

SIXTIETH DAY

Thursday, May 4, 2006

The House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006, convened at 10:11 o'clock a.m., with the Speaker presiding.

The invocation was delivered by Representative Colleen Rose Meyer, after which the Roll was called showing all members present with the exception of Representatives Abinsay, Arakaki, Kahikina and Stonebraker, who were excused.

On motion by Representative B. Oshiro, seconded by Representative Meyer and carried, reading of the Journals was dispensed with and the Journals of the Forty-Seventh, Forty-Eighth, Forty-Ninth, Fiftieth, Fifty-First, Fifty-Second, Fifty-Third and Fifty-Fourth Days were approved. (Representative Stonebraker was excused.)

GOVERNOR'S MESSAGE

The following message from the Governor (Gov. Msg. No. 337) was received and announced by the Clerk:

Gov. Msg. No. 337, informing the House that on May 3, 2006, the following bill became law without her signature, pursuant to Section 16 of Article III of the State Constitution:

H.B. No. 1233, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO CIVIL RIGHTS." (ACT 076)

"EXECUTIVE CHAMBERS
HONOLULU

May 3, 2006

The Honorable Calvin K.Y. Say, Speaker
and Members of the House of Representatives
Twenty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Mr. Speaker and Members of the House:

Re: House Bill No. 1233 HD1 SD1

On May 2, 2006, House Bill 1233, entitled "Relating to Civil Rights" became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

The bill would prohibit discrimination based on sexual orientation in public accommodations. The measure would also prohibit discrimination in public accommodations based on gender identity or expression.

"Sexual orientation" has been defined to mean having a preference for heterosexuality, homosexuality, or bisexuality, having a history of any one or more of these preferences, or being identified with any one or more of these preferences. Hawaii law currently prohibits discrimination based on sexual orientation in the areas of housing (HRS 515-3) and employment (HRS 378-2).

Further, it should be noted that HRS Chapter 368 contains the following language in the purpose and intent: "The legislature finds and declares that the practice of discrimination because of race, color, religion, age, sex, sexual orientation, marital status, national origin, ancestry, or disability in employment, housing, public accommodations, or access to services receiving State financial assistance is against public policy." (underlines added) Thus, it

would appear that the Hawaii Civil Rights Commission already has a basis in law to enforce prohibitions against discrimination in public accommodations based on sexual orientation and this portion of HB 1233 restates what is already a protected class.

This bill further defines "gender identity or expression" to include a person's actual or perceived gender, gender identity, gender-related self-image, gender-related appearance or gender-related expression, regardless of whether that gender identity, gender-related self-image, gender-related appearance, or gender-related expression is different from that traditionally associated with the person's sex at birth.

This part of the bill is problematic. The definitions are broad, subjective, and contain no limiting terms or interpretational guidelines. The Hawaii Civil Rights Commission currently interprets "sex discrimination" to include the abuses related to the treatment of individuals who have a gender identity or expression that it [*sic*] different from their birth sex. This interpretation of prohibited sex discrimination is in line with recent court cases in our federal judiciary and sister states. However, the definition in this bill is broader than the current interpretation of sex discrimination. Undefined and overly broad language can lead to disputes and create the potential for escalating reasonable actions by the owners and operators of public accommodations into legal proceedings. Such broad and subjective definitions should not be allowed to become a proxy for socially unacceptable behavior in public places.

It is also unclear how the definitions of gender identity or expression found in section 2 of this bill impact section 489-4 of the Hawaii Revised Statutes. Section 489-4 allows a public accommodation to provide separate facilities for male and female patrons for the protection of personal rights of privacy. People have a legitimate right to privacy and it appears the broad language of this measure could interfere with these legitimate rights. This lack of clarity may result in unintended and unwanted confusions and litigation in public accommodations law that should be addressed promptly by the Legislature.

Because this bill restates an existing protection for the class "sexual orientation" and clarifies those protections extend to public accommodations in Section 489-2 and Section 489-3 of HRS, there is merit in these provisions of the measure.

For the foregoing reasons I allowed House Bill 1233 HD1 SD1 to become law as Act 76 effective May 2, 2006 without my signature.

Sincerely,
/s/Linda Lingle
LINDA LINGLE"

SENATE COMMUNICATIONS

The following communications from the Senate (Sen. Com. Nos. 868 through 875) were received and announced by the Clerk:

Sen. Com. No. 868, transmitting H.C.R. No. 320, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE DEPARTMENT OF LAND AND NATURAL RESOURCES TO HONOR THE FIRST MONDAY IN MAY AS HAWAII HISTORIC PRESERVATION AWARENESS DAY," which was adopted by the Senate on May 2, 2006.

Sen. Com. No. 869, transmitting H.C.R. No. 218, H.D. 1, entitled: "HOUSE CONCURRENT RESOLUTION REQUESTING THE HIGH TECHNOLOGY DEVELOPMENT CORPORATION, UNIVERSITY OF HAWAII JOHN A. BURNS SCHOOL OF MEDICINE, CANCER RESEARCH CENTER OF HAWAII, DEPARTMENT OF EDUCATION, DEPARTMENT OF LAND AND NATURAL RESOURCES, THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY, AND KAMEHAMEHA

SCHOOLS TO PLAN A TECHNOLOGY-BASED COLLABORATIVE PROJECT ON STATE LANDS, OR OTHER APPROPRIATE LANDS, IN KAKAAKO," which was adopted by the Senate on May 2, 2006.

Sen. Com. No. 870, dated May 2, 2006, informing the House that the Senate has, on April 28, 2006, reconsidered its action taken on April 25, 2006, in disagreeing to the amendments proposed by the House and has this day adopted in final form the following Senate Concurrent Resolution:

S.C.R. No. 77,
SD 2, HD 1

"REQUESTING THE LEGISLATIVE REFERENCE BUREAU TO CONDUCT TWO STUDIES OF RECOMMENDED PROCEDURES THAT WILL ENSURE THAT STATE-FUNDED HEALTH CARE PAYMENTS ADEQUATELY REIMBURSE PROVIDERS WHO PROVIDE SERVICES FOR, FIRST, MEDICAID OR QUEST RECIPIENTS AND, SECOND, FOR INJURED EMPLOYEES UNDER WORKERS COMPENSATION INSURANCE."

