first obtaining approval or consent.

Your Committee on Conference has amended this bill to grant the board of directors of a planned community association, within an agricultural district, the authority to permit owners to install antennas for amateur radios within their units. However, if the installation is in a common area, it must still comply with all provisions of the association documents. If a board denies permission to install an antenna, the board must state the reasons in writing.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2774, 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. 2774, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Sonson, Caldwell and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 89-04 on H.B. No. 2074

The purpose of this bill is to:

- (1) Add violations of historic preservation law to violations for which small businesses shall not receive a waiver or reduction of civil penalties and fines; and
- (2) Specify which violations of environmental laws also shall receive no waiver or reduction of civil penalties and fines.

Your Committee on Conference has amended this bill by including violations:

- (1) Of certain sections of chapter 200, Hawaii Revised Statutes (HRS); and
- (2) Of administrative rules promulgated pursuant to section 200-4(6), HRS; except for rules promulgated pursuant to section 200-4(6)(A), 200-4(6)(B), 200-4(6)(C), and 200-4(6)(D)

rather than the entire chapter, as violations for which small businesses shall not receive a waiver or reduction of civil penalties and fines;
- (3) Changing the effective date to upon approval; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2074, 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. 2074, H.D. 1, S.D. 1, C.D. 1.

Representatives Schatz, Morita, Chang, B. Oshiro and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators English, Fukunaga, Hooser, Ihara and Hemmings.
Managers on the part of the Senate.
(Senators Ihara and Hemmings were excused.)

Conf. Com. Rep. 90-04 on S.B. No. 2976

The purpose of this measure to appropriate money to reduce the overcrowding in Hawaii's correctional facilities by allowing the Department of Public Safety to:

- (1) Contract for additional correctional beds on the mainland and at the federal detention center; and
- (2) Pay for transportation costs to transfer inmates.

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

- (1) Appropriating the sum of \$300,000 for additional transportation and necessary operation costs to house inmates in the federal detention center in Honolulu or in mainland correctional facilities; and
- (2) 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. 2976, 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. 2976, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 91-04 on H.B. No. 680

The purpose of this bill is to ensure that the State's top officials understand the State's ethics and lobbying laws to enable them to carry out their official duties in an ethical manner.

This bill requires legislators, elected members of the Board of Education, trustees of the Office of Hawaiian Affairs, the Governor, Lieutenant Governor, and executive department heads and deputies to attend ethics training designed and conducted by the State Ethics Commission.

In addition to technical, nonsubstantive amendments, your Committee on Conference has amended this bill by changing the effective date to January 1, 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 H.B. No. 680, 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. 680, H.D. 2, S.D. 1, C.D. 1.

Representatives Magaoay, B. Oshiro, Karamatsu and Halford.
Managers on the part of the House.

Senators Kawamoto, Taniguchi, Espero and Trimble.
Managers on the part of the Senate.
(Senator Taniguchi was excused.)

Conf. Com. Rep. 92-04 on S.B. No. 1611

The purpose of this bill is to make clarifying amendments to the Deposit Beverage Container Program (Program).

After careful consideration, Your Committee on Conference has amended this bill by, among other things:

- (1) Changing the date that the Department of Health (DOH) shall notify distributors of the amount of the deposit beverage container fee to January 1, 2005;
- (2) Adding a provision to retain all funds in the Deposit Beverage Container Deposit Special Fund unless the Auditor determines funds to be in excess pursuant to management and financial audits;
- (3) Requiring distributors to begin charging dealers and customers a deposit by January 1, 2005;
- (4) Specifying November 1, 2004, as the date that dealers may begin charging customers the deposit value;
- (5) Specifying that dealers shall inform customers that deposits paid prior to January 1, 2005, shall not be redeemable until January 1, 2005;
- (6) Providing that deposit beverage containers that do not indicate the Hawaii refund value by January 1, 2005, and are intended for sale shall be sold with stickers indicating the refund value;
- (7) Removing the requirement that redemption centers and reverse vending machines shall crush or destroy deposit beverage containers that are accepted for redemption;
- (8) Removing the requirement that redemption centers submit quarterly reporting information;

- (9) Specifying procedures that DOH shall use to implement and administer the Program and providing that these procedures shall be repealed on March 31, 2005;
- (10) Providing a definition of "recycling drop-off facility" to supercede the definition in title 11, chapter 58.1, Hawaii Administrative Rules; and
- (11) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1611, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1611, H.D. 2, C.D. 1.

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

Senators English, Kokubun, Hooser, Kim and Hemmings.
Managers on the part of the Senate.
(Senator Kim was excused.)

Conf. Com. Rep. 93-04 on S.B. No. 17

The purpose of this measure is to:

- (1) Advance the cutoff age for kindergarten to children who are five years old by August 1 beginning with the 2005-2006 school year;
- (2) Require the Department of Education to offer appropriate educational services for those children born August 2 to December 31 of the same school year ("the gap group"); and
- (3) Request the Department of Education to conduct a study and report on programmatic and fiscal impacts of providing gap group programs.

Your Committee finds that the children of the gap group have a need for educational services to facilitate their development and educational success, although this must be developmentally-appropriate and may not necessarily include participation in a kindergarten program. Since assessments for school readiness are still being developed, the age of the student will be used as the initial assessment for entry to junior kindergarten or kindergarten.

Your Committee further finds that there are a variety of school and community situations throughout the public schools of Hawaii which call for a variety of approaches to this issue.

As these are students the Department of Education currently serves, the establishment of a two-tier junior kindergarten and kindergarten program would better serve them. For this reason, your Committee anticipates that, except for the appropriation of \$100,000 for the pilot program, this program will be essentially budget-neutral into the foreseeable future.

Your Committee has amended this measure by requiring the Department of Education to establish a two-tier junior kindergarten and kindergarten program to support the range of developmental abilities of children in junior kindergarten and kindergarten which shall include any or all of the following models:

- (1) Classrooms composed exclusively of either junior kindergarten or kindergarten students;
- (2) Coordination with public, private, or public-private entities to address the needs of junior kindergarten-eligible students within the school's community; and
- (3) The blending of junior kindergarten and kindergarten students in a single classroom.

Your Committee has further amended the measure by:

- (1) Amending the purpose section to clearly reflect and explain the above-mentioned changes;
- (2) Excluding new century charter schools and new century conversion charter schools from mandatory participation in the two-tier junior kindergarten and kindergarten program;
- (3) Authorizing schools to move students between junior kindergartens and kindergartens as schools deem appropriate;
- (4) Allowing junior kindergarten students to graduate directly to grade one;
- (5) Allowing the Department of Education to accept gifts to establish and maintain junior kindergartens;
- (6) Clarifying that the two-tier junior kindergarten and kindergarten program shall be a pilot program during the 2005-2006 school year and required of all public elementary schools by the 2006-2007 school year;
- (7) Requiring the Department of Education to submit findings and recommendations to the Legislature regarding the implementation of the two-tier junior kindergarten and kindergarten program prior to the Regular Sessions of 2005, 2006, and 2007;

- (8) Requiring the Department of Education to develop assessments to aid in the placement of students in the appropriate classroom; and
- (9) Adding an appropriation to be effective on July 1, 2004, in the amount of \$100,000 for planning, piloting, curriculum development, assessment, and reporting, including longitudinal data.

As affirmed by the record of votes of the managers 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, C.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. 2.

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

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

Conf. Com. Rep. 94-04 on S.B. No. 3182

The purpose of this bill is to require the executive branch to follow a two-year attrition policy to reduce the number of positions in that branch that are funded by the general fund.

Your Committee has amended this measure by deleting its contents and replacing it with the contents of H.B. No. 2748, S.D. 1.

As amended, this measure subjects the supervisory and personnel positions at the Business Action Center of the Department of Business, Economic Development, and Tourism to the civil service and public employment collective bargaining laws. Furthermore, this bill provides that the present employees in those affected positions will continue to perform their regular duties.

Your Committee finds that current law requires the Director of Business, Economic Development, and Tourism to fill those positions without regard to the civil service laws. Your Committee further finds that making these positions subject to the civil service and public employment collective bargaining laws will improve the effectiveness of the Department of Business, Economic Development, and Tourism's Business Action Center.

As affirmed by the record of votes of the managers 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. 3182, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3182, H.D. 1, C.D. 1.

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

Senators Taniguchi, Kim, Kokubun and Trimble.
Managers on the part of the Senate.
(Senator Trimble was excused.)

Conf. Com. Rep. 95-04 on S.B. No. 2995

The purpose of this measure is to improve commercial motor vehicle safety by adopting the congressionally mandated changes of the Motor Carrier Safety Improvement Act of 1999.

The revisions adopted by the United States Congress, as contained in this measure, are designed to ensure that only safe drivers can drive commercial motor vehicles. The primary purpose of those changes is to reduce the number of truck-related crashes by suspending or disqualifying more commercial vehicle drivers for violation of new disqualifying offenses or commission of serious traffic violations.

Your Committee on Conference has amended this measure by:

- (1) Defining "imminent hazard" and "noncommercial motor vehicle" and clarifying the definition of "serious traffic violation" in section 286-231, Hawaii Revised Statutes (HRS);
- (2) Clarifying the prerequisites for the issuance of a commercial driver's license;
- (3) Deleting "murder" from the motor vehicle fatalities disqualifying one from driving a commercial motor vehicle;
- (4) Making the proper citation to the Code of Federal Regulations;
- (5) Requiring the notification within ten days to the licensing authority of the state of suspension, revocation, or canceling of a nonresident commercial driver's license or permit;
- (6) Changing the term "driver's driving record" to "driver's record";
- (7) Requiring the Judiciary and the Examiner of Drivers to make available information to the users to the greatest extent possible, and within ten days of receiving information of conviction, disqualification, or violation of law;

- (8) Making the measure effective on September 20, 2005, and making sections 1 and 5 and the amendment to section 286-239(c), HRS, effective on October 18, 2004; and
- (9) Making technical, nonsubstantive changes for the purposes of clarity and style.

The amendments to this measure were recommended by mutual agreement between the Department of Transportation and the Examiner of Licenses of the City and County of Honolulu.

As affirmed by the record of votes of the managers 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. 2995, 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. 2995, S.D. 2, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 96-04 on S.B. No. 3080

The purpose of this measure is to provide further economic relief to airport concessions that were negatively impacted by the events of September 11, 2001.

Your Committee on Conference finds that the terrorist attacks of September 11, 2001, had a profound impact on air travel in the United States. The subsequent events of the Iraq War and severe acute respiratory syndrome further reduced air travel to Hawaii and other major airports in the United States. The intent of this measure is to provide further relief to previously qualified concessionaires who received relief following the events of September 11, 2001, but who have not yet negotiated further relief with the State. While most concessions since the ending of the regular session of 2003 have negotiated relief with the State, some have not been able to complete negotiations, because the State may need added authority to provide necessary relief to those concessions.

Your Committee on Conference has amended this measure by:

- (1) Deleting reference to allowing the Governor to lease public lands to the affected concessionaires;
- (2) Allowing the Governor to implement the relief by waiving the effect of section 171-13, Hawaii Revised Statutes, relating to the disposition of public lands, which would allow the lease of public lands to the affected concessionaires who have had their leases or licenses cancelled for failure to satisfy the terms and conditions thereof; and
- (3) Repealing the measure on July 1, 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. 3080, 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. 3080, S.D. 2, H.D. 2, C.D. 1.

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

Senators Kawamoto, Kim, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senator Kim was excused.)

Conf. Com. Rep. 97-04 on S.B. No. 2281

The purpose of this measure is to permit the High Technology Development Corporation to deposit moneys into a private trust account, maintained in a bank or financial institution, that are collected or received for:

- (1) Projects under a contract for services; and
- (2) The development, management, operation, and maintenance of non High Technology Development Corporation industrial parks, projects, and facilities.

This measure also removes the cap on the High Technology Special Fund.

To allow the High Technology Development Corporation more flexibility, this measure will allow it to establish a private trust account for moneys it collects and receives for projects under a contract for services, as provided in section 206M-3.4. Your Committee on Conference finds that these funds are external to state funds and are a source of funding that helps offset the Corporation's operating and payroll expenses.

Your Committee on Conference further finds that this measure would provide flexibility to the High Technology Development Corporation in managing and supervising a greater number of high technology related projects by removing the limits on the High Technology Special Fund.

Your Committee has amended this measure by changing the effective date so that this measure takes effect upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2281, 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. 2281, S.D. 1, H.D. 1, C.D. 1.

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

Senators Ige, Fukunaga, Taniguchi, Aduja, Kokubun and Hemmings.
Managers on the part of the Senate.
(Senators Kokubun and Hemmings were excused.)

Conf. Com. Rep. 98-04 on S.B. No. 2690

The purpose of this measure is to supplement the general funds appropriated to the emergency medical system by establishing an emergency medical services special fund.

Specifically, this measure allocates additional state motor vehicle registration fees to the Department of Health to use in operating the State's comprehensive emergency medical services system.

Your Committee on Conference has amended this measure by:

- (1) Raising the vehicle registration fee to \$25, and depositing \$5 into the emergency medical services special fund;
- (2) Appropriating moneys from the general fund to help start up the special fund, and providing for a reimbursement by June 30, 2006;
- (3) Assuring that the moneys in the special fund do not supplant funding for emergency medical services authorized prior to the enactment of this measure;
- (4) Inserting a dollar amount for each appropriation;
- (5) Adding a severability section; and
- (6) Making the measure effective on July 1, 2004, while providing that section 3 increasing the vehicle registration fee, be effective October 1, 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. 2690, 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. 2690, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Shimabukuro, Nishimoto and Bukoski.
Managers on the part of the House.

Senators Baker, Kokubun, Chun Oakland, Taniguchi, Tsutsui and Whalen.
Managers on the part of the Senate.
(Senator Tsutsui was excused.)

Conf. Com. Rep. 99-04 on S.B. No. 2134

The purpose of this measure is to establish the emergency environmental workforce to assist the counties in their fight against invasive species and to appropriate an unspecified amount of funds for that purpose.

Your Committee on Conference finds that the emergency environmental workforce that was originally established by Act 4, Third Special Session of 2001, in response to the September 11, 2001 national tragedy, proved effective in containing the dengue fever epidemic; eradicating the miconia plant and other invasive species; and reducing coqui frog and fire ant populations. While the workforce was initially intended to be a temporary measure to assist residents of Hawaii who were negatively impacted with reduced work schedules or layoffs by the national tragedy, your Committee on Conference believes that the program should be continued on a permanent basis due to its outstanding success in combating invasive species.

Your Committee on Conference intends that the workforce program be integrated with the work of the Hawaii invasive species council and be funded through moneys allocated to the council to fulfill its important legislative mandate against the proliferation of invasive species.

Your Committee on Conference amended this measure by:

- (1) Clarifying that the emergency environmental workforce is a program that is administered by the Research Corporation of the University of Hawaii;
- (2) Adding a requirement that the Research Corporation of the University of Hawaii submit a report on the emergency environmental workforce program to the legislature every year; and
- (3) Deleting the unspecified appropriation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2134, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2134, H.D. 1, C.D. 1.

Representatives Morita, Takamine, Waters and Thielen.
Managers on the part of the House.

Senators English, Kokubun, Kawamoto, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Kawamoto and Hemmings were excused.)

Conf. Com. Rep. 100-04 on S.B. No. 2440

The purpose of this measure is to clarify the definition of "family" with respect to the assignment of 999-year homestead leases and certificates of occupation.

Your Committee has amended this measure by amending the definition of "family" to include parent's siblings, children of a parent's siblings, or grandchildren of a parent's siblings.

As affirmed by the record of votes of the managers 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. 2440, 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. 2440, S.D. 1, H.D. 1, C.D. 1.

Representatives Kanohe, Kahikina, Hamakawa, Kawakami and Stonebraker.
Managers on the part of the House.
(Representative Stonebraker was excused.)

Senators Inouye, Hanabusa, Chun Oakland, English, Espero, Ihara and Whalen.
Managers on the part of the Senate.
(Senator Whalen was excused.)

Conf. Com. Rep. 101-04 on S.B. No. 3049

The purpose of this measure is to enable more of Hawaii's charitable organizations to offer charitable gift annuities as a method of raising money for their charitable work. As the "boomer" generation enters normal retirement age, charitable gift annuities are becoming an increasingly popular way for individuals to make a gift to a favorite charity within the context of their retirement and estate planning.

A charitable gift annuity is a contract under which a charity, in return for a transfer of cash, marketable securities, or other property, agrees to pay an individual a fixed sum of money for life. A charitable gift annuity is not regulated as either an insurance contract or as a security.

Currently, Hawaii law severely restricts the use of charitable gift annuities. Organizations wishing to offer a charitable gift annuity must:

- (1) Have obtained tax exempt status pursuant to section 501(c)(3) of the Internal Revenue Code;
- (2) Have been in continuous operation in Hawaii for the preceding ten years;
- (3) Have a net worth of \$5,000,000;
- (4) Maintain a separate annuity fund consisting of at least one-half the value of the annuity; and
- (5) File an annual compliance statement with the Department of Commerce and Consumer Affairs (DCCA).

Due to the \$5,000,000 net worth requirement, few charities in Hawaii qualify to issue charitable gift annuities.

Your Committee on Conference finds that in expanding the authority to issue charitable gift annuities to additional charitable organizations, it is necessary to be mindful of both the expectations of donors and the needs of the charitable organizations.

Under the measure, as received, the authority to offer charitable gift annuities would apply if the charitable organization:

- (1) Obtained tax exempt status pursuant to section 501(c)(3) of the Internal Revenue Code (same as current law);
- (2) Was in continuous operation in Hawaii for the preceding ten years (same as current law);
- (3) Had assets of \$200,000 in cash or cash equivalents (\$5,000,000, under the current law, but not limited to cash or cash equivalents);
- (4) Maintained segregated assets that are an actuarially sound reserve for the outstanding annuity agreements, plus the greater of \$200,000 or ten per cent of the reserves (one-half of the gift, under the current law);
- (5) Annually filed a statement of compliance with DCCA (same as the current law);
- (6) Invested and managed the assets in the segregated account as would a prudent investor (new requirement);
- (7) Used an annuity payment rate not greater than a recommended rate; and

- (8) Stated prominently, on the first page of the charitable gift annuity, that the annuity is not subject to regulation or protected by the state guaranty fund (new requirement).

Therefore, the essential difference between the current law and this measure is in a trade-off between the "entrance requirement" and the "reserve requirement". The current law has a very high entrance requirement (\$5,000,000), but a weak reserve requirement (one-half of the charitable gifts' value). While this measure substantially reduces the entrance requirement to allow more charities to qualify, it establishes a balance by increasing the reserve requirement.

The new reserve requirement, unlike the old entrance requirement, is a "scaled" requirement that operates equally effectively and efficiently for both smaller and larger organizations. The new entrance requirement is about average for the fifty states, whereas the current entrance requirement is uniquely onerous. The new reserve requirement is one of the most stringent in the nation.

Your Committee on Conference further finds that the proposed trade-off is a safe and appropriate way to allow more charities to utilize the charitable gift annuity, providing reasonable assurance that both the expectations of the donors and the needs of charities will be met.

Your Committee on Conference has amended this measure to:

- (1) Require that annual compliance statements be filed with the Department of the Attorney General, rather than DCCA, consistent with changes in the supervision of charitable organizations being effected in S.B. No. 2839, S.D. 2, H.D. 2, C.D. 1;
- (2) Reduce the minimum surplus reserve requirement from \$200,000 to \$100,000. This requirement is not to be confused with the net asset requirement of \$200,000 in cash or cash equivalents, and is an amount that is above and beyond the actuarially established need, or a "cushion". Despite this reduction, when the segregated reserves exceed \$1,000,000, the surplus requirement will still exceed \$100,000, because the cushion must also be equal to 10% of the segregated reserves; and
- (3) Delete the annuity payment rate cap, as to an extent, the same function is already provided by the stringent reserve requirement which increases as the annuity payment rate increases, thereby acting as a disincentive to offering high rates. Since the benefit to a charity decreases as the payment rate increases, the charity has little incentive to offer premium rates.

Your Committee on Conference further finds that few states have imposed statutory limits on annuity payment rates, perhaps for practical reasons. New Hampshire, which is one of them, limits the annuity payment rate to no more than the rates recommended by the American Council on Gift Annuities (ACGA) at the time of issue of each agreement, which is a reasonable cap. In fact, a recent survey found that the overwhelming majority of charitable gift annuities are written at or below these recommended rates. The ACGA rates are, effectively, the de facto standard for the industry.

However reasonable the ACGA rates, your Committee on Conference has determined not to follow New Hampshire's lead, as the legislative adoption of a cap subject to amendment by a private entity raises the issue of an unconstitutional delegation of legislative power.

Finally, your Committee on Conference has amended this measure to take effect on July 1, 2004, and by making technical 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. 3049, 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. 3049, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 102-04 on S.B. No. 2396

The purpose of this measure is to provide a general excise tax exemption for certain organizations from fees received from convention, conference, and trade shows, including fees for exhibit space, advertising, promotion and private contributions.

Your Committee on Conference finds that the Hawaii Convention Center may lose potential convention bookings due to the pyramiding effect of the general excise tax on charitable organizations. Your Committee on Conference further finds that the Hawaii Convention Center plays a vital role in fueling the State's primary economic engine – tourism. While a previous legislative initiative addressed the pyramiding effect of the general excise tax, income derived from exhibition space at the convention center was not incorporated in the measure. This bill eliminates the pyramiding impact on charitable organizations for fees collected for exhibit or display space, while providing that vendor sales through the use of the exhibit or display space remain subject to the general excise tax.

Your Committee on Conference has amended the measure by:

- (1) Adding clarifying language to include all nonprofit organizations recognized as tax exempt under section 501(c) of the Internal Revenue Code of 1986, as amended;

- (2) Deleting the general excise tax exemption for registration fees, advertising and promotion fees, and private contributions; and
- (3) Changing the effective date to July 1, 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. 2396, 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. 2396, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 103-04 on S.B. No. 2529

The purpose of this bill is to improve the administration of state finances.

Specifically, this bill authorizes the use of certificates of deposit issued through the Certificate of Deposit Account Registry Service to secure public funds. The bill authorizes the use of certificates of deposit that use a network of financial institutions to share deposits insured by the Federal Deposit Insurance Corporation in an amount at least equal in their market value, but not to exceed their par value, to the amount of the deposit with the depository. The bill further allows the Director of Finance to make short-term investments of state moneys in those certificates of deposit.

Your Committee upon further consideration has amended S.B. No. 2529, H.D. 1 by deleting its contents and substituting the contents of the original senate version of S.B. No. 2529 in its place. In effect, this amendment removes section 1 of the bill, which amends section 36-21, Hawaii Revised Statutes, authorizing the Director of Finance to make short-term investments of state moneys in those certificates of deposit.

As affirmed by the record of votes of the managers 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. 2529, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2529, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 104-04 on S.B. No. 2045

The purpose of this measure is to make an appropriation to the Hawaii Civil Air Patrol.

This measure would enable the Civil Air Patrol to resume flight operations and training in support of state and county civil defense agencies. This support includes airborne tsunami and hurricane warnings, disaster relief, and search and rescue operations. Thus, the Civil Air Patrol plays a vital role in civil defense.

Your Committee on Conference has amended this measure by appropriating \$50,000 to be matched by the Hawaii Department of Defense, and making the measure effective on July 1, 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. 2045, 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. 2045, S.D. 2, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 105-04 on S.B. No. 2165

The purpose of this measure is to enhance the medical treatment of drug-addicted newborn infants and the appropriate referrals for their families, and to require the Department of Human Services to seek federal grants.

This measure will assist Hawaii in conforming to the federal provisions of the Child Abuse Prevention and Treatment Act and Keeping Children and Families Safe Act.

Your Committee has amended this measure by correcting its 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. 2165, 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. 2165, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 106-04 on S.B. No. 2936

The purpose of this measure is to expand state-funded medical assistance to pregnant legal immigrants.

Providing timely and prenatal care enhances the chances of the birth of a healthy baby and lessens the probability of a complicated delivery or further health problems. This measure will help in providing the much needed assistance to eligible immigrant mothers who would otherwise not be able to afford the medical care.

Your Committee has amended this measure by changing its effective date to July 1, 2004 and authorizing the Department of Human Services to provide state-funded medical services rather than requiring them to do so.

As affirmed by the record of votes of the managers 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. 2936, 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. 2936, S.D. 2, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 107-04 on S.B. No. 779

The purpose of this measure is to establish a new defined benefit hybrid contributory plan, class H membership, in the Employees' Retirement System (System).

Specifically, the measure:

- (1) Establishes a new defined benefit hybrid contributory plan to be known as class H membership in the System;
- (2) Amends Chapter 88, Hawaii Revised Statutes, to provide consistency among the three retirement plans;
- (3) Authorizes the System to accept moneys from deferred compensation and tax-sheltered annuity plans for the purchase of noncontributory membership service credits;
- (4) Appropriates an unspecified amount out of the System's investment earnings for fiscal year 2004-2005 to implement the new hybrid contributory plan;
- (5) Makes numerous amendments to the existing retirement system law to improve and clarify the System's existing authority; and
- (5) Takes effect on July 1, 2010.

The measure establishes a hybrid or "class H" membership classification of the System that is a blending of the years of service and age requirements of class C noncontributory membership with the salary contribution requirement and pension percentage accrual rates of class A contributory membership. System members who are in active service on June 30, 2006, or return to service after June 30, 2006, may elect to become class H members. Class C members who elect to become class H members are also provided with the option to convert all or a portion of their credited class C service to class H service. All public employees, with the exception of elected officials and judges, whose initial service entry date is after June 30, 2006, will be class H members.

In comparison to class C membership, class H members with the same number of years of service and who earn the same salary or wage will receive a higher pension allowance due to the fact class H members contribute a portion of the wages or salaries toward their pension, whereas class C members do not.

In comparison to class A membership, class H members with the same number of years of service who earn the same salary or wage, will receive the same pension amount as their class A counterparts, contribute less of their salaries or wages toward their pension (six per cent as opposed to class A member's seven and eight-tenths per cent, except for police officers, firefighters, and others who contribute twelve and two-tenths per cent) but will have to wait longer to receive a non-actuarially reduced pension (sixty-two as opposed to fifty-five years of age).

More specifically, a class H member:

- (1) Pays six per cent of the member's compensation, except for sewer workers, water safety officers, and emergency medical technicians who contribute 9.75 per cent of their compensation;

- (2) Must accrue at least:
 - (A) Five years of credited service and attain the age of sixty-two years;
 - (B) Thirty years of credited service and attain the age of at least fifty-five years; or
 - (C) The minimum years of service required for being a sewer worker, water safety officer, or emergency medical technician;
 in order to receive a non-actuarially-reduced retirement benefit; and
- (3) Earns two per cent of the member's average final compensation for each year of credited service.

In other respects, such as pension allowance payment options, disability and death benefits, and other related operational and administrative provisions, class H membership is substantially identical to class A and C membership.

The measure also provides the System with the flexibility to alter the mode of a pension allowance elected by a retirant who retires after November 30, 2004, in the occurrence of a:

- (A) Retirant who elects a retirement allowance less than the maximum, whose beneficiary dies after the retirant retired but before the retirant's death;
- (B) Retirant who dies after filing an application to retire, but before the specified retirement date; or
- (C) Retirant who dies within a year after the date of retirement.

Under existing law and under the abovementioned circumstances, the Employees' Retirement System is unable to alter a pension allowance election. The unfortunate outcome in these situations is that, through a good faith allowance mode election and the unexpected passing of the retirant or a beneficiary, the surviving retirant or beneficiary is unable to enjoy the full benefit of the retirant's earned pension. The measure ameliorates this problem for all members of the System.

The measure further provides that for contributory members of the System who possess less than five years of credited service and who cease to be members of the System, upon application to the System's board of trustees, the member may receive all of the member's contributions to the System plus regular interest. Existing law does not allow the System to pay a member interest on refunded contributions. The measure also clarifies that class C members of the System, upon certification, shall have their creditable active military service credited as class C credit at no cost to the member.