Sen. Com. No. 871, dated May 2, 2006, informing the House that the Senate has, on April 27, 2006, reconsidered its action taken on March 28, 2006, in disagreeing to the amendments proposed by the House to the following Senate Bill and has moved to agree to the amendments, and that said bill has this day passed Final Reading:

S.B. No. 3066,
SD 1, HD 1

"RELATING TO INTEREST AND USURY."

Sen. Com. No. 872, dated May 2, 2006, informing the House that the Senate has, on April 27, 2006, reconsidered its action taken on April 6, 2006, in disagreeing to the amendments proposed by the House to the following Senate Bill and has moved to agree to the amendments, and that said bill has this day passed Final Reading:

S.B. No. 2704,
SD 2, HD 1

"RELATING TO EDUCATION."

Sen. Com. No. 873, dated May 2, 2006, informing the House that the Senate has, on April 27, 2006, reconsidered its action taken on April 11, 2006, in disagreeing to the amendments proposed by the House to the following Senate Bill and has moved to agree to the amendments, and that said bill has this day passed Final Reading:

S.B. No. 2454,
SD 1, HD 2

"RELATING TO OUT-OF-STATE SALES OF TIME SHARE INTERESTS."

Sen. Com. No. 874, dated May 2, 2006, informing the House that the Senate has, on April 27, 2006, reconsidered its action taken on April 13, 2006, in disagreeing to the amendments proposed by the House to the following Senate Bills and has moved to agree to the amendments, and that said bills have this day passed Final Reading:

S.B. No. 744,
SD 2, HD 1

"RELATING TO BUSINESS REGISTRATION."

S.B. No. 785,
SD 2, HD 2

"RELATING TO PUBLIC MEETINGS."

S.B. No. 2913,
SD 1, HD 1

"RELATING TO CONTRACTORS."

Sen. Com. No. 875, informing the House that the following bills have this day passed Final Reading in the Senate on May 2, 2006:

H.B. No. 237, H.D. 3, S.D. 1, C.D. 1
H.B. No. 266, H.D. 1, S.D. 2, C.D. 1
H.B. No. 386, H.D. 1, S.D. 1, C.D. 1
H.B. No. 439, H.D. 1, S.D. 2, C.D. 1

H.B. No. 862, H.D. 2, S.D. 2, C.D. 1
H.B. No. 970, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1021, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1280, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1706, H.D. 3, S.D. 1, C.D. 1
H.B. No. 1800, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1809, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1821, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1861, S.D. 1, C.D. 1
H.B. No. 1862, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1865, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1866, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1867, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1871, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1878, S.D. 1, C.D. 1
H.B. No. 1879, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1880, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1889, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1891, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1917, H.D. 2, S.D. 2, C.D. 1
H.B. No. 1918, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1923, H.D. 1, S.D. 2, C.D. 1
H.B. No. 1935, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1955, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1968, H.D. 1, S.D. 1, C.D. 1
H.B. No. 1995, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2039, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2045, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2051, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2075, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2109, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2145, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2146, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2153, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2175, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2176, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2179, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2199, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2211, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2214, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2239, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2265, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2271, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2277, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2299, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2343, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2367, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2399, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2410, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2412, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2500, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2503, H.D. 2, S.D. 1, C.D. 1
H.B. No. 2540, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2555, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2558, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2595, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2626, S.D. 1, C.D. 1
H.B. No. 2637, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2639, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2669, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2678, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2691, S.D. 2, C.D. 1
H.B. No. 2692, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2708, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2772, H.D. 1, S.D. 2, C.D. 1
H.B. No. 2778, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2805, S.D. 1, C.D. 1
H.B. No. 2848, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2899, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2947, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2961, H.D. 1, S.D. 1, C.D. 1
H.B. No. 2966, H.D. 2, S.D. 2, C.D. 1
H.B. No. 2974, S.D. 1, C.D. 1

H.B. No. 2991, H.D. 2, S.D. 2, C.D. 1
 H.B. No. 3016, H.D. 1, S.D. 1, C.D. 1
 H.B. No. 3105, H.D. 2, S.D. 2, C.D. 1
 H.B. No. 3115, H.D. 2, S.D. 2, C.D. 1
 H.B. No. 3116, H.D. 2, S.D. 2, C.D. 1
 H.B. No. 3121, H.D. 2, S.D. 1, C.D. 1
 H.B. No. 3142, H.D. 2, S.D. 2, C.D. 1
 H.B. No. 3217, H.D. 1, S.D. 1, C.D. 1
 H.B. No. 3225, H.D. 1, S.D. 1, C.D. 1
 H.B. No. 3235, H.D. 1, S.D. 1, C.D. 1
 H.B. No. 3242, S.D. 1, C.D. 1
 H.B. No. 3244, H.D. 1, S.D. 2, C.D. 1
 H.B. No. 3256, H.D. 1, S.D. 1, C.D. 1
 H.B. No. 3259, H.D. 1, S.D. 2, C.D. 1
 S.B. No. 427, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 439, H.D. 2, C.D. 1
 S.B. No. 467, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 475, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 486, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 696, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 706, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 743, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 819, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 826, H.D. 2, C.D. 1
 S.B. No. 845, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 895, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 951, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 965, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 995, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 1223, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 1294, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 1648, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 1899, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2004, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2021, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2036, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2065, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2076, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2090, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2143, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2145, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2150, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2158, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2159, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2162, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2188, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2190, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2193, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2214, S.D. 2, H.D. 3, C.D. 1
 S.B. No. 2227, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2237, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2244, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2246, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2248, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2260, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2273, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2274, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2283, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2290, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2292, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2293, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2298, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2323, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2327, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2328, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2334, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2339, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2343, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2348, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2358, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2360, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2430, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2479, H.D. 1, C.D. 1