Upon further consideration, your Committee on Conference has amended the measure as requested by the Employees' Retirement System by, among other things:

- (1) Extending the time period in which Employees' Retirement System members may structure their payroll deduction payments to convert class C service to class H service from five to ten years;
- (2) Inserting the amount of \$1,580,000 as the amount appropriated out of the Employees' Retirement System's investment earnings to carry out the purposes of the measure;
- (3) Changing the effective date from July 1, 2010, to July 1, 2004; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, style, and correcting a typographical error.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 779, 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. 779, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 108-04 on S.B. No. 2930

The purpose of the measure is to make the following administrative amendments:

- (1) Extend the statutory authority for the licensing of home and community-based case management agencies and the certification of community care foster family homes until June 30, 2006;
- (2) Make the Department of Human Services or its designee responsible for certifying any community care foster family homes; and
- (3) Require adult protective services perpetrator checks as a requirement for certification.

This bill also appropriates funds to be expended by the Department of Human Services and the Department of the Attorney General.

To ensure service quality and competency, the Department of Human Services needs to maintain oversight of home and community-based case management agencies and community care foster family homes. This measure will extend its authority to do so. Furthermore, including adult protective service checks will establish a procedure that is currently being practiced to ensure the health and safety of individuals utilizing these facilities.

Your Committee has amended this measure by deleting the appropriations and changing the measure's effective date to June 29, 2004, provided that section 1 shall take effect on February 1, 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. 2930, 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. 2930, S.D. 2, H.D. 1, C.D. 1.

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

Senators Chun Oakland, Baker, Taniguchi, Kim, Kokubun, Tsutsui and Trimble.
Managers on the part of the Senate.
(Senator Kokubun was excused.)

Conf. Com. Rep. 109-04 on S.B. No. 3230

The purpose of this measure is to appropriate funds for childhood care programs.

Your Committee agreed to incorporate language using the Hui Imua O Koolauloa project as a model for the types of delivery systems to be funded by this measure. The Hui Imua O Koolauloa project has proven successful in providing services for underserved, high-risk families. Considering the many needs that exist in our communities, \$200,000 has been designated for the establishment of a pilot program in East Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3230, 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. 3230, S.D. 2, H.D. 1, C.D. 1.

Representatives Kahikina, Takumi, Kawakami, Shimabukuro and Leong.
Managers on the part of the House.
(Representative Leong was excused.)

Senators Chun Oakland, Sakamoto, Taniguchi, Fukunaga and Trimble.
Managers on the part of the Senate.
(Senators Taniguchi and Fukunaga were excused.)

Conf. Com. Rep. 110-04 on S.B. No. 1239

The purpose of this measure is to allow the delivery of biodiesel to state harbors; reduce harbor fees for alternative fuel vessels; reduce total fuel taxes for ethanol, methanol, biodiesel, and other alternative fuels, other than liquefied petroleum gas; and establish a preference in public contracts for the use of biofuels.

Your Committee on Conference finds that supporting the production and use of alternative fuels promotes the State's public interest by reducing its dependence on traditional fossil fuels.

Your Committee on Conference amended the measure by deleting the provisions pertaining to the delivery of biodiesel to state harbors, reducing harbor fees for alternative fuel vessels, establishing a preference for the use of biofuels in public contracts, and the savings clause. Your Committee on Conference further amended the measure by changing its effective date to July 1, 2004 and making it applicable to taxable years beginning after December 31, 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. 1239, 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. 1239, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Souki, Kawakami and Thielen.
Managers on the part of the House.
(Representative Kawakami was excused.)

Senators English, Kokubun, Baker, Hooser, Kim and Taniguchi.
Managers on the part of the Senate.
(Senators Baker and Taniguchi were excused.)

Conf. Com. Rep. 111-04 on S.B. No. 3162

The purpose of this measure is to clarify that financial institutions, partnerships, S corporations, estates, and trusts are eligible to claim a renewable energy technologies income tax credit and to allow any unused credit to be claimed in subsequent taxable years until exhausted.

Your Committee on Conference finds that incentives to encourage the development, production, and use of renewable energy are needed to reduce that State's dependence on fossil fuels. This measure clarifies and facilitates the taxpayers' ability to utilize one such incentive.

Your Committee on Conference amended the measure by correcting the defective effective date by making the measure effective upon approval and making the measure applicable to taxable years beginning after December 31, 2002.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3162, 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. 3162, S.D. 1, H.D. 1, C.D. 1.

Representatives Takamine, Kawakami, Waters and Bukoski.
Managers on the part of the House.

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

Conf. Com. Rep. 112-04 on S.B. No. 3153

The purpose of this measure is to appropriate funds to support the cooperative efforts for soil renutrification research on former pineapple lands in west Maui.

Your Committee finds that soil renutrification will accommodate diversified agriculture and promote sustainable agriculture. For purposes of receiving federal funds, your Committee on Conference contemplates that indirect costs on the grant shall be reimbursed at a rate of twelve per cent of modified total direct costs. Your Committee on Conference further contemplates that Maui Ag Partners and the Pacific cooperative studies unit of the college of natural sciences at the University of Hawaii shall use a rate of twelve per cent for modified total direct costs for indirect costs.

After careful consideration, your Committee on Conference amended this measure by changing the effective date to July 1, 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. 3153, 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. 3153, S.D. 2, H.D. 2, C.D. 1.

Representatives Abinsay, Takamine, Sonson and Jernigan.
Managers on the part of the House.
(Representative Sonson was excused.)

Senators English, Inouye, Baker, Kokubun, Taniguchi and Hemmings.
Managers on the part of the Senate.
(Senators Taniguchi and Hemmings were excused.)

Conf. Com. Rep. 113-04 on S.B. No. 3148

The purpose of this measure is to:

- (1) Allow the establishment of a noncontiguous host culture charter school district under the Board of Education to be monitored by a host culture district council as a five year pilot demonstration project; and
- (2) Allow the establishment of a noncontiguous charter school district under the Board of Education.

Your Committee finds that charter schools are a valuable reform model that effectively educate a diverse array of students who may not be best served by traditional public schools. One such group of students includes the youth of the host culture of the State of Hawaii. Schools that serve them could become eligible for additional federal funding if a consortium of such schools were to be recognized as a noncontiguous charter school district, thus gaining credentials as a local educational authority.

However, these advantages should be made equally available to other charter schools, including those not focused on serving host culture students. Nevertheless, the creation of one or more noncontiguous charter school districts would be a major change in the policy environment affecting charter schools. This has the potential to significantly alter the relationships between government agencies, charter schools, and other key stakeholders in ways that may be unanticipated or counterproductive. In order to maximize the potentially positive results of creating one or more noncontiguous charter school districts, a careful study should be conducted first.

Your Committee has amended the measure by requiring the Legislative Reference Bureau to conduct a feasibility study to be submitted to the Legislature no later than twenty days prior to the regular session of 2005:

- (1) Regarding the establishment of a noncontiguous host culture charter school district and noncontiguous charter school district; and
- (2) Examining and clarifying the relationships between government agencies, charter schools, and other key stakeholders that may be altered by creating such a district.

Your Committee has further amended the measure by exempting the Legislative Reference Bureau from chapter 103D of the Hawaii Revised Statutes for the purposes of this measure.

In conducting the study, the Legislative Reference Bureau shall review and consider, but not be limited to, the proposals set forth in Senate Bill 3148, S.D. 2 and Senate Bill 3148, S.D. 2, H.D. 3.

If the Legislative Reference Bureau is unable to conduct the study by itself out of available resources, the Legislature urges the Office of Hawaiian Affairs to work with the Legislative Reference Bureau to secure the necessary resources. This may include working with consultants or other entities deemed appropriate by the Legislative Reference Bureau.

As affirmed by the record of votes of the managers 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. 3148, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3148, S.D. 2, H.D. 3, C.D. 1.

Representatives Takumi, Kanoho, Kawakami, Kaho`ohalahala and Ontai.
Managers on the part of the House.
(Representative Ontai was excused.)

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

Conf. Com. Rep. 114-04 on S.B. No. 3020

The purpose of this measure is to provide funding for the staffing and facilities needed to ensure that the intent of the multi-track schooling approach does not result in lower quality education for communities with high population growth.

Your Committee finds multi-track schooling provides an effective means of maximizing the number of students that can be served by a school's physical plant by establishing multiple schedule tracks for different groups of students. However, such an arrangement makes atypical demands on personnel resources. In particular, this includes the conversion of positions to twelve-month terms of service.

Your Committee has amended the measure by:

- (1) Appropriating \$175,000 for the conversion of a counselor position to a twelve-month term of service at Kapolei Elementary School and the conversion of eight teacher positions to twelve-month terms of service at Kapolei Middle School; and
- (2) Making the measure effective on July 1, 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. 3020, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3020, H.D. 1, C.D. 1.

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

Senators Sakamoto, Kanno, Taniguchi, Hooser and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 115-04 on S.B. No. 2424

The purpose of this measure is to preserve and extend civil service rights, privileges, and benefits to certain employees of new century conversion charter schools.

Your Committee on Conference finds that Act 2, Session Laws of Hawaii 2002, enabled a non-profit corporation to partner with an existing public school to become a new century conversion charter school. Your Committee on Conference further finds that new century conversion charter schools provide the opportunity for greater flexibility, choice, and accountability in public schools, while concentrating on improved student achievement. However, an unintended consequence of authorizing the charter school conversion process was the loss of civil service benefits and privileges for certain employees. Your Committee on Conference determines that the benefits of civil service status should be preserved. Therefore, civil service employees of the Department of Education schools shall retain their civil service status upon the conversion of their school to a charter school. Additionally, civil service status shall be granted to employees hired after a school's conversion who are in positions that would be civil service positions in a Department of Education school.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that an employee with civil service status who transfers to another civil service position shall be entitled to the rights, privileges, and benefits of continuous, uninterrupted civil service; and
- (2) Making technical, nonsubstantive changes 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. 2424, 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. 2424, S.D. 2, H.D. 2, C.D. 1.

Representatives M. Oshiro, Takumi, Takamine and Pendleton.
Managers on the part of the House.

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

Conf. Com. Rep. 116-04 on S.B. No. 420

The purpose of this bill is to:

- (1) Repeal certain revolving and special funds that:
 - (a) No longer serve the purpose for which they were originally established;
 - (b) Are not an appropriate means of financing for the programs or activities; or
 - (c) Are not financially self-sustaining;
- (2) Transfer unexpended and unencumbered balances in the funds to the state general fund; and
- (3) Provide general fund appropriations for fiscal year 2003-2004 and fiscal year 2004-2005 to finance the continuation of selected programs or activities.

Your Committee on Conference has amended this bill by deleting its contents and inserting provisions that would transfer excess balances contained in the Compliance Resolution Fund to the general fund 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. 420, 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. 420, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 117-04 on S.B. No. 214

The purpose of this measure is to require Leeward Community College to develop pilot programs in Waipahu and Kalihi for the provision of services to the immigrants from the Freely Associated States—the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia, to assist them in being assimilated, educated, trained, and prepared for gainful employment. This measure also provides for the appropriation of funds from the general fund for the establishment of the pilot programs.

Your Committee on Conference finds that a great influx of Micronesian, Marshallese, and Palauan immigrants has occurred over the past few years; however, the community has been unable to provide adequate services to these immigrants in order to assist them in assimilating and becoming gainfully employed members of the community. The problem extends from the very young, who are lacking proper educational and language services, to adults, who are ill-equipped to obtain employment due to a lack of language skills, education, and training.

Your Committee on Conference determines that Leeward Community College, an institution committed to the betterment of diverse ethnic populations, is the ideal institution for developing and administering a program to provide comprehensive services to the Micronesian, Marshallese, and Palauan communities. Furthermore, areas on Oahu which require particular attention include Waipahu, Kalihi, and the Downtown-Lunalilo corridor, where the number of these immigrants is much higher. These areas require pilot programs to provide comprehensive services to the greatest number of Micronesian, Marshallese, and Palauan immigrants for the betterment of the their quality of life, as well as the development of a skilled workforce that need not become dependent upon public assistance.

Unfortunately, your Committee on Conference also determines that current fiscal constraints prohibit the appropriation of State funds for this measure. Therefore, alternate funding sources must be ascertained and utilized by Leeward Community College to develop and implement the pilot program.

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

- (1) Authorizing, rather than requiring, Leeward Community College to develop a program to provide services to the Freely Associated States citizens;
- (2) Clarifying that the service areas where Freely Associated States citizen populations necessitate services include Waipahu, Kalihi, and the Downtown-Lunalilo corridor;
- (3) Deleting the appropriation of funds from the general fund for purposes of the Act;
- (4) Including language which prohibits Leeward Community College from using general funds otherwise allocated to itself and requiring the program to instead be funded by private contributions or federal funding that is sought solely for the purposes of the Act;
- (5) Clarifying that Leeward Community College is required to submit a report to the Legislature indicating the status of the development of the program; and
- (6) Making the Act effective upon approval, rather than on February 31, 3004.

As affirmed by the record of votes of the managers 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. 214, 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. 214, S.D. 3, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 118-04 on S.B. No. 2073

The purpose of this measure is to amend the law authorizing the University of Hawaii (UH) to establish an optional retirement system for its eligible employees.

Specifically, this measure:

- (1) Provides that employees who are eligible for participation in the optional retirement system include employees who are members of collective bargaining units (7) and (8), except part-time employees working less than twenty-hours per week or temporary employees, employees excluded from bargaining units (7) and (8), and appointees of the Board of Regents who are eligible for membership in the employees' retirement system;
- (2) Requires the Board of Regents to designate at least three investment vendors for the optional retirement system, based upon specified criteria;
- (3) Requires the State to pay to UH an annual contribution amount of six per cent of the employee's compensation;
- (4) Prohibits the State's annual contribution from exceeding the amount of the State's contribution on behalf of the Governor to the employees' retirement system;
- (5) Requires UH to pay for any contribution amount owed on behalf of the employee in excess of the State's contribution.

Your Committee on Conference finds that the existence of an optional retirement system is crucial to UH's efforts to recruit and retain qualified employees. Although the law provides for the establishment of an alternative retirement system at UH, the law also limits the employer's contribution to an optional retirement plan to the amount for any group covered by the employees' retirement system. This limitation renders the implementation of an optional system for UH essentially impossible, as the amount of the employer's contribution fluctuates based on market conditions. Your Committee on Conference determines that this limitation should be removed and that the State should be required to remit to UH an amount equal to six percent of the employee's compensation, an amount determined to be the normalized employer contribution rate for the employees' retirement system, in lieu of any contribution it would have made on the employee's behalf.

Additionally, because employees in higher education are often highly mobile, UH's optional retirement system should be comparable to those offered at other state universities, including a choice of investment vendors, to enable UH to compete with other universities for the most qualified individuals.

Your Committee on Conference has worked closely with the interested parties, including the Board of Regents and the Hawaii Government Employees Association, to craft language that will optimize the objectives of the parties. Therefore, upon further consideration, your Committee on Conference has amended this measure by:

- (1) Limiting the employees who are eligible for participation in the optional retirement system to appointees of the UH Board of Regents, on or after the effective date of the Act, who are eligible for membership in the employees' retirement system;
- (2) Requiring UH to make an annual contribution to the optional retirement system on behalf of an employee;
- (3) Specifying that the State's annual contribution for any employee shall not exceed six per cent of \$100,000;
- (4) Clarifying that upon election of enrollment in the optional retirement system, a person who remains employed by UH may not transfer from the optional retirement system to the employees' retirement system;
- (5) Prohibiting service under the optional retirement system from being creditable as service under the employees' retirement system;
- (6) Making the Act effective upon its approval and repealed on July 1, 2009, rather than effective on July 1, 2010; and
- (7) Making technical, nonsubstantive changes 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. 2073, 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. 2073, S.D. 2, H.D. 2, C.D. 1.

Representatives Takai, M. Oshiro, Takamine and Leong.
Managers on the part of the House.

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

Conf. Com. Rep. 119-04 on S.B. No. 2355

The purpose of this measure is to clarify the health benefits provided upon retirement to public employees who transferred or experienced a break in service before subsequently returning to state or county employment.

Specifically, this measure:

- (1) Provides that the State or counties will pay the full base monthly contribution amount for health benefits plans for an employee hired prior to July 1, 1996, who:
 - (a) Transfers employment after June 30, 1996, and accrues at least ten years of credited service;
 - (b) Has at least ten years of credited service prior to a break in service; or
 - (c) Has had a break in service and who accrues at least ten years of credited service; and
- (2) Provides that the State or counties shall pay a monthly contribution amount for health benefits plans, in accordance with section 87A-35, Hawaii Revised Statutes (HRS), for an employee hired subsequent to June 30, 1996, and prior to July 1, 2001, who:
 - (a) Transfers employment after June 30, 2001, and accrues at least ten years of credited service; and
 - (b) Has at least ten years of credited service prior to a break in service.

Your Committee on Conference finds that an employee, initially hired prior to July 1, 1996, who leaves and then later returns to public service, may be treated as a new employee for purposes of determining the level of health benefits to be provided upon retirement under the Hawaii Employer-Union Health Benefits Trust Fund. Although such an employee may have qualified for health benefits upon retirement that an employee who was hired prior to July 1, 1996, who has not experience a break in service, is entitled to receive, it is unclear under the current law as to how such an individual will be treated. Therefore, further clarification of the law is necessary.

Under the current law, public employees hired prior to July 1, 1996, who accrue at least ten years of credited service, are entitled to health coverage upon retirement funded entirely by the State or appropriate county. Therefore, your Committee on Conference believes that employees satisfying the aforementioned criteria, who also either transfer employment or experience a break in service, should be entitled to receive the same health benefits upon retirement as an individual who was hired before July 1, 1996, and leaves public service without returning with at least ten years of credited service. Additionally, so as not to diminish any benefits currently provided under the law, this measure ensures that public employees hired between June 30, 1996, and July 1, 2001, who transfer employment and accrue at least ten years of credited service or accrued at least ten years of credited service prior to experiencing a break in service are entitled to health coverage upon retirement which is partially funded by the State or county as provided in section 87A-35, HRS.

Based upon an opinion rendered by the Department of the Attorney General reflecting disapproval of the ramifications of the provisions of this measure, your Committee on Conference has amended this measure by:

- (1) Deleting the language which required the State or counties to pay the full base monthly contribution amount for health benefits plans for an employee hired prior to July 1, 1996, who has had a break in service and who cumulatively accrues at least ten years of credited service; and
- (2) Making its provisions effective upon approval, rather than on July 1, 2010.

As affirmed by the record of votes of the managers 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. 2355, 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. 2355, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 120-04 on S.B. No. 2873

The purpose of this measure is to amend the method for determining the employer's contribution amount to the Employees' Retirement System commencing in fiscal year 2005-2006 as follows:

- (1) 15.75 percent of a member's compensation for police and firefighters; and
- (2) 13.75 percent of a member's compensation for all other employees.

This measure also eliminates the separate computation of contributions for the Early Incentive Retirement Plan authorized under Act 212, Session Laws of Hawaii 1994.

Your Committee on Conference finds that employer contributions to the Employees' Retirement System are currently calculated based upon annual actuarial valuations that are determined in dollar amounts which account for normal cost and amounts required to amortize the projected unfunded liability within a statutorily established period of time. Your Committee on Conference determines that funding requirements can fluctuate significantly from year to year and, therefore, a more stable methodology for calculating the employer's contribution amount would be more beneficial. Establishing the employer's contribution to the Employees' Retirement System as a percentage amount will facilitate more predictable budget requirements and cash flow, curb increases in employer contributions as a result of short-term adverse conditions, and provide employees with added security benefits.

Additionally, the elimination of a separate computation for the Early Incentive Retirement Plan contributions will also streamline the administration of the Early Incentive Retirement Plan without materially affecting the amount of the contributions.

Upon further consideration, your Committee on Conference has amended this measure by making its provisions effective on July 1, 2005, rather than on July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2873, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2873, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 121-04 on S.B. No. 2878

The purpose of this measure is to apply the federal tax limit on compensation to be taken into consideration in determining pension benefits under the Employees' Retirement System's (ERS) tax-qualified retirement plan.

Your Committee on Conference finds that the plan provided under the ERS is intended to be a tax-qualified retirement plan under section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended. Pursuant to section 401(a)(17) of the IRC of 1986, as amended, the annual compensation that may be taken into account in determining benefit accruals under the ERS is limited. However, under Hawaii law, no provision existed to address such salary limits with respect to the ERS on July 1, 1996. Additionally, Article XVI, Section 2, of the Constitution of the State of Hawaii prohibits either the diminishment or impairment of an ERS member's accrued benefit. Therefore, your Committee determines that in order to accomplish retroactive compliance with section 401(a)(17) of the IRC of 1986, as amended, accrued benefits must be provided under a non-tax qualified plan for the affected members, with the necessary funds being appropriated to such non-tax qualified plan for the payment of the accrued benefits.

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

- (1) Including an appropriation amount of \$369,350 to fund the non-tax qualified benefits for affected members of the ERS;
- (2) Making the provisions of the measure effective on July 1, 2004; provided that the amendment to Chapter 88, Hawaii Revised Statutes, under section 2 of the measure is effective retroactive to July 1, 1996; 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 S.B. No. 2878, 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. 2878, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 122-04 on S.B. No. 2879

The purpose of this measure is to conform the Employees' Retirement System to the requirements of section 401(a) of the Internal Revenue Code of 1986, as amended.

Specifically, this measure:

- (1) Incorporates the necessary provisions required for pension plans of state and local governments to qualify as tax-qualified plans under the Internal Revenue Code;
- (2) Requires the Board of Trustees of the Employees' Retirement System to adopt any remaining required rules to facilitate qualification as a tax-qualified retirement plan under the Internal Revenue Code;

- (3) Provides for expedited rulemaking by the Board of Trustees of the Employees' Retirement System to comply with the requirements of section 401(a) of the Internal Revenue Code of 1986, as amended;
- (4) Includes a definition for the term "compensation"; and
- (5) Amends the definition of "actuarial equivalent" to allow the computation of the benefit to be based upon actuarial tables and other written assumptions approved by the Board of Trustees.

Your Committee on Conference finds that pursuant to section 401(a) of the Internal Revenue Code of 1986, as amended, certain provisions are required to be included in state and local government pension plans. However, a number of these required provisions are not provided for under the current law and the rules adopted by the Board of Trustees of the Employees' Retirement System. Your Committee on Conference determines that in order to ensure that the tax-qualified status of the Employees' Retirement System is not further compromised, the law must be amended to allow the Employees' Retirement System to remain in compliance with the Internal Revenue Code.

Upon further consideration, your Committee on Conference has amended this measure by making its provisions effective upon approval, rather than on July 1, 2010.

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

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

Senators Kanno, Kokubun, Espero, Inouye and Slom.
Managers on the part of the Senate.
(Senators Inouye and Slom were excused.)

Conf. Com. Rep. 123-04 on S.B. No. 3106

The purpose of this measure is to allow a county to enter into an agreement with the State to extend the State's mandatory deferred compensation plan to part-time, temporary, and seasonal or casual county employees.

This measure also:

- (1) Requires a county to designate an agency to locally coordinate the plan; and
- (2) Authorizes the Department of Human Resources Development to levy fees on a county pursuant to rules adopted in accordance with Chapter 91, Hawaii Revised Statutes.

Your Committee on Conference finds that under the current law, the State and the counties are authorized to establish deferred compensation retirement plans in accordance with sections 457 and 3121 of the Internal Revenue Code of 1986, as amended, for its part-time, temporary, and seasonal or casual employees. However, unlike a deferred compensation retirement plan established by the State, participation in a county deferred compensation retirement plan is not mandatory. Mandatory participation in a deferred compensation retirement plan can be beneficial to both the employer and employees. The employees will experience increased earnings in that the money, which would otherwise be paid as FICA contributions, would be directed to a deferred compensation plan, with the funds and any accrued interest available to them upon termination. Moreover, the counties would be spared the expense of paying their share of the FICA contributions for those employees.

Your Committee on Conference determines that authorizing the State's deferred compensation retirement plan to be extended to the counties would avoid the unnecessary duplication of efforts associated with the administration and implementation of a separate county plan, ultimately resulting in savings to the counties. However, the State may incur additional costs as a result of extending its plan to the counties; therefore, the assessment of any necessary fees should also be permitted.

Upon further consideration, your Committee on Conference has amended this measure to make its provisions effective upon approval of the Act, instead of on February 31, 3004.

As affirmed by the record of votes of the managers 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. 3106, 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. 3106, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 124-04 on S.B. No. 3018

The purpose of this measure is to allow an eligible member of the Employees' Retirement System who suffers from a service-related disability while serving as a police officer to receive a retirement allowance equal to two and one-half percent of the member's average final compensation for each year of credited service as a police officer.

Your Committee on Conference finds that Act 205, Session Laws of Hawaii 2002, provided a firefighter with at least ten years of credited service as a firefighter, who continues employment in public service other than as a firefighter after suffering a service-related disability, the benefit of receiving a retirement allowance of two and one-half per cent of the member's average final compensation. However, under the current law, a police officer who suffers a service-related disability and continues employment in public service in a capacity other than as a police officer is entitled to receive a retirement allowance calculated at only two percent of the member's average final compensation multiplied by the total number of years of credited service. Your Committee on Conference further finds that like firefighters, police officers perform functions vital to the protection of our communities while facing dangerous and stressful situations on a daily basis. Those police officers who fall victim to service-related disabilities should be recognized for their previous years of dedicated service and should be duly compensated for such dedication upon retirement, should they remain in public service and be eligible to receive retirement benefits.

Your Committee on Conference has amended this measure by making its provisions effective on July 1, 2004, rather than July 1, 2010.

As affirmed by the record of votes of the managers 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. 3018, 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. 3018, S.D. 2, H.D. 1, C.D. 1.

Representatives M. Oshiro, Takamine, Nakasone and Jernigan.
Managers on the part of the House.
(Representative Jernigan was excused.)

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

Conf. Com. Rep. 125-04 on S.B. No. 3175

The purpose of this measure is to allow the State's existing agreement with the federal government, pursuant to section 88-212, Hawaii Revised Statutes, to be modified to provide Medicare-only coverage to employees of the Center for Cultural and Technical Interchange Between East and West, Inc. (Center). This measure also requires the Center to reimburse all appropriate agencies for costs incurred as a result of the provision of benefits under Title XVIII of the Social Security Act to its employees.

Your Committee on Conference finds that in 1981 a referendum was held allowing employees of the Center to choose whether or not to be covered by the Social Security Act, with such decision being irrevocable. Subsequently, in 1986, the Social Security Administration, in recognition of a lack of hospital insurance coverage nationwide, modified the Social Security Act to require the provision of Medicare coverage for employees hired on or after April 1, 1986, who are not covered by Social Security. However, no mechanism currently exists for the provision of Medicare coverage for those employees hired prior to April 1, 1986.

Your Committee on Conference determines employees of the Center should be afforded the opportunity to secure coverage under the Medicare system and has amended this measure by making its provisions effective on July 1, 2004, rather than on July 1, 2010.

As affirmed by the record of votes of the managers 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. 3175, 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. 3175, S.D. 2, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 126-04 on S.B. No. 1318

The purpose of this measure is to:

- (1) Establish the authority of the Department of Commerce and Consumer Affairs (DCCA) to adjust business registration fees and other nontax revenues to align revenue collections with expenditures;
- (2) Reduce business registration fees charged by DCCA; and
- (3) Require DCCA to establish and staff five-member advisory committees to serve as consultants to the Department's boards and commissions.

Your Committee on Conference finds that Section 60 of Act 200, Session Laws of Hawaii 2003, directed DCCA to analyze and report on its methods to align expenditures with special fund revenues. In December of 2003, DCCA submitted a report to the Legislature that outlined its proposal to reduce its surplus revenues, which included the reduction of fees for business registration filings. DCCA has also represented that it can decrease its current fee schedules without sacrificing its ability to provide effective and efficient service to the public. This measure effects that reduction of fees.