S.B. No. 2480, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2484, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2485, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2486, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2487, H.D. 1, C.D. 1
 S.B. No. 2501, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2502, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2504, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2505, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2545, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2570, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2575, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2600, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2630, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2667, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2708, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2719, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2720, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2727, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2753, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2774, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2879, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2887, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2897, S.D. 2, H.D. 3, C.D. 1
 S.B. No. 2898, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2901, H.D. 1, C.D. 1
 S.B. No. 2909, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2922, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2929, H.D. 1, C.D. 1
 S.B. No. 2941, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2948, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 2957, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 2958, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2961, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2980, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 2984, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 2997, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3000, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3003, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3009, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3035, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3059, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3065, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3072, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 3076, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3077, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3078, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3090, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3101, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3105, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3111, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3119, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3120, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3180, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 3181, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3185, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3192, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 3195, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3197, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3215, S.D. 1, H.D. 2, C.D. 1
 S.B. No. 3247, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3252, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3253, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3254, S.D. 2, H.D. 2, C.D. 1
 S.B. No. 3262, S.D. 1, H.D. 1, C.D. 1
 S.B. No. 3270, S.D. 2, H.D. 1, C.D. 1
 S.B. No. 3273, S.D. 2, H.D. 2, C.D. 1

DEPARTMENTAL COMMUNICATIONS

The following departmental communications (Dept. Com. Nos. 65 and 66) were received by the Clerk and were placed on file:

Dept. Com. No. 65, from the Division of Financial Institutions, Department of Commerce and Consumer Affairs, transmitting the 2005 Annual Report.

Dept. Com. No. 66, from Marion M. Higa, State Auditor, Office of the Auditor, transmitting their report, Management Audit of the Hawai'i Youth Correctional Facility.

INTRODUCTIONS

The following introductions were made to the members of the House:

Representative Pine introduced her office manager, Ms. Leticia Acido-Mercado; and her legislative staff, Mr. Malcolm Giblin and Ms. Rebecca Erickson.

Representative M. Oshiro, on behalf of Representative Finnegan, acknowledged and thanked all the session staff of the House of Representatives and requested that their names be placed in the Journal in recognition of their service to the House, and the Chair "so ordered."

Representative Abinsay: Cesar Abinsay, Jacob Manegdeg and Sanford Sasaki.

Representative Arakaki: Michelle Arakaki, Sharon Faamata, Edgar Fernandez, Selwyn Morales, Alice Nakama, Leolani Oyama, Lia Pa'u, Harry Tagomori and Vasefanua Timoteo Jr.

Representative Berg: Alexia Carvalho, Meleana Judd, Ian Lind, Lana Matsuoka and Jennifer Wilbur.

Representative Cabanilla: Jeffrey Alexander, Lance Arakawa, Reginald Dayoan, Debby Lee, Philmund Lee, Christopher Manabat, Dominador Ramos.

Representative Caldwell: Wayne Ichikawa, Rhalina Mizumoto, Cynthia Ramirez and Elena Yamane.

Representative Carroll: Jamie DeMello, Jhani Kahalehau, Kristin Kekahuna and Napali Souza.

Representative Chang: Liane Iaukea, Francine Kaneshige and Judy Tanouye.

Representative Ching: Roberta Aisaka, Justin Alexander, Katie Churchey, Justin Dilg, Beverlyn Ho, Robert Norton and Anna Powell.

Representative Chong: Lody Aisha Allen, Kalani Kaanaana, Jayna Shanefield, Janine Tully and Beverly Wong.

Representative Evans: Meryl Gormand, Lolan Lauvao, Ashley Malabey and Dean Shimamoto.

Representative Finnegan: Jaclyn Flores, Caherine Hoffman, Dewey Kim Jr., George Krueger, Peter Salbiejo and Tracilyn Waiamau.

Representative Green: Alexandra Malabey, Allen McCune and Felea'i Tau.

Representative Hale: Chad Ahia, Linda Asato-Kaichi and Christy Vargo.

Representative Halford: Nadine Kahapea and Keene Rees.

Representative Harbin: Susan Babcock, Oscar Belleza and Nancy Callahan.

Representative Herkes: Matthew Coke, Kathryn Matayoshi, Elisabeth Steele, Benjamin Wood and Brian Yamane.

Representative Ito: Collin Hiestand, George Okuda and Karen Suehiro.

Representative Kahikina: Vivian Ahmad, Kealoha Barros-Kahikina, Denise Hew Len, Isaac Liu and Debra Murray.

Representative Kanoho: Ray Adams, Chanel Williams and Mason Young.

Representative Karamatsu: Chelsea Akimoto, Melissa Miranda-Johnson and Kerri Richardson.

Representative Kawakami: Amy Maeda, Joyce Ohta and Florence Wakuya.

Representative Lee: David Gore, Lloyd Nakahara, Karl Rhoads and Douglas White.

Representative Luke: Shirley Batad-Labisores, Janice Farrant, Clarita Kamakura, Christopher Lee, James Miura and James Nelson.

Representative Magaoay: Deirdra Alo, RexAnn Dubiel, Judy Fomin and Walter Tonai.

Representative Marumoto: Stephanie Ishikawa, Gaye Miyasaki and Maureen Muraoka.

Representative Meyer: Roosevelt Freeman and Elizabeth Heiselt.

Representative Morita: Daniel Kalili, Lydi Morgan and Norma Quichiz

Representative Moses: Shane Briones, Leilani Kawasaki and Michelle Schneider.

Representative Nakasone: Ronald Hedani, Marian Merce and Lani Nakamura.

Representative Nishimoto: Charity Espiritu, Dale Fujimoto, Jonathan Ono and Traci Toguchi.

Representative B. Oshiro: Melita Lani, Ariel Martinez, Sean Smith and Michael Thompson.

Representative M. Oshiro: Cory Chun and Erin Masui.

Representative Pine: Mariano Doctolero, Rebecca Erickson, Malcolm Giblin, Mary Jay and Lilia Lambinico.

Representative Saiki: Michael Gill, Liane Ikemoto and Daniel Park.

Representative Schatz: Malia Gibson and Amy Luke.

Representative Shimabukuro: Wallace Inglis, Erica Miles, Edmond Suka and Naomi Uehara.

Representative Sonson: Daniel De Gracia II, Felicitas Guillermo, Christopher Jurado and Melissa Takaaze.

Representative Souki: Peggy Collier, Nathan Kageyama and Vernon Souki.

Representative Stevens: Leslie Among, Sonya Lee and Anthony Moon.

Representative Stonebraker: Kathryn Sheffield and Carrie Taylor.

Representative Takai: Marnelli Joy Basilio, Cheryl Derby, Victoria Hallett, Sara Hoffman, Sandra Kim and Grace Kwan.

Representative Takamine: Deborah Adams, Apple Lynne Campollo, Annabel Donald, Daven Heen, Janet Iruha, Sarah Jagels, Michael Machado, Wendy Moranha, Hilary Stahl, Dayna Sweet, Robin Valentine-Kindred, Myles Yamamoto and Blake Yoshiura.

Representative Takumi: Aisha Arion, Sarah Love, Guy Nakashima and Reid Seino.

Representative Tanaka: Erika Moon and Franklin Tsuji.

Representative Thielen: Laurie Carmack, John Foster and Melody Heidel.

Representative Tsuji: Walter Igawa-Silva, Malina Iida and Lora Lapenia.

Representative Wakai: Janice Ching, Mark Ida, Ryan Oishi and Joan Ushijima.

Representative Waters: Mary Baker, Andrea Jepson, Paulette Nakamura and Laura Yoshida.

Representative Yamane: Brandon Lee, Lynn Miller and Marc Todoroki.

Representative Yamashita: Lloyd Ho, Tannya Kanei, Brian Okamura and Ian Ross.

Chief Clerk's Office: Anela Anne Apostadiro, Luke Artiaga, Jocelyn Ayson, Danielle Bass, Noel Bautista, Travis Choo, Royce Fukumoto, Ryan Kagimoto, Joshua Kaimikaua, Sharlene Kupukaa, Jimmy Lee, Thomas Maedo, Marco Emil Marcelo, Saori Mino, Brian Nii, Teoni Obrey, Janet Pascua, Kulu'ua Rapoza, Donna Marie Rosa, Ronald Seo, Jill Takamatsu, Charlene Wong and Diane Yukumoto.

Printshop: Joanne Burgo, Carol Cabebe, Kay DeMello, Kenneth Gibo, Bradley Haida, Roy Higa, Dorothy Horie, Lorin Kaalekahi Jr., Summer Kaleo, Jean Kinoshita, Yoshi Kiyabu, Douglas Kuahulu, Elaine Miyamoto, Mitchell Osurman, Har Ping Pang, Mildred Phillips, Estelita Pumares, Eleanor Riney, Alice Sato, Amy Say, Linda Shishido, Shirley May Sing, Shirley Yong, Curtis Yoshida and Wesley Yoshitake.

Sergeant-at-Arms: Elsielyn Abad, Mathew Allard, Dorothy Alvarado, Douglas Arakaki, Dolores Baysa, Francis Baysa, Yolanda Bryant, Vernon Fernandez, Warren Higashi, Kate Hirayasu, Yolanda Inocelda, Gordon Kwok, Kenneth Lee, Marijayne Nicholas, Matthew Oamilda, Kevin Omori, Keanini Ramsey, Paul Reid, Alfonso Singson, Jeffrey Spencer, Richard Tamashiro, Wendy Tamashiro and Rothwell Uemoto.

Majority Research: Katy Chun, Aron Espinueva, Haylee Faustin, Leslie Goo, Charles McGirr, Sean McGirr, Avis Moriyama and Chan Yi.

Minority Research: Kristi Arakaki, Antonio Bacani, Anthony Davis, Krystie Davis, Minoo Elison, Yuet Ying Fong, Liana Funai and Anne Lu.

Representative Kanoho introduced from his long-time staff member, Mr. Ray Adams.

Representative Schatz introduced his office manager, Mr. Jacce Mikulanec; and legislative staff, Ms. Malia Gibson and Ms. Amy Luke.

Representative Carroll introduced her office manager, Ms. Malia Schneider; and her legislative staff, Ms. Kristin Kekahuna, Ms. Jamie DeMello and Mr. Napali Souza.

Representative Lee introduced her legislative staff, Mr. Karl Rhoads.

Representative Hale introduced her staff, Ms. Linda Asato-Kaichi, Ms. Jelyn Kaichi, Ms. Cody Vargo and Mr. Chad Ahia.

Representative Ching introduced her legislative aide, Mr. Justin Alexander; and office manager, Ms. Amanda Friend Shaw.

Representative Caldwell introduced fifth grade students from Punahou School, accompanied by teachers, Ms. Angela "Angie" Church and Ms. Cheryl Durso.

Representative Moses introduced from Makakilo, Mr. Franklin Souza and Mrs. Evelyn Souza.

Representative Shimabukuro introduced Mr. John Monis of the Hawaii Operating Engineers Industry; Mr. Henry Curtis of Life of the Land; Ms. Kat Brady of the Community Alliance on Prisons; and Mr. Neal Okabayashi of First Hawaiian Bank.

Representative Cabanilla introduced Democrat Party Chair, Mr. Brickwood Galuteria.

Representative Cabanilla also recognized a veteran retiree from the 100th Battalion.

Representative Evans introduced her office manager, Ms. Tommie Suganuma.

Representative Herkes recognized Representatives that are Punahou alumni.

Representative Hale introduced her constituent from Puna, Ms. Luana Jones.

Representative Luke, on behalf of Representative B. Oshiro, introduced his staff, Ms. Stefanie Sakamoto-Sato and Mr. Michael JordanThompson.

Representative Luke also introduced Ms. Joy Kobayashi of Pacific Law Institute.

Representative M. Oshiro introduced his office manager, Mr. Gerald Ellamar; and his legislative staff, Ms. Erin Masui, and Mr. Cory Chun.

At 10:20 o'clock a.m., Representative B. Oshiro requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:04 o'clock p.m.

ORDER OF THE DAY

SUSPENSION OF RULES

Representative B. Oshiro moved that the rules be suspended for the purpose of considering bills on Final Reading on the basis of a modified consent calendar, seconded by Representative Meyer.

The Chair stated:

"Representative Stevens, what was the motion before this House?"