Additionally, this measure extends the authority to adjust fees and nontax revenues to all fees and nontax revenues administered by DCCA. Your Committee on Conference further finds that this measure will enable the Department to respond in a timely fashion to changing economic conditions and consumer demands and to keep revenue collections relatively aligned with expenditures.

Your Committee on Conference has amended this measure:

- (1) By deleting the provisions relating to the creation of five-member advisory committees to serve as consultants to the Department's boards and commissions, based on concerns expressed by the Attorney General that these amendments exceed the scope of the measure's title; and
- (2) To take effect on July 1, 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. 1318, 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. 1318, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 127-04 on H.B. No. 2667

The purpose of this bill is to authorize the Department of Education (DOE) to establish and implement a Hawaiian language medium education program as a complete educational program or schooling experience provided to students in the medium of the Hawaiian language.

This bill also gives discretion to DOE to provide to the program:

- (1) Facilities and transportation;
- (2) Teachers and personnel; and
- (3) Additional benefits for teachers, staff, and administrators, as well as credit for practical experience.

In recommending passage of this enabling legislation, your Committee on Conference acknowledges that implementation of its provisions is entirely dependent on subsequent submittal of a comprehensive plan by Hawaiian language medium education advocates that is approved by DOE and the Board of Education. Any funding requirements would be addressed in a subsequent legislative session.

Your Committee on Conference has amended this bill 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 H.B. No. 2667, 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. 2667, H.D. 2, S.D. 1, C.D. 1.

Representatives Kanohe, Takumi, Takamine, Kaho'ohalahala and Ching.
Managers on the part of the House.
(Representatives Takamine and Ching were excused.)

Senators Sakamoto, Hanabusa, Kanno, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Kanno and Hogue were excused.)

Conf. Com. Rep. 128-04 on H.B. No. 2703

The purpose of this bill is to allow the counties to assess, impose, levy, and collect impact fees for State highway improvements. This measure further establishes a highway development special fund, to be administered by the State Department of Transportation, into which the counties shall transfer the impact fees collected.

Your Committee on Conference has amended this measure by:

- (1) Adding a definition of "county" to mean a county having a population in excess of 500,000;
- (2) Deleting a provision making the consideration of certain factors related to impact fees permissive rather than mandatory;
- (3) Restoring language specifying that certain factors shall be considered in determining a proportionate share of public facility capital improvement costs;
- (4) Restoring language requiring that offsets payable to a developer be considered when enacting or adopting impact fees;
- (5) Clarifying the manner in which the needs assessment study shall be undertaken; 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. 2703, 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. 2703, H.D. 1, S.D. 2, C.D. 1.

Representatives Nakasone, Mindo, Karamatsu, Shimabukuro and Jernigan.
Managers on the part of the House.

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

Conf. Com. Rep. 129-04 on H.B. No. 2005

The purpose of this bill is to prevent waste and help the needy by:

- (1) Establishing a Return-for-Credit-and-Reuse of Prescription Drugs Program to allow previously dispensed prescription drugs meeting certain requirements to be returned to the dispensing pharmacy for credit to the payer and reuse;
- (2) Establishing a mechanism for previously dispensed prescription drugs to be donated to drug repositories; and
- (3) Requesting the Department of Health (DOH) to report on the implementation and operation of the drug repository program and the potential for expansion to include drugs donated by private individuals.

Your Committee on Conference recognizes that prescription drugs are one of the most costly components of health care. Drugs are sometimes wasted because once they have been dispensed, they may not be used by anyone other than the individual for whom the medication was prescribed. This measure would assist the needy and other individuals who lack the means to obtain prescription drugs, in addition to saving money and reducing waste.

Your Committee on Conference has amended this bill by:

- (1) Inserting a section defining the purpose and intent of this measure;
- (2) Clarifying that donated drugs be used or accepted by a repository in Hawaii before being distributed to repositories outside of the state;
- (3) Adding a requirement that DOH include in their report to the Legislature possible strategies to provide incentives for dispensing pharmacies or institutional facilities to donate drugs;
- (4) Specifying that drugs for reuse be offered first to a drug repository entity before being considered for return-for-credit-and-reuse; and
- (5) Making other technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2005, 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. 2005, H.D. 1, S.D. 1, C.D. 1.

Representatives Arakaki, Herkes, Takamine and Ching.
Managers on the part of the House.

Senators Menor, Baker, Chun Oakland, Espero and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 130-04 on H.B. No. 2547

The purpose of this bill is to enhance accountability for the University of Hawaii (UH) Foundation by:

- (1) Authorizing the Auditor to oversee expenditures from the UH Tuition and Fees Special Fund for the benefit of the UH Foundation; and
- (2) Enhancing reporting requirements for the UH Foundation.

Your Committee on Conference finds that this bill will ensure greater accountability for the activities of the UH Foundation, and ensure more transparency in the use of state moneys by the UH Foundation.

Your Committee on Conference has amended this bill by:

- (1) Deleting the Auditor's oversight powers for expenditures from the UH Tuition and Fees Special Fund for the benefit of the UH Foundation;
- (2) Placing a cap of \$3,000,000 on expenditures from the UH Tuition and Fees Special Fund for the benefit of the UH Foundation, excluding in-kind services;
- (3) Specifying that expenditures from the UH Tuition and Fees Special Fund may be made for the purpose promoting alumni activities;

- (4) Requiring expenditure reports to include a financial summary of the operating activities of the UH Foundation and identify amounts and purposes of all expenditures from the UH support fund;
- (5) Changing the effective date to July 1, 2004; and
- (6) Making technical, nonsubstantive changes for style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2547, 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. 2547, H.D. 2, S.D. 2, C.D. 1.

Representatives Takai, Takamine, Nakasone, Tamayo and Leong.
Managers on the part of the House.
(Representative Nakasone was excused.)

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

Conf. Com. Rep. 131-04 on H.B. No. 851

The purpose of this measure is to amend the provisions for tax appeals to provide that first appeals to either the district board of review or to the tax appeal court may be made without payment of the tax so assessed. Your Committee finds that this is a fair and equitable provision.

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

- (1) Changing the effective date to July 1, 2004; and
- (2) Specifying that these provisions shall apply to tax appeals filed on or after July 1, 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 H.B. No. 851, 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. 851, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 132-04 on H.B. No. 2840

The purpose of this measure is to:

- (1) Appropriate a portion of the matching funds necessary for the Hawaii Community Development Authority to receive grant moneys from the United States Department of Commerce, Economic Development Administration in order to conduct economic master planning for Kalaeloa; and
- (2) Establish the Hawaii 3Ts School Technology Laboratories Fund, outside the state treasury, for the continuation and expansion of the Project EAST (environmental and spatial technology) initiative in Hawaii's public schools and making an appropriation for this Fund.

Your Committee has amended this measure by:

- (1) Deleting part I, relating to making an appropriation for a portion of the matching funds to conduct economic master planning for Kalaeloa;
- (2) Expanding the purpose section to give further information on Project EAST and its importance as an economic initiative;
- (3) Identifying the Economic Development Alliance of Hawaii, Inc., a Hawaii nonprofit organization, as the administrator of the Hawaii 3Ts School Technology Laboratories Fund and establishing the Hawaii 3Ts School Technology Laboratories Fund as a separate fund of the Economic Development Alliance of Hawaii, Inc.;
- (4) Establishing the various responsibilities of the Economic Development Alliance of Hawaii, Inc., which includes expending moneys from this Fund in a manner consistent with the criteria and recommendations of the Hawaii 3Ts School Technology Laboratories Board;
- (5) Amending the provision relating to the investment of moneys in the Hawaii 3Ts School Technology Laboratories Fund to require the Economic Development Alliance of Hawaii, Inc., to exercise ordinary business care and prudence in managing the moneys in the Fund by evaluating both the short-term and long-term needs of the Fund;

- (6) Requiring that for every dollar granted to a recipient by the Hawaii 3Ts School Technology Laboratories Fund, a minimum of 50 cents in value, in the form of in kind services or matching funds, shall come from private, federal, county, or community sources;
- (7) Requiring the Economic Development Alliance of Hawaii, Inc., to submit, by December 1 of each year, an annual report for approval to the Director of Business, Economic Development, and Tourism regarding the activities of the Hawaii 3Ts School Technology Laboratories Fund and requiring the Department of Business, Economic Development, and Tourism to transmit this report along with its recommendations to the Legislature for review;
- (8) Removing provisions authorizing the Department of Business, Economic Development, and Tourism to employ a coordinator to assist in the operations of the Hawaii 3Ts School Technology Laboratories Fund and making an appropriation to fund this position; and
- (9) Deleting the appropriation for the Hawaii 3Ts School Technology Laboratories 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. 2840, 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. 2840, H.D. 1, S.D. 3, C.D. 1.

Representatives Kanoho, Schatz, Kaho'ohalahala and Finnegan.
Managers on the part of the House.
(Representative Finnegan was excused.)

Senators Fukunaga, Inouye, Ige, Taniguchi, Kokubun, Sakamoto and Slom.
Managers on the part of the Senate.
(Senators Sakamoto and Slom were excused.)

Conf. Com. Rep. 133-04 on H.B. No. 1848

The purpose of this bill is to authorize the counties to allow a taxpayer subject to the real property tax law to claim an exceptional tree tax credit against the taxpayer's real property tax liability.

Your Committee has amended this measure by deleting its contents and replacing it with a modified version of the House Draft 1.

As amended, this measure allows a taxpayer subject to the income tax law to claim an exceptional tree deduction against the taxpayer's gross income. Specifically, this measure allows the taxpayer a deduction of up to \$3,000 per exceptional tree for expenditures made during the taxable year to maintain that exceptional tree. However, this measure disallows the deduction from being taken more than once every three consecutive taxable years. Furthermore, this measure limits the amount of deduction to the amount of expenditures deemed reasonably necessary by a certified arborist.

Your Committee finds that an exceptional tree is a statutory term for a tree that has been designated as an exceptional tree by the county arborist advisory committee. Specifically, an exceptional tree is a tree with historic or cultural value, or is otherwise worthy of preservation. Your Committee finds that this measure will provide real property owners with a tax incentive to maintain exceptional trees on their property for the benefit of both the owners and the community at large.

As affirmed by the record of votes of the managers 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. 1848, 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. 1848, H.D. 1, S.D. 1, C.D. 1.

Representatives Morita, Takamine, Waters and Meyer.
Managers on the part of the House.
(Representative Meyer was excused.)

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

Conf. Com. Rep. 134-04 on H.B. No. 2136

The purpose of this bill is to improve the state Procurement Code (Code) and include more agencies within its scope by:

- (1) Providing that selection committee recommendations regarding the selection of a professional services provider are not to be overturned without due cause;
- (2) Adopting procedures and standards modeled on the Federal Acquisition Regulations to guide application of the debarment and suspension provisions of the Code;
- (3) Requiring the procuring officer to verify that competitive sealed bid, competitive sealed proposal, professional services, small purchases, and sole source contractors comply with all applicable state business laws and be organized and registered under state law;
- (4) Authorizing the Attorney General to waive in-state business, registration, and statutory employer requirements as needed to obtain legal services that are not available in the state; and
- (5) Repealing statutory exemptions from the Code.

Your Committee on Conference has amended this bill by:

- (1) Deleting the sections that repeal the Hawaii Tourism Authority's, Research Corporation of the University of Hawaii's, and the Hawaii Hurricane Relief Fund's exemptions from the Code;
- (2) Repealing the statutes that exempt the Hawaii Health Systems Corporation, and expenditures under the School Physical Plant Operations and Maintenance Account, from the Code; and
- (3) Designating the UH President as the chief procurement officer for UH to be consistent with the repeal of the University of Hawaii's (UH) exemption from the Code.

Your Committee on Conference believes aligning the Code with standard federal debarment and suspension standards will complement previously enacted improvements to the Code and will ensure uniformity of the debarment and suspension procedure throughout all state agencies, including the UH system. The improvements in this bill will enable each respective procurement office to expeditiously review exemptions on a case by case basis, thereby efficiently forwarding the best interests of the State.

To further improve the State's procurement system, your Committee on Conference recommends that the Department of Accounting and General Services review UH's electronic procurement systems as a model for statewide 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. 2136, 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. 2136, H.D. 1, S.D. 1, C.D. 1.

Representatives Magaoay, Herkes, Nakasone and Moses.
Managers on the part of the House.

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

Conf. Com. Rep. 135-04 on H.B. No. 1908

The purpose of this bill is to improve information exchange between Hawaii's public school system and the military community by requiring the Department of Education (DOE) to annually set aside federal impact aid moneys to:

- (1) Establish a military liaison position within DOE; and
- (2) Fund the Joint Venture Education Forum.

Your Committee on Conference finds that Hawaii's military community plays a significant role in schools throughout the State. This bill will help to establish a better communication link between DOE and the military, and ensure that the particular needs of military dependent students and their families are met.

Your Committee on Conference has amended this bill by:

- (1) Enabling, rather than requiring, DOE to set aside impact aid moneys to fund the military liaison position and the Joint Venture Education Forum;
- (2) Specifying that \$100,000 in impact aid moneys may be set aside annually for these purposes; and
- (3) Changing the effective date to July 1, 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 H.B. No. 1908, 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. 1908, H.D. 2, S.D. 1, C.D. 1.

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

Senators Kawamoto, Sakamoto, Taniguchi and Hogue.
Managers on the part of the Senate.

Conf. Com. Rep. 136-04 on H.B. No. 2002

The purpose of this bill is to implement education decentralization and improvement measures, including the establishment of a weighted student formula for allocating moneys to public schools.

Your Committee on Conference finds that the provisions of this bill have been addressed in another measure. Furthermore, the After-school Plus (A+) program, which provides after-school services for public school students throughout the State, has suffered from a continual decline in financial support. The A+ program would significantly benefit from having a dedicated fund that would allow it to have a consistent source of funding.