Representative Stevens rose to respond, stating:

"Mr. Speaker, the motion is to suspend the rules to consider certain bills for Final Reading."

The motion was put to vote by the Chair and carried, with Representatives Nakasone and Stonebraker being excused.

At 12:05 o'clock p.m., Representative M. Oshiro requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 12:05 o'clock p.m.

UNFINISHED BUSINESS

Conf. Com. Rep. No. 239-06 and H.B. No. 2043, HD 2, SD 3, CD 1:

On motion by Representative M. Oshiro, seconded by Representative B. Oshiro and carried, the report of the Committee and H.B. No. 2043, HD 2, SD 3, CD 1, entitled: "A BILL FOR AN ACT RELATING TO MEDICAID," were recommitted to the Committee on Conference, with Representatives Nakasone and Stonebraker being excused.

Conf. Com. Rep. No. 238-06 and S.B. No. 2546, SD 1, HD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that S.B. No. 2546, SD 1, HD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Moses rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I would hope we would recommit this measure also. I rise in opposition. Thank you, Mr. Speaker. I hope everybody on the Floor takes a good close look at the measure before us, which was not what we basically negotiated in Conference. It had to be done hardly at the last moment so it got a little vague, but it also didn't do all the things we thought it would.

"Right now, there's no appropriation into the special fund that is established. It's the Innovations Special Fund. So if you note, there's no appropriation into it. It will feed the fund with about \$25 million, maybe \$30 million a year out of general fund revenues. It doesn't say when, so is it each month? Is it at the end of the year? Is it at then end of the fiscal year? When is it? I don't know. They probably don't know.

"It does not say how the fund will be used. It gives some general guidelines as to what it might be used for, but it does not say how at all. There are no mechanisms in the bill at all for expenditures out of the fund, so even if you know how it was supposed to be used, there's no way to take any money out of the special fund. It just sits there and grows. And it doesn't take effect until next year, which means we could always fix it next year.

"What does it do? Well conveniently it tucks away a lot of money that can't be used for other things such as tax relief. And I believe it's just a feel good, do nothing, phantom bill. Thank you, Mr. Speaker."

Representative Karamatsu rose to speak in support of the measure, stating:

"Mr. Speaker, in support. Mr. Speaker, this bill will establish the Innovation Special Fund to support life sciences, advanced technology, and renewable energy. Half of 1% of general fund revenues will be deposited into this special fund in each fiscal year from 2006 to 2010. In the near future, this fund will provide grants and capital for investment for these companies and these industries. It shows that the State of Hawaii is committed to diversifying our

economy and we, I think, will go down in history by helping shape Hawaii's new economy. Thank you. And I'd like to also insert written comments," and the Chair "so ordered."

Representative Karamatsu's written remarks are as follows:

"I rise in support. The purpose of this bill is to establish the Innovation Special Fund, which will receive the sum of all general fund revenues realized by the State that equals one half of one percent of general fund revenues for each fiscal year beginning July 1, 2006, and ending on June 30, 2010. This fund will be used to support the advanced technology, renewable energy, and life sciences industries in the State.

"In the future, the Legislature will decide on what government agency will be in charge of the fund and how the fund will be invested in the advanced technology, renewable energy, and life sciences industries in the State such as research and development grants and capital investment. This measure shows the State's commitment to diversify Hawaii's economy by promoting the knowledge-based industries. Thank you."

Representative Marumoto rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I am in opposition to this measure. Although, I'm very much for economic development and helping some of these high tech industries, it's just that this bill is a little bit fuzzy for me. And I question whether we should bind future Legislatures, 24th and 25th Legislatures, to expend some unspecified expenditures. One half of 1% of general fund revenues is a questionable amount. It'll change from year to year. And I'm wondering whether this bill is flawed because there is no expending agency specified in the measure. Thank you very much."

Representative Yamashita rose in support of the measure and asked that his written remarks be inserted in the Journal, and asked that the remarks of Representative Karamatsu be entered in the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Yamashita's written remarks are as follows:

Mr. Speaker, I rise in strong support of SB2546, SD1, HD2, CD1. Passage of this measure established a special fund to support life sciences, advanced technology, and the renewable energy resource industry in Hawaii.

"We have invested so much in educating our children, we must do everything possible to keep a viable job market in Hawaii. Without keeping high technology industries, we force our children to leave the islands. It is time to show that Hawaii is serious in supporting the high tech industry. Thank you."

Representative Chong rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in strong support and first ask that the Representative from Waikale's comments be inserted as my own," and the Chair "so ordered." (By reference only.)

Representative Chong continued, stating:

"And also I'd like to thank all of the people, both Chairs of Economic Development, both money Chairs, as well as people in the community like Miss Gibson, like Miss Mailer, as well as Admiral Fargo, who support diversifying our economy. And I think this Fund will be a huge first step towards moving Hawaii forward in that direction. Thank you."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in opposition with short comments. Thank you, Mr. Speaker. Like a previous speaker noted, this bill does tuck away money and it doesn't have any other rules, commission, nothing. It doesn't say how this is going to work, and in fact it basically to me has a sense like, just have faith. Vote blindly and just have faith. There's no oversight from the Legislature, that which we take pride in, of oversight of the way we spend funds. And this is a substantial amount of amount that goes directly from general revenues into a special fund.

"Mr. Speaker, for those reasons, I don't think that this is a good idea that we should have more say. We should at least know how we are going to accomplish this economic development because this bill is very skinny. It's about a page and a half and that doesn't tell us anything on how this money will be used. I think we need to be more careful than that. Thank you."

Representative Karamatsu rose to respond, stating:

"Mr. Speaker, in support. Just to clarify, this bill is skinny right now because there's disagreement between the House and Senate in how to administer the fund. So the industry, as well as members of the House and Senate will be looking in the interim as well as next year on the implementation of it.

"There are previous drafts showing there would be an Innovation Fund Board and a buffer to create this Board so that politics won't be involved in how the money would be implemented. For example a fund-to-fund manager, etc., and grant board, qualified individuals, nationally recognized.

"These things were taken out because in the compromise, we felt that at least we could set the money aside now and then we can work on the Board and implementation in the following year. Thank you."