Accordingly, your Committee on Conference has amended this bill by deleting its contents and inserting provisions that:

- (1) Establish the After-school Plus Program Revolving Fund (Fund) to collect fees and fund the operations of the A+ program; and
- (2) Appropriate \$6,000,000 from the 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. 2002, 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. 2002, H.D. 2, S.D. 1, C.D. 1.

Representatives Takumi, Takamine, Evans, Kawakami and Ching.
Managers on the part of the House.
(Representatives Kawakami and Ching were excused.)

Senators Sakamoto, Taniguchi, Hooser, Kokubun, Tsutsui and Whalen.
Managers on the part of the Senate.
(Senators Kokubun and Whalen were excused.)

Conf. Com. Rep. 137-04 on H.B. No. 2411

The purpose of this bill is to:

- (1) Update and streamline Hawaii's insurance laws, as well as conform the laws to the State's newly-enacted Producer Licensing Act and the requirements of the federal Gramm-Leach-Bliley Act; and
- (2) Exempt health insurance policies for self-employed persons from mandatory coverage requirements.

Your Committee on Conference has amended this bill by:

- (1) Deleting a proposed new section to chapter 432, Hawaii Revised Statutes (HRS), article 1, part VI, which concerns required provisions and benefits for mutual benefit societies; and
- (2) Removing amendments to section 432D-23, HRS, which sets forth the required provisions and benefits for health maintenance organizations.

These deletions properly limit the exemption for self-employed persons. Technical, nonsubstantive amendments were also made for clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2411, 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. 2411, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 138-04 on H.B. No. 2523

The purpose of this bill is to ensure that the State passenger facility charges (PFCs) law comply with the federal PFC law by:

- (1) Clarifying that PFCs are exempt from transfers to pay for central services expenses and from deposit into the Airport Revenue Fund; and
- (2) Renaming the Passenger Facility Charge Revenue Fund to the Passenger Facility Charge Special Fund.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date from July 1, 2040, to upon approval; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2523, 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. 2523, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 139-04 on H.B. No. 2009

The purpose of this bill is to:

- (1) Help keep Hawaii's agricultural industry competitive in the global market by appropriating funds for the Hawaii Farm Bureau Federation to pursue efforts in agricultural research and market development;
- (2) Help diversify Hawaii's economy and ensure a sustainable environment by appropriating funds for the College of Tropical Agriculture and Human Resources at the University of Hawaii (CTAHR) to continue its various research and instructional programs; and
- (3) Support efforts to clean Hawaii's waterways of contaminants and sediments using natural, noninvasive, and less costly methods by requiring CTAHR to submit:
 - (a) An interim report to the Legislature of findings from its bioremediation research;
 - (b) An evaluation of the feasibility of scaling up the technology used in bioremediation efforts; and
 - (c) A final report at the completion of the bioremediation project.

Your Committee on Conference has amended this bill by:

- (1) Removing language in the purpose section relating to CTAHR's research of:
 - (a) Health, nutrition, and obesity prevention for Hawaii residents; and
 - (b) Bioremediation;
- (2) Clarifying that funds appropriated to CTAHR will be used to continue its various research programs and help Hawaii diversify its economy;
- (3) Inserting an appropriation amount of \$500,000 for the Hawaii Farm Bureau Federation;
- (4) Inserting an appropriation amount of \$500,000 for CTAHR;
- (5) No longer requiring CTAHR to submit to the Legislature reports or an evaluation relating to bioremediation; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2009, 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. 2009, H.D. 1, S.D. 1, C.D. 1.

Representatives Abinsay, Takamine, Sonson and Jernigan.
Managers on the part of the House.
(Representative Sonson was excused.)

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

Conf. Com. Rep. 140-04 on H.B. No. 2883

The purpose of this bill is to protect the health, safety, and welfare of the public by funding and implementing a wireless enhanced 911 system designed to route a wireless caller's identification and location to a public safety answering point. Among other things, this bill:

- (1) Establishes a monthly surcharge on commercial mobile phone connections;
- (2) Establishes the Wireless Enhanced 911 Fund (Fund) into which the surcharge will be deposited;
- (3) Creates the Wireless Enhanced 911 Board (Board) to oversee collection and distribution of surcharge funds;
- (4) Requires annual reports to be submitted to the Legislature;
- (5) Provides for protections of proprietary wireless provider information; and
- (6) Includes provisions for audits of the Fund.

Your Committee on Conference has amended this measure by:

- (1) Renaming the definition of "provider" to "wireless provider";
- (2) Clarifying the quorum requirements of the Board to include six members, rather than six voting members;
- (3) Setting the rate of the surcharge at 66 cents per month for each commercial mobile radio service connection;

- (4) Clarifying that a wireless provider may recover wireless enhanced 911 commercial mobile radio service costs if the provider:
 - (A) Is collecting the surcharge and remitting appropriate portions of the surcharge to the Fund; and
 - (B) Has been requested by a public safety answering point to provide Phase I or Phase II wireless enhanced 911 service in a particular county or counties;
- (5) Specifying that public safety answering points shall be allocated two-thirds of the Fund after expenses of the Board are paid;
- (6) Specifying that one-third of the Fund shall be made available for wireless provider cost recovery;
- (7) Inserting language to include a progress report of jurisdictional readiness for wireless enhanced 911 services, including public safety answering points, wireless providers, and wireline providers in the annual report submitted to the Legislature by the Board;
- (8) Deleting the exception of land line companies from the audit requirements of this measure;
- (9) Limiting the liability of affiliates of a wireless provider for civil damages or criminal liability;
- (10) Changing its effective to July 1, 2004; and
- (11) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2883, 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. 2883, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Takamine, Herkes and Blundell.
Managers on the part of the House.
(Representative Blundell was excused.)

Senators Kawamoto, Menor, Aduja, Taniguchi and Hogue.
Managers on the part of the Senate.
(Senators Aduja and Taniguchi were excused.)

Conf. Com. Rep. 141-04 on H.B. No. 2137

The purpose of this bill is to create a One Call Center. The One Call Center will coordinate the dissemination of information on the location of underground utility, cable service and pipeline facilities. By facilitating communication between the owners of these facilities and the prospective excavators, who may inadvertently damage underground facilities during excavation, the One Call Center will significantly reduce the risk of service disruption and the consequent direct and indirect costs.

Under this bill, excavators will mark the area to be excavated and advise the One Call Center of the location of the proposed excavation site. Using this information, the One Call Center will notify any operator known to have a subsurface installation in the area. Once notified, the operator will advise the excavator of the number and location of subsurface installations and field mark the location. The excavator can then, with due care, excavate in the vicinity of the subsurface installation.

The actual operation of the One Call Center, consistent with the practice in other jurisdictions, will be contracted out to a private entity with appropriate experience in this highly technical undertaking.

The principal amendment made by your Committee on Conference is the designation of the Public Utilities Commission (PUC) as the administrator of the One Call Center, whose duties include selection of the One Call Center provider, and a quasi-judicial role in resolving disputes.

The cost of the contract for the One Call Center, and for the administrative costs borne by PUC, will be covered by fees charged to the operators of the underground facilities. Excavators may also be assessed. The fees will be established by PUC and placed into the PUC Special Fund. In addition, government agencies will contribute and can recover this cost through their own fee structure. Civil penalties collected by the PUC, in the exercise of its quasi-judicial responsibilities, will also be deposited into the special fund. Because the startup costs will precede the receipt of any fees, initial funding of \$300,000 is included.

Your Committee on Conference, in recognition of the need to review the actual operation of the One Call Center after a suitable period for the acquisition of data, has also amended the bill to establish an effective date of July 1, 2004, coupled with a repeal date of June 30, 2009.

As affirmed by the record of votes of the managers 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. 2137, 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. 2137, H.D. 1, S.D. 1, C.D. 1.

Representatives Hiraki, Magaoay, Karamatsu and Marumoto.
Managers on the part of the House.

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

Conf. Com. Rep. 142-04 on H.B. No. 1374

The purpose of this bill is to amend Hawaii's workers' compensation law to:

- (1) Authorize the Insurance Fraud Investigations Unit of the Department of Commerce and Consumer Affairs (DCCA) to investigate and prosecute workers' compensation fraud relating to self-insured employers;
- (2) Entitle a plaintiff who successfully proves a case of workers' compensation insurance fraud to recoupment of payments for medical, vocational rehabilitation, and other services and reimbursement of attorney's fees and costs;
- (3) Entitle a defendant who successfully defends a case of workers' compensation insurance fraud to reimbursement of attorney's fees and costs; and
- (4) Provide that a person subject to administrative penalties in an action under section 386-98(e), Hawaii Revised Statutes, shall not be subject to double jeopardy under any other subsection.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that when charges of fraud are filed and are criminal in nature, a person shall not be entitled to attorney's fees and costs;
- (2) Deleting language authorizing the Insurance Fraud Investigations Unit of DCCA to investigate and prosecute workers' compensation fraud relating to self-insured employers;
- (3) Inserting language authorizing the Insurance Commissioner of DCCA to investigate complaints and prosecute cases of workers' compensation fraud, provided that the complaint is against an insurance carrier, a self-insured employer, or a fully insured employer;
- (4) Inserting a sunset provision of June 30, 2006; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1374, 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. 1374, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 143-04 on H.B. No. 2511

The purpose of this bill is to conform the state withholding tax remittance due date for employers with an annual state withholding tax liability that exceeds \$20,000 per year to the remittance due date required under federal employment tax provisions. This bill also changes the state remittance due date from monthly to "semi-weekly" and lowers the electronic funds transfer threshold amount for withholding taxes to amounts that exceed \$20,000.

Your Committee on Conference has amended this bill by increasing the withholding threshold from \$20,000 to \$40,000.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2511, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2511, S.D. 1, C.D. 1.

Representatives Takamine, Nishimoto and Bukoski.
Managers on the part of the House.

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

Conf. Com. Rep. 144-04 on H.B. No. 2396

The purpose of this bill is to continue to support the state's high technology industry by:

- (1) Establishing the State Private Investment Fund (SPIF) within the Hawaii Strategic Development Corporation (HSDC) to provide additional financing tools to meet the growing needs of the high technology industry; and
- (2) Extending and improving certain tax incentives developed for the high technology industry.

Your Committee finds that the high technology business in Hawaii is growing quickly and maturing into a promising and competitive industry. To continue growing and to ensure that these industries remain in Hawaii, new financing opportunities must be developed and implemented. The creation of SPIF will allow the State to enable these businesses to continue to grow.

Your Committee has amended the provisions relating to this new agency by placing a cap of \$36,000,000 on the total amount of tax credits HSDC may transfer at a rate of no more than \$12,000,000 per year.

Your Committee also finds that the changes to the high technology tax incentives will continue to foster the growth of these businesses, especially the small businesses just starting out.

The bill, as received, provided Department of Taxation (DOTAX) with guidance on how to evaluate the various claims for this credit by using the ratio of investment to tax credit claimed as an indication of which claims met the purpose of this tax credit. However, your Committee wants to clearly state that these ratios are only guidance and should not be used as a bright line test of credit approval. Rather, these ratios should be considered one factor among many in the evaluation of which credits should be allowed to be claimed.

Your Committee has amended this bill by, among other things:

- (1) Amending the membership of the Board of Directors of the HSDC;
- (2) Deleting the HSDC appropriations section;
- (3) Extending for five years the technology infrastructure renovation tax credit, the high technology business investment tax credit, and the research activities tax credit;
- (4) Establishing a new Tax Administration Special Fund and authorizing DOTAX to charge fees for providing comfort letters to businesses interested in the tax incentives, and for certifying credit amounts for the high technology business investment and the research activities tax credits to be deposited into this special fund;
- (5) Providing reliability for comfort letters already sent by the DOTAX to high technology businesses and investors;
- (6) Amending the computer software component of the definition of "qualified research" in section 235-7.3, Hawaii Revised Statutes, which excludes from income taxation various high technology related royalties. The new definition relates to the ultimate use of the software and the control that the business retains over the software;
- (7) Establishing reporting requirements for those claiming a qualified high technology business tax credit or a research activities tax credit to provide more public information about the use of these credits; and
- (8) Limiting the use of the research activities tax credit to qualified high technology businesses.

As affirmed by the record of votes of the managers 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. 2396, 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. 2396, H.D. 2, S.D. 2, C.D. 1.

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

Senators Ige, Fukunaga, Taniguchi, Kokubun, Tsutsui and Hemmings.
Managers on the part of the Senate.
(Senators Kokubun and Hemmings were excused.)

Conf. Com. Rep. 145-04 on S.B. No. 2549

The purpose of this measure is to fund all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1, nonsupervisory employees in blue collar positions.

This measure also funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for nonsupervisory employees in blue collar positions who are excluded from collective bargaining.

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

- (1) Inserting dollar amounts of \$0 to be appropriated to cover the costs of the salary increases and collective bargaining cost items negotiated for collective bargaining unit 1 and excluded counterparts from both general and special funds;
- (2) Changing the effective date from upon July 1, 2010 to July 1, 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. 2549, 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. 2549, S.D. 1, H.D. 1, C.D. 1.

Representatives M. Oshiro, Takamine, Kawakami, Magaoay and Moses.
Managers on the part of the House.
(Representative Magaoay was excused.)

Senators Kanno, Taniguchi, Kokubun and Whalen.

Managers on the part of the Senate.
(Senator Kokubun was excused.)

Conf. Com. Rep. 146-04 on S.B. No. 2550

The purpose of this measure is to fund all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 5, teachers and other personnel of the Department of Education under the same pay schedule, including part-time employees working less than one-half of a full-time equivalent.

In addition, this measure funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for teachers and other personnel of the Department of Education under the same pay schedule, including part-time employees working less than one-half of a full-time equivalent who are excluded from collective bargaining.

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

- (1) Inserting specific amounts to be appropriated to cover the costs of the salary increases and collective bargaining cost items negotiated for collective bargaining unit 5 and excluded counterparts from both general and special funds;
- (2) Changing the effective date from July 1, 2010, to July 1, 2004; 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 S.B. No. 2550, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2550, H.D. 1, C.D. 1.