Representative Ching rose to speak in opposition to the measure, stating:

"Thank you. Just really, unfortunately, in opposition because I really do support all efforts in diversifying our economy innovation, but I just cannot back the lack of details in this bill. So I ask that the words of the Minority Leader and the Representative from Makakilo be incorporated as my own," and the Chair "so ordered." (By reference only.)

Representative Moses rose to respond, stating:

"Thank you, Mr. Speaker. The Representative from Royal Kunia, I think made my case for me. He said we'll come back and we'll look at this next year with the Senate and we'll take care of all the problems and flush it out. By the way that is my reason for let's do this next year, we don't need to pass it now. But he said that there's money in it now. We need to put this money aside. Well there isn't any money in it now and that was my point. There's no money in it. It doesn't do anything yet. Let's come back next year and look at it. Thank you."

Representative Meyer rose to speak in opposition to the measure, stating:

"Mr. Speaker, I'm rising in opposition to this measure. And for all the reasons that we've heard from those that are opposed. But it doesn't have any money in it now, but it already instructs that this Fund would be funded by taking one half of a percent of all general fund revenues and it starts July 1, 2006. So it will start funneling money out of the general fund then. And it also instructs that they will continue to do that until June 30th of 2010. So this will be a very fat Fund when we start to get into the details. But it's just I think it's premature and not good policy to move a bill that is so lacking in details, and at the same time just funneling off funds from the general fund. Thank you."

Representative B. Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support. Very briefly, I did want to cite to one interesting statistic that I found, and it has to do with Enterprise Honolulu, A Turning Point For Capital Formation. Assessing Hawaii's Strategic Options, in August 2003 and what they estimated was in order for our high tech emerging science and technology companies to sustain themselves in the next 5 years, they will require \$223 million. And I think if we can put in at least 10% of that. An estimated \$25 million that's going to be taken up by this bill. That is the kind of investment that capital ventures out there want to see the State doing so that they can decide whether they're going to go forward with investing in our high tech companies.

"If we do nothing, if we wait until next year, that venture capital money could dissipate or disappear. And I think since we have the availability, since we have the momentum to do so, this is the right time. We can decide later how we are going to be implementing this law as the Chair of EDB already stated, but let's take the first step and start tucking the money away so we can show everyone out there that we are seriously committed to high tech. Thank you."

Representative Finnegan rose to respond, stating:

"Thank you, Mr. Speaker. Still in opposition. Just a couple more comments in regards to this. I took a look and of course we have to be very careful of how we spend our tax money coming in. And I took a look at this and I look at all of the people who have paid into, our taxpayers, and what they're sacrificing in order to pay for the taxes that they owe. Many people are doing it by paycheck, by paycheck. Many people are sacrificing many things in order to pay for taxes and their budgets are getting skinnier and skinnier, and smaller and smaller.

"So I think it's responsible and it is our duty to make sure that if we are spending this money, that it is going to be handled correctly, that this commission is going to be in place with a good way to choose the members of this commission. I mean if the House and the Senate could not agree on how to do these things, then maybe we should take a look at it again before we start getting money. I understand that we should look at, while we have the money, we should put it away, and we should look at investing in this. But try and see it from the point of view that any money that we spend or sock away this point and time is money out of the taxpayer's pockets at this point and time.

"Our tax measure that we have coming up with is not in effect until 2008. That means they don't get any relief until 2008. Excuse me, 2007, which 2008 is when we do our tax returns.

"Mr. Speaker, we are seeing rising costs in all shapes and forms from rising taxes, rising electricity bills, rising gas prices."

The Chair then stated:

"Representative Finnegan, you are straying away from the ..."

Representative Finnegan continued, stating:

"And I apologize. This is a very passionate issue for me and so I think everyone got the point and why I am so hesitant at putting away money in a time when there is a big surplus and at a time when people are still living from paycheck to paycheck. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 2546, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ECONOMIC DEVELOPMENT," passed Final Reading by a vote of 45 ayes to 5 noes, with Representatives Ching, Finnegan, Marumoto, Meyer, Moses and Stevens voting no, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 240-06 and H.B. No. 2258, HD 1, SD 2, CD 1:

On motion by Representative M. Oshiro, seconded by Representative B. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2258, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HUMAN SERVICES," passed Final Reading by a vote of 50 ayes and, with Representative Stonebraker being excused.

Conf. Com. Rep. No. 241-06 and H.B. No. 2878, HD 1, SD 1, CD 1:

On motion by Representative M. Oshiro, seconded by Representative B. Oshiro and carried, the report of the Committee was adopted and H.B. No. 2878, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS TO ASSIST TRADEWINDS FOREST PRODUCTS, LLC," passed Final Reading by a vote of 49 ayes to 1 no, with Representative Chang voting no, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 242-06 and H.B. No. 2806, HD 1, SD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 2806, HD 1, SD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Berg rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in opposition to this bill. I'm a little embarrassed because I am one of the introducers of this bill as it left the House and before it returned to us today. I'm in opposition because the appropriation of \$700,000 for this project is embarrassing, in light of the other projects that are so needy including early childhood education, my baby. Housing, all the other issues that we've been talking about.

"The intention of this bill, originally as Representative Yamane, myself, and Representative Chong served on the Sustainability Task Force that was formed by the Legislature last year, was to ask the Auditor to look at the Hawaii State Plan and the 12 functional plans from a perspective of sustainability and how we might have legislation then come out of the work of the taskforce to be coherent regarding all the plans.

"This has morphed into something that, I'm not sure how others on the taskforce feel, but I am certainly very uncomfortable with this. To allocate \$50,000 to a Hawaii brand, establishing a brand for Hawaii is very disconcerting to me, because the intent of sustainability and as it left the taskforce in the last meeting, was to engage the citizens of Hawaii in transforming their lifestyle. Not to inspire us to do it differently, but to really enable all of us to learn how the environment and how economic diversity can be integrated for the quality of life that we want.

"We heard in last couple days when we here, the comment that the number of people who were not born in Hawaii, residing here now, outnumbers the number of us who have, who were born here. That's fine, I guess, but my point is, Mr. Speaker, we are evolving into perhaps a place that none of us really recognize anymore. So with many more things to say, I'd like to add that into the Journal if it's possible. I will be voting no on this and urge my colleagues to rethink this. It's a very noble cause. I believe that this could be done for a lot less money and, in fact if we're all committed, we could hold meetings in our districts that would enable those dialogues to occur. Thank you."

Representative Berg's written remarks are as follows:

"Mr. Speaker, I rise in opposition to HB 2608, Relating to Sustainability. As an introducer of this measure, I believe it is my responsibility to clarify the intent of this bill and explain why I am in opposition of the proposed measure. I am a member of the Sustainability Task Force, for which this bill is appropriating \$700,000 in the next two years. As you know, I care deeply about the initiative for Hawaii's sustainability and the possibility of creating a deliberate approach to legislation which can more coherently guide us toward an enriched quality of life in our islands.

"My experiences on the Task Force have been wonderful. I found each meeting more meaningful than the previous, as I grew in my comprehension of the pressing need for deliberate, innovative actions to address Hawaii's sustainability. Our dependence on fossil fuels, imported goods, and the visitor industry is not universally understood or acknowledged. Coupled with the reality of increasing numbers of Hawaii-born citizens choosing to live away from Hawaii, compromised natural resources, a disenfranchised host culture, and the challenges of change, more creative alternatives as 'solutions' are needed to address sufficient housing, a diversified economy, adequate transportation, responsive education, contemporary health issues, and a clean, safe environment in which to raise our children.

"This legislation, Mr. Speaker, disappoints me and frankly, embarrasses me – not only because of the amount of money being requested for a 'branding' campaign, but also because the purpose has been altered from the original, noble intention. The Sustainability Task Force was created to develop a process in which we, as a legislative body, could revisit the Hawaii State Plan and make appropriate adjustments for coherent legislation that would enable Hawaii to move more systematically toward reaching the benchmarks and indicators of increasingly more self-sufficiency.

"During the course of last year's work, the Task Force discovered that a shift is needed in our institutional view of Hawaii and that input from the public would facilitate understanding, engagement, and subsequently, legislative – and public – action. As yet, there is no consensus across our State or among professional fields on the term 'sustainability,' and it is out of that need that I co-introduced the current legislation – to continue the work of the Sustainability Task Force for the next two years.

"The legislative responsibility, at the moment, is not to develop a 'branding' campaign or a public relations plan to generate 'buy-in' for sustainability from the citizenry. I don't believe that a 'branding' plan was every discussed at a Task Force meeting. Furthermore, I believe that it is inappropriate for the Legislature to spend public funds for such a purpose. The intention of the original legislation was to enable the Task Force to continue its work of obtaining input from communities, synthesize the findings, and propose a coherent plan to approach the emerging needs of our State. Utilizing a science-based model, the legislation would provide financial resources to solicit ideas from all islands, regarding measurable indicators and 'benchmarks' of sustainability. The process was intended to guide the decisions – and legislation – toward Hawaii's evolving realization of a sustainable quality of life.

"What is required to move Hawaii – its people, businesses, environment, natural resources, education system, and legislative choices – toward an integrated, sustainable problem-solving methodology of living is engagement and participation of its citizenry.

"This grand effort was the original vision of the Sustainability Task Force. I cannot support HB 2608 in the current form, Mr. Speaker, as it appears to divert attention from the real needs and processes of sustainable change and attributes an excessive amount of money for that effort. Thank you very much."

Representative Meyer rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I had planned to rise with reservations in deference to my colleague from Aina Haina, but she has laid out the case so well. My problem was looking at that \$650,000 and thinking, my goodness, what are we doing, you know this huge 25 member taskforce going to be traveling to all the Neighbor Islands and advertising going on and I couldn't have said it better than she did and so I will be voting no."

Representative Harbin rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I will be voting no also. I was going to actually stay quiet on this, in deference also to the Representative from Aina Haina. But this thing has morphed into something that I think is even worse when I was opposing it when I first got in here. So thank you very much for taking the lead and I am so happy to become a follower at last. Thank you."

Representative Yamane rose to speak in support of the measure, stating:

"Mr. Speaker, I'm standing in strong support. Mr. Speaker, several of us were named on to the Sustainability Task Force. And we've been participating in quite a few number of meetings. The number of meetings, in regards to that which required getting community feedback, was the fact that people are tired of having a certain small number of people making State plans, sustainability plans, on their behalf without input from the people.

"So this endeavor of the task force, its primary focus was to bring it to the people. We represent the people, however, we want them to be part of this process. And the duty of the task force, Mr. Speaker, was to devise a process that will enable citizens to participate in determining what kind of community, their home, that they would see in 50 years.

"This is no easy task, Mr. Speaker. This requires funds, it requires input, and availability to people who cannot come to the Capitol, or cannot come to a meeting 50 miles, 100 miles away. The goal of this plan, Mr. Speaker, was to allow those that couldn't speak an opportunity to speak.

"Mr. Speaker, people are wondering what's going on with this \$650,000 or \$700,000 with this plan, Mr. Speaker, and the goals are this, for those that haven't participated. That what they are going to do in '06 and '07 is do things like have meetings, have data gathering, begin research, do a kickoff event to get support from the different stakeholders.

"In addition, Mr. Speaker, through the participation of the people, they wanted to not just give information, but to get a plan back. Something in which they don't feel like the information was sucked from their body. They wanted to get something back. They wanted to see what their participation would bring to Hawaii in 50 years. And so part of the money will be used to get that information back to them to make them a participant. And also the goal of this planning was so that we have our departments, our State, all our different counties are represented on this taskforce to have one single path so that we are not doing things against each other.

"So, Mr. Speaker, people may rise in opposition to the funds of \$650,000, but we have over a million people. If you're going to stand up and we're saying let's look for the future, this is a first step. So either we support it, or we don't. Thank you."

Representative Berg rose to respond, stating:

"Thank you, Mr. Speaker. This is my second time on this. I was going to introduce some comments into the Journal and with all due

respect to my colleague who is sharing his perspective. I would like to offer another perspective.