Representatives M. Oshiro, Takamine, Kawakami, Magaoay and Moses.
Managers on the part of the House.
(Representative Magaoay was excused.)

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

Conf. Com. Rep. 147-04 on S.B. No. 2551

The purpose of this measure is to fund all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 7, faculty of the University of Hawaii and the community college system.

In addition, this measure funds the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for faculty of the University of Hawaii and the community college system who are excluded from collective bargaining.

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

- (1) Including a purpose section to reflect the six-year agreement reached by the parties and to explain the Legislature's inability to approve appropriations for future fiscal bienniums;
- (2) Inserting specific amounts to be appropriated to cover salary increases and cost items provided in the agreement between the State and bargaining unit (7) and those authorized for state officers and excluded employees; and
- (3) Making the Act effective retroactive 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. 2551, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2551, H.D. 1, C.D. 1.

Representatives M. Oshiro, Takamine, Kawakami, Magaoay and Meyer.
Managers on the part of the House.
(Representatives Magaoay and Meyer were excused.)

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

Conf. Com. Rep. 148-04 on S.B. No. 2556

The purpose of this measure is to appropriate funds for the salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for officers and employees excluded from collective bargaining in the Office of the Auditor, the Hawaii State Ethics Commission, the Office of the Legislative Reference Bureau, and the Office of the Ombudsman for the fiscal year 2004-2005.

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

- (1) Inserting specific amounts to be appropriated to cover salary increases and other cost adjustments authorized by chapter 89C, Hawaii Revised Statutes, for officers and employees excluded from collective bargaining in the Office of the Auditor, the Office of the Legislative Reference Bureau, and the Office of the Ombudsman;
- (2) Removing the inclusion of an appropriation for the Hawaii State Ethics Commission; and
- (3) Changing the effective date of the Act from July 1, 2010, to July 1, 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. 2556, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2556, H.D. 1, C.D. 1.

Representatives M. Oshiro, Takamine, Kawakami, Magaoay and Jernigan.
Managers on the part of the House.
(Representatives Magaoay and Jernigan were excused.)

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

Conf. Com. Rep. 149-04 on S.B. No. 2528

The purpose of this measure is to appropriate funds for the loss mitigation grant program and to modify program criteria relating to matching fund percentages and reimbursable costs.

The State's loss mitigation grant program was established to encourage the installation of wind resistive devices in residential property. The program reimburses homeowners for fifty per cent of their costs to purchase, install, and inspect wind resistive devices, up to a maximum amount of \$2,100.

This measure reduces the State's match from fifty per cent to thirty-five per cent of the homeowner's cost, consistent with the thirty-five per cent solar energy system tax credit, repeals the authorization for reimbursement of inspection costs, and appropriates an unspecified amount in general revenues for the program.

Your Committee on Conference has amended this measure to:

- (1) Appropriate \$300,000 for fiscal year 2004-2005 for the loss mitigation grant program; and
- (2) Require the Department of Commerce and Consumer Affairs to submit a report to the 2005 Legislature that:
 - (a) Outlines a plan to mitigate the future impact of a tropic storm or hurricane on the public's safety, the insurance markets, and the economy;
 - (b) Addresses how the Hawaii hurricane relief fund will be used to mitigate future damage from tropical storms and hurricanes; and
 - (c) Lists each insurer that offers wind damage coverage and the approaches that each insurer is taking towards hazard mitigation.

As affirmed by the record of votes of the managers 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. 2528, 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. 2528, S.D. 1, H.D. 1, C.D. 1.

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

Senators Menor, Taniguchi, Baker, Kim, Kokubun and Whalen.
Managers on the part of the Senate.
(Senator Whalen was excused.)

Conf. Com. Rep. 150-04 on S.B. No. 2595

The purpose of this measure is to establish a licensing program for mental health counselors.

This measure defines the practice of mental health counseling, prohibits unlicensed mental health counseling or use of the title "licensed mental health counselor" without a license as of July 1, 2005, establishes licensure requirements and procedures, establishes exemptions from licensure, authorizes reciprocal licensing agreements with other states, and authorizes sanctions for violations of the licensing laws. Additionally, this measure authorizes the hiring of program staff, appropriates general revenues to implement the program, and authorizes the assessment of license surcharges to replace general funds appropriated.

Your Committee on Conference finds that the State's failure to regulate mental health counselors is inconsistent with its regulation of other-core helping professions, such as psychology, social work, and marriage and family therapy, and that forty-seven states and the District of Columbia regulate the practice of counseling. The adoption of this measure will enable the State to ensure that persons practicing mental health counseling or holding themselves out to be mental health counselors have met minimum standards for professional education and experience. Your Committee further finds that as federal programs increasingly require services to be provided by licensed professionals, adopting a licensure program will provide an expanded pool of qualified professionals to provide necessary services.

Your Committee on Conference has amended this measure to:

- (1) Expand the definition of "practice of mental health counseling" to include the assessment, diagnosis, and treatment of, and counseling for, substance abuse and conduct disorders;
- (2) Expand the law's title protection to prohibit the use of the title "mental health counselor" except by a person so licensed;
- (3) Exempt from the licensing requirement persons obtaining supervised clinical experience to qualify for licensure as a psychologist, social worker, marriage and family therapist, or other licensed professional, provided that the person's title indicates a trainee or intern status and the person does not purport to be a mental health counselor;
- (4) Clarify the coursework required of applicants for licensure;
- (5) Allow more persons to be "grandfathered" into the program by recognizing examination results obtained within five and a half years, rather than within only one year of the program's commencement;
- (6) Require the Department of Commerce and Consumer Affairs (DCCA) to administer a single, rather than two different, licensing exams;
- (7) Expand the grounds for license discipline;
- (8) Require disclosure of confidential information obtained in the course of counseling in disciplinary proceedings or pursuant to subpoena;
- (9) Appropriate \$61,000 in general funds to implement the licensing program; and
- (10) Clarify that the licensing requirement becomes effective on July 1, 2005, but that the establishment of the program within DCCA, the director's powers and duties, and the appropriation provisions, become effective upon approval of the measure.

Your Committee on Conference also made technical amendments to the measure 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. 2595, 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. 2595, S.D. 2, H.D. 2, C.D. 1.

Representatives Arakaki, Takamine, Nishimoto and Finnegan.
Managers on the part of the House.
(Representative Finnegan was excused.)

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

Conf. Com. Rep. 151-04 on S.B. No. 2906

The purpose of this measure is to eliminate the filing fee for the issuance of certificates of good standing under the business registration laws.

Your Committee has amended this measure by:

- (1) Reducing the cost of filing a certificate of good standing from \$25 to \$5; and
- (2) Changing the effective date to July 1, 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. 2906, 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. 2906, S.D. 1, H.D. 2, C.D. 1.

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

Senators Menor, Taniguchi, Baker, Kim, Kokubun and Whalen.
Managers on the part of the Senate.
(Senator Whalen was excused.)

Conf. Com. Rep. 152-04 on S.B. No. 459

The purpose of this measure is to amend campaign spending laws in Hawaii by:

- (1) Prohibiting fundraising in buildings being used for state or county purposes, except as may be permitted by the facility's use regulations for a fee or by reservations;
- (2) Prohibiting contributions by government contractors selected through a nonbid process, who seek contracts valued in excess of \$25,000 or hold contracts in excess of \$25,000;

- (3) Prohibiting the use of campaign contributions for personal expenditures;
- (4) Amending the registration requirements for candidates seeking reelection and reducing the trigger amount for reporting by noncandidate committees;
- (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) Conforming to a court's decision invalidating the Campaign Spending Commission's code of fair campaign practices and ability to censure candidates who fail to comply with the code;
- (7) Amending the campaign contributions limits 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;
- (8) Defining the ownership interest in a corporation or partnership as twenty-five percent for purposes of campaign contribution limits by individuals;
- (9) Clarifying that excess contributions must be returned within thirty days or they will escheat to the Hawaii election campaign fund;
- (10) Making falsifying reports and contributing under a false name or anonymously, with intent to circumvent the law or deceive the commission, a class C felony;
- (11) Clarifying that a person who is prosecuted and convicted of campaign violations is not subject to administrative enforcement;
- (12) Amending the public funding provisions to require qualifying contributions from residents of Hawaii only and to eliminate the ability of candidates to obtain public funding for special elections;
- (13) Repealing §11-203, Hawaii Revised Statutes (HRS), relating to limitations on fundraising activities;
- (14) Requiring the Campaign Spending Commission to adopt a schedule of administrative fines for categories of violations, and direct that all administrative fines collected shall be deposited into the general fund; and
- (15) Adding definitions and clarifying other terms for consistency of application.

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

- (1) Deleting the new definition for "independent expenditure";
- (2) Amending the definitions for "labor organization" and "separate segregated fund";
- (3) Adding definitions for "residual funds" and "surplus funds" to §11-191, Hawaii Revised Statutes (HRS);
- (4) Removing the amendments to the definitions of "election period" and "expenditure" in §11-191, HRS;
- (5) Deleting the provision that requires the Campaign Spending Commission to adopt a schedule of administrative fines for categories of violations in §§11-193 and 11-228, HRS;
- (6) Restoring the provision that allows the Campaign Spending Commission to censure any candidate who fails to comply with the code of fair campaign practices in §11-193, HRS;
- (7) Amending the definition for "committee" and "noncandidate committee" to include "separate segregated fund";
- (8) Restoring the filing requirements for noncandidate committees by increasing the contribution or expenditure amount to more than \$1,000, in the aggregate, in a two-year election period in §11-194, HRS;
- (9) Restoring the requirements for committees that form within ten days of either a primary or general election to increase the contribution and expenditure amount to more than \$1,000 in the aggregate in §11-194, HRS;
- (10) Shortening the required amount of time the county clerk's office must preserve all reports filed from ten years to four years in §11-195, HRS;
- (11) Restoring the amount of charitable and community donations already provided for in §11-200, HRS;
- (12) Restoring the campaign contribution amounts in §11-204(a) and (b), HRS;
- (13) Restoring campaign contribution amounts for a candidate's immediate family members in §11-204;
- (14) Restoring the provision that identifies any individual and any general partnership in which the individual is a partner, or an individual and any corporation in which the individual owns a controlling interest, shall be treated as one person in §11-204;

- (15) Removing the provision that any excess contribution may be submitted to the Hawaii election campaign fund, rather, all the excess contributions not returned to original donors within thirty days of receipt shall escheat to the Hawaii election campaign fund in §11-204;
- (16) Deleting the definition of ownership interests for corporations or partnerships for purposes of campaign contribution limits by individuals in §11-204;
- (17) Amending §11-204(l) to correct the reference to the Code of Federal Regulations;
- (18) Restricting out-of-state contributions from corporations, unions, and noncandidate committees that have little relationship to residents of the State in §11-204;
- (19) Deleting the amendment to section 11-205.5 treating a person who owns twenty-five percent of the corporation who is a government contractor as the same as the contractor and adding that individual employees of a contractor may make campaign contributions with their own funds but officers and directors of the contractor are prohibited from making contributions in the same way as the government contractor;
- (20) Clarifying that contributions are not prohibited from any business that has any government contract awarded pursuant to §§103D-303 and 103D-305, HRS in §11-205.5;
- (21) Clarifying that government contractors are not prohibited from contributing to a candidate or candidate's committee if the candidate seeks a public office that does not have the authority to terminate the employment of an employee who has the authority or discretion to enter into, approve, or ratify the government contract sought or held by the government contractor in §11-205.5;
- (22) Amended the definition of "nonbid" to mean the contractor is selected based on any procurement process other than pursuant to §§103D-303 and 103D-305;
- (23) Restoring that surplus campaign contributions may be used for charitable and community service donations in any election cycle as is currently provided for in §11-206, HRS;
- (24) Providing surplus campaign contributions to be used for contributions to a political party provided it is not earmarked for a specific candidate in §11-206;
- (25) Adding a definition for "coordinated activity" and deleting the republication of website materials exemption in §11-207;
- (26) Providing that disposition of residual funds by:
 - (A) Donating contributions to nonprofit organizations; or
 - (B) Donating contributions to any political party,
 shall occur within one year for private campaign contributions;
- (27) Amending the penalties for unions, corporations, and organizations to an administrative fine determined by the Campaign Spending Commission in §11-228, HRS;
- (28) Restoring the current version of §11-203, HRS, entitled "fundraisers and fundraising activities";
- (29) Deleting the amendment to §11-228 that required administrative fines to be deposited in the general fund;
- (30) Changing the effective date to "January 1, 2005";
- (31) Conforming the purpose section to these amendments; and
- (32) Making technical, nonsubstantive amendments for 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 S.B. No. 459, S.D. 1, H.D. 1, C.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. 2.

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

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

Conf. Com. Rep. 153-04 on S.B. No. 2404

The purpose of this measure is to make an appropriation for expenses of the 2005 National Association of Counties meeting in Honolulu.

The City and County of Honolulu is hosting the 2005 National Association of Counties Annual Conference and Exposition from July 15, 2005, to July 19, 2005, at the Hawaii Convention Center. This measure is intended to assist the county with expenses.

Your Committee on Conference has amended this measure by appropriating the sum of \$50,000 in matching funds.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2404, 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. 2404, S.D. 2, H.D. 1, C.D. 1.

Representatives Chang, Takamine, Magaoay and Leong.
Managers on the part of the House.

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

Conf. Com. Rep. 154-04 on S.B. No. 2210

The purpose of this measure is to appropriate funds for the continuation of a condominium specialist position to provide information to condominium owners about the changes to the condominium laws proposed in this measure.

Your Committee on Conference has amended this measure by replacing its contents with the language of S.B. No. 2210, S.D. 2, which recodified the laws governing condominiums, and by making further changes thereto. As amended, this measure:

- (1) Effective July 1, 2005, repeals parts I, V, and VII of chapter 514A, Hawaii Revised Statutes (HRS), pertaining to condominium law general provisions and definitions, condominium management, and arbitration, enacts new provisions governing these areas, and makes conforming amendments throughout HRS;
- (2) Reserves for future enactment provisions relating to the creation, alteration, termination, registration, and administration of condominiums, and the protection of condominium purchasers;
- (3) Establishes a condominium dispute resolution pilot program, pursuant to which parties that have been unsuccessful in mediating condominium disputes may request an administrative hearing through the Department of Commerce and Consumer Affairs (DCCA);
- (4) Appropriates \$25,000 from the condominium management education fund (CMEF) for the pilot program; and
- (5) Appropriates \$150,000 from the CMEF to conduct post-bill passage educational activities and for the continuation of a condominium specialist position in DCCA to assist with these activities.