"I'm a community developer. I go into communities, currently in my profession and work with people to get their *mana'o* and ideas. The intent of this task force at the very beginning was not for us to have a voice and go out to the community, but rather to have another process of which I am very deeply attached to, which is the democratic process of having people have a voice.

"And why I'm so moved is because we have tried to do that here in our hearings, when we go out to community meetings. And giving money to a process that replicates the kind of top-down decision-making that we have been doing for all of my lifetime is embarrassing. It is not only embarrassing, but I think what it does is it belies what we believe about the democratic process.

"This task force, for me was an experience unlike any other experience. There was an openness. There were people coming in to educate us, and it was really with the belief that we don't go out and tell people, but rather the communities have their conversations like the Big Island.

"The Big Island is already going out into communities and having conversations because they are wanting to understand how they can best, not go to government, but how the community and the citizens can best create the life that they want. The information then comes back to the government. We don't go out to them. So the difference in this task force and the intent of this is that so all of our legislation that we've been talking about for the last 2 days, 3 days, 60 days is that we can have coherence and congruence.

"We talk about whether or not the county, or the State, or DOT, or DLNR should have a harbor, or should have jurisdiction over a harbor. It should be from the perspective of what is that harbor going to be used for and how does it tie in to the whole plan of the coastline.

"When we talk about Keehi Lagoon, should it be commercial use? Should it be visitor use? Should it be personal use? It's the general conversation that we need to have.

"The concept of branding Hawaii is for me, personally despicable. We're branded enough. And if this is about an agenda to sell Hawaii in a way that belies what the community feels, I believe that we are really going down the wrong path and I will not use the word sustainability anymore. I believe what we're talking about is enriching the lives of people, and I hope as we talk about these next bills that we have a framework also about enriching lives.

"If we want to talk about sustainability, let's give \$700,000 to Kahoolawe. Let's see Kahoolawe use that money to bring back life and prove to us that it is possible to heal. I have a lot of respect for my colleagues in this House and particularly those in the taskforce and I hope that we will rethink for ourselves what the definition means. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 2806, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SUSTAINABILITY," passed Final Reading by a vote of 41 ayes to 9 noes, with Representatives Berg, Evans, Finnegan, Green, Harbin, Meyer, Moses, Stevens and Takumi voting no, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 243-06 and H.B. No. 3036, HD 1, SD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 3036, HD 1, SD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Moses rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. Just real briefly, I just have some concerns. Reservations. Because I received a lot comments from general contractors. They have concerns with the measure. Thank you."

Representative Stevens rose to speak in support of the measure with reservations, stating:

"Just with reservations on this measure. Mr. Speaker, I believe that in some cases, of course it's good to get the subcontractors paid when they complete their work, but unfortunately sometimes the work is not up to standard and the main contractor may need to go in and do some revisions of the work that was done. So I believe this bill might take away a little of the control of the project. And for those reasons I just have some reservations. I don't think that we need to mandate when a subcontractor is paid. Especially, if in a case where there are some problems with the work that he's done. Thank you."

Representative Marumoto rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in favor of this measure. Very briefly, the contractors and subcontractors were very far apart when this bill was introduced. And thanks to the good offices of the Director of the Department of Accounting and General Services, Mr. Russ Saito, he was able to mediate a compromise, which both sides can live with. And I want just want to give him credit for that. Thank you."

Representative Herkes rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In support and the previous speaker is right. Early on we told the various parties that were involved with this bill to work it out, or else we would not take sides. And it came down to an agreement except for one sentence about two weeks ago and they finally agreed totally, all parties on this bill. And that's why we passed it out. Thank you."

Representative Magaoay rose to disclose a potential conflict of interest, stating:

"Thank you, Mr. Speaker. On this measure I may have a potential conflict. I work for a big electrical subcontractor who might benefit from this bill," and the Chair ruled "no conflict."

Representative Karamatsu rose to speak in support of the measure, stating:

"Mr. Speaker, in support. Mr. Speaker, this bill is a lot of work that brought the parties of the contractors and subcontractors together. Although they were a little in disagreement in the beginning, they moved towards this draft you see before us. So I'm very proud to say that the parties actually worked well together in the end. The only thing that is missing is a small technical amendment that was missed in the rush of things during Conference, so we're going to probably come back just for that one small amendment. But other than that this is the work of both the contractors and the subcontractors on prompt payment. Thank you."

Representative Magaoay rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Magaoay's written remarks are as follows:

"Thank you, Mr. Speaker. Mr. Speaker, I rise in strong support for HB 3036, HD1, SD2, CD1. Mr. Speaker, this bill addresses the enduring issue of fair and equitable ties between prime and

particularly specialty contractors in public works funded by taxpayer dollars.

"Mr. Speaker, this bill will address a problem within the building industry. Materialmen and subcontractors often are at the mercy of general contractors when seeking payment due them upon completion of their work or providing materials for a government project. This problem is particularly serious for materialmen and subcontractors who are involved at the beginning of a project, where their work is completed or materials are furnished long before final completion of the project. In many instances, subcontractors must wait many months, even years, before receiving full payment for their completed work. Often, the subcontractors are small, family-owned and run businesses that lack financial resources to withstand a long delay in receiving payments owed to them for work completed.

"Mr. Speaker, dollar amounts retained from materialmen and subcontractors, especially those owned by families or partnerships suffer a tremendous financial strain in the event completed projects aren't paid on a timely basis. In one case, hundreds of thousands of dollars were held back for over three years where in fact, their portion of the contract was completed over two years earlier. Mr. Speaker, passage of this bill will relieve many subcontractors and materialmen of the financial burden in remaining in business. Thank you, Mr. Speaker."

Representative Ching rose in support of the measure and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I stand in support with reservations.

"H.B. 3036 addresses a well-known problem within the building industry. Delay in payment hurts subcontractors, who must advance funds from their own pockets for materials and labor to perform their work. Contractors cannot afford to wait until the project is completed to get paid, particularly if their work is completed early on in the project.

"However, prompt payment is already required by existing law and we must be mindful that this measure would create more bureaucracy and payments would not get to subcontractors any faster than they would under current law.

"My concerns are based on proposed language requiring