Your Committee on Conference recognizes that there continue to be concerns about the proposed new condominium laws, primarily in the area of condominium management. Therefore, this measure addresses some of these concerns by restoring certain rights and duties that were eliminated under the new provisions. For instance, under this measure, as amended, association board officers and members continue to owe a fiduciary duty to the board, standard proxy forms must contain a box marked "for quorum purposes only", and the minimum nine-member board requirement is retained for certain condominiums.

This measure, as amended, also deviates from the original recodification scheme by deleting the repeal of part VI of chapter 514A, HRS, (part VI) relating to sales to owner-occupants. Your Committee on Conference finds that part VI should not be repealed, as originally recommended by the Real Estate Commission. Therefore your Committee requests the Commission, during the legislative interim, to develop recommendations for the integration of part VI into the new condominium law.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2210, 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. 2210, S.D. 2, H.D. 1, C.D. 1.

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

Senators Menor, Taniguchi, Espero, Kim, Kokubun, Sakamoto and Whalen.
Managers on the part of the Senate.
(Senator Whalen was excused.)

Conf. Com. Rep. 155-04 on H.B. No. 1904

The purpose of this bill is to support our citizen-soldiers by providing for an income tax deduction of an unspecified amount for National Guard members and United States military reservists.

Your Committee on Conference has amended this bill by:

- (1) Replacing the specific amount for the income tax deduction with a graduated amount;
- (2) Changing the effective date to January 1, 2005; and
- (3) Making technical, nonsubstantive amendments for clarity, style, 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. 1904, 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. 1904, H.D. 1, S.D. 2, C.D. 1.

Representatives Ito, Nakasone, Mindo and Blundell.

Managers on the part of the House.

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

Conf. Com. Rep. 156-04 on H.B. No. 2662

The purpose of this measure is to assist new and existing small businesses and those businesses threatened by military base closures and realignments that encounter difficulty when seeking assistance through private or conventional lenders.

More specifically, the bill:

- (1) Allows the Department of Business, Economic Development, and Tourism to make loans to businesses located near military installations threatened by closure or downsizing;
- (2) Repeals the sunset of the Hawaii Capital Loan Revolving Fund set for July 1, 2004;
- (3) Caps the Hawaii Capital Loan Revolving Fund at \$1,000,000;
- (4) Removes the Hawaii Innovation Development Fund from consideration with respect to the transfer of funds involving the Hawaii Capital Loan Revolving Fund; and
- (5) Appropriates \$1,000,000 from the Hawaii Capital Loan Revolving Fund for the operating expenses of the Fund.

Your Committee has amended the bill by changing the means used to finance the purposes of the bill. Instead of reinstating and utilizing funds appropriated to the Hawaii Capital Loan Revolving Fund, this bill appropriates \$100,000 from the general fund for the purposes of the bill. The bill was also amended by changing the effective date to July 1, 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 H.B. No. 2662, 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. 2662, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Schatz, Takamine, Mindo and Blundell.
Managers on the part of the House.
(Representative Schatz was excused.)

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

Conf. Com. Rep. 157-04 on S.B. No. 1491

The purpose of this bill is to ensure the State's fiscal integrity by:

- (1) Authorizing the transfer of excess amounts in various state funds, special funds, revolving funds, and special accounts to the state general fund; and
- (2) Repealing the authority of any department, with the approval of the Governor or the Director of Finance if so delegated by the Governor, to transfer excess amounts in any special funds related to that department to the state general fund.

On April 12, 2004, H.B. 1800, H.D. 1, S.D. 1, C.D. 1, also known as the Supplemental Appropriations Act of 2004, was finalized in anticipation of its April 15, 2004, transmittal to the Governor. On the same day the Supplemental Appropriations bill was finalized, the Governor sent a Message to the Legislature proposing various program reductions to help balance the State's six-year financial plan. While a number of these proposals were included in the Supplemental Appropriations Act of 2004, the Governor proposed reductions not previously considered by the Legislature. These new reductions warranted further review.

In addition to the Governor's Message of April 12, 2004, the Governor transmitted another Message on April 26, 2004, responding to the Conference Draft of the Supplemental Appropriations bill by presenting additional items that the Governor wanted the Legislature to reconsider.

To ensure the efficient functioning of the State by the Governor and her Administration, your Committee on Conference has carefully reviewed the Governor's requests. After deleting the contents of this bill, your Committee on Conference has inserted provisions that reflect the adjustments proposed by the Governor in her Messages to the Legislature dated April 12, and 26, 2004, and which your Committee on Conference agrees are responsive to the needs and demands of our communities.

Based on the April 12, 2004, Governor's Message, your Committee on Conference has replaced \$501,714 of the general fund appropriation for the Department of Hawaiian Home Lands (DHHL) with \$675,307 from the DHHL's special fund.

In addition, your Committee on Conference has provided for a majority of the Governor's requests made in the April 26, 2004, Governor's Message. However, due to the State's fiscal situation, your Committee on Conference, regrettably, could not fund many of the additional general fund appropriation requests.

The Legislature has been an advocate for the development of new facilities in Kakaako. Your Committee on Conference continues to support the State's effort to further the development of biomedical research and recognizes the important role these new facilities will have in this effort. In the Supplemental Appropriations bill, the Legislature appropriated moneys from the revolving funds to provide for non-personnel operating expenses for these new facilities. The April 26, 2004, Governor's Message raised concerns that the "Research and Training Fund may not be able to absorb these expenses." Your Committee on Conference carefully considered these concerns and notes that the Research and Training Revolving Fund (Fund), established to facilitate research and training at the University, currently has a balance of over \$21,000,000, which is more than adequate to support the \$2,531,561 in revolving funds for non-personnel operating expenses for fiscal year 2004-2005. As such, your Committee on Conference finds that the Administration's concern on this matter is unsubstantiated. In addition, your Committee on Conference has authorized the University of Hawaii (UH) to use any other revolving fund under its control to support the facility operations if UH determines it is appropriate to do so.

Although non-personnel operating expenses have been funded by revolving fund appropriations in this bill, your Committee on Conference notes that the general fund request for personnel expenses was authorized in the Supplemental Appropriations bill. Such a cost sharing arrangement is similar to the arrangement for collective bargaining costs negotiated by the Governor for the UH faculty.

Your Committee on Conference also carefully reviewed the Governor's request to provide \$703,782 for the Department of Health's Home and Community Based Services waiver match. After much deliberation, your Committee on Conference decided not to restore this funding in fiscal year 2004-2005 for the following reasons:

- (1) The Supplemental Appropriations Act of 2004 provided the Developmental Disabilities Division (DDD) with \$2.05 million of the \$2.75 million requested for fiscal year 2004-2005. This amount takes into account an increase in the average patient cost (APC) and addresses the waitlist of clients requesting services;
- (2) The reduction of the requested amount was based on the inability of the DDD to provide updated APC data. The DDD has been unable to provide the estimated APC for fiscal year 2004-2005 because it has not received actual client data from the Department of Human Services (DHS);
- (3) The DDD calculated its supplemental budget request based on an estimated APC of \$30,041 for fiscal year 2004-2005 as opposed to the budgeted rate of \$27,000 for the Title XIX waiver match to DHS. Your Committee on Conference strongly believes that without appropriate data from DHS to verify the actual APC for fiscal year 2002-2003 and the estimated APC for fiscal year 2003-2004, providing funding at an APC of \$29,076 is reasonable and will still allow the DDD to provide services for additional clients. Repeated efforts during the last five months to solicit updated APC information from DHS to justify providing for any additional funding has been fruitless; and
- (4) The DDD lapsed to the general fund a total of \$2.9 million in fiscal year 2002-2003.

Your Committee on Conference finds that until such time as the DDD is able to provide the Legislature with actual APC data rather than estimates, the current level of additional funding for the Home and Community Based Services waiver match is appropriate.

Your Committee on Conference also restored vacant positions over and above those requested in the Governor's Message dated April 26, 2004. DHS was provided \$231,159 in general funds for vacant positions, despite the fact that none of these positions were identified in the April 26, 2004, Governor's Message. Correspondence with the DHS indicates that removing these positions would result in the elimination of "warm bodies," which would contradict the Legislature's policy on the reduction of positions. In addition, DHS has indicated that keeping these positions is critical in implementing the Rx Plus Program, an initiative that has the support of both the Legislature and the Administration.

As affirmed by the record of votes of the managers 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. 1491, 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. 1491, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 158-04 on S.B. No. 3193

The purpose of this bill is to afford Hawaii's long suffering gasoline consumers relief by fine-tuning Act 77, Sessions Laws of Hawaii 2002, which imposed maximum pre-tax wholesale and retail gasoline prices for gasoline sold in the State.

Specifically, this bill would:

- (1) Change the baseline for determining maximum pre-tax wholesale gasoline prices by using the national unweighted average spot price of all unleaded gasoline as reported by the Oil Price Information Service;
- (2) Extend maximum pre-tax wholesale price limits to mid-grade and premium gasoline;
- (3) Repeal the price limits on the sale of gasoline on the islands of Molokai and Lanai and the Hana district of Maui;
- (4) Repeal the maximum pre-tax retail gasoline price;

- (5) Provide a Neighbor Island wholesale adjustment factor to jobbers servicing the islands of Kauai, Maui, and Hawaii;
- (6) Transfer the responsibility of collecting and analyzing information received from the petroleum industry from the Department of Business, Economic Development, and Tourism to the Auditor;
- (7) Establish a legislative task force to investigate the petroleum industry on the islands of Kauai, Maui, Molokai, Lanai, and Hawaii;
- (8) Direct the Auditor to undertake a study to determine the most appropriate method of establishing a baseline gasoline price;
- (9) Extend the effective date for the imposition of the maximum pre-tax wholesale gasoline price limit; and
- (10) Make an appropriation to be expended by the Auditor to carry out the duties assigned that office by Chapter 486J, Hawaii Revised Statutes.

After due and detailed deliberation, your Committee has amended this bill by:

- (1) Changing the baseline for determining maximum pre-tax wholesale gasoline prices by using the average of the spot prices for regular unleaded gasoline for the markets of Los Angeles, New York Harbor, and the United States Gulf Coast;
- (2) Deleting the neighbor island wholesale adjustment factor and inserting the figures of \$.05 and \$.09 respectively for the mid-grade and premium adjustment factors;
- (3) Establishing zones within the State and authorizing the Public Utilities Commission to adjust the maximum pre-tax wholesale gasoline price in the various zones;
- (4) Extending the effective date for the imposition of the maximum pre-tax wholesale gasoline price limit to September 1, 2005;
- (5) Deleting the provision relating to the responsibility of the auditor under chapter 486J, Hawaii Revised Statutes, with respect to the task force and requires the Public Utilities Commission to provide support to the task force;
- (6) Deleting provisions relating to the ethanol content requirement;
- (7) Making an appropriation of \$500,000, to be expended by the Public Utilities Commission for the purposes of Chapter 486H, Hawaii Revised Statutes, and this bill;
- (8) Clarifying the purpose section of the bill;
- (9) Changing the effective date from July 1, 2009 to July 1, 2004; and
- (10) Making technical nonsubstantive changes for clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 3193, 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. 3193, S.D. 2, H.D. 2, C.D. 1.

Representatives Morita, Hiraki, Takamine and Marumoto.
Managers on the part of the House.

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

Conf. Com. Rep. 159-04 on S.C.R. No. 127

The purpose of this measure is to request the Department of Human Resources Development to delay the implementation of the elimination of the social worker series.

Your Committee on Conference finds that a serious shortage of social workers exists throughout the State, which has and will continue to result in the denial of the provision of social services or the provision of social services by lesser qualified individuals. This shortage of social workers within the State is largely attributable to an overall lack of interest in social work, as well as low pay scales for social workers, particularly for government social workers. In 2003, the Department of Human Resources Development conducted a study on the occupation of social work in an effort to address the issues of the proper classification of civil service positions, the increasing demand for human services, the finite number of social workers within the State, and a lack of alternative occupational options to meet the current demand. As a result of that study, the Department of Human Resources Development determined that the social worker series of positions should be eliminated and replaced with reclassified positions entitled human services professionals, child protective specialists, adult protective specialists, clinical social workers, or parole officers, effective May 1, 2004.

However, your Committee on Conference is concerned that the Department of Human Resources Development conducted its study without the benefit of input from the Hawaii Chapter of the National Association of Social Workers or the Schools of Social Work of the University of Hawaii, Brigham Young University at Hawaii, and Hawaii Pacific University. Therefore, your Committee on Conference believes that the reclassification should be delayed to allow the reclassification plan and its ramifications to be reviewed and analyzed by all of the interested parties.

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

- (1) Clarifying that the Department of Human Resources Development intends to allow the Social Worker series to continue for the time being;
- (2) Clarifying that the Department of Human Resources Development is requested to delay the elimination of the Social Worker series for at least three months but not more than nine months, until the Department has fully consulted and coordinated with the Hawaii Chapter of the National Social Workers, the Schools of Social Work of the University of Hawaii, Hawaii Pacific University, and Brigham Young University, and the Hawaii Government Employees Association;
- (3) Requesting the Schools of Social Work of the University of Hawaii, Hawaii Pacific University, and Brigham Young University to jointly produce a status report of their examination after both three months and six months to the chairs of the House Committees on Health and Labor and Public Employment and the Senate Committees on Human Services and Labor; and
- (4) Requesting the Department of Human Resources Development to report its findings to the Legislature nine months after the adoption of this 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 concurs with the intent and purpose of S.C.R. No. 127, S.D. 1, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. 127, S.D. 1, H.D. 1, C.D. 1.

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

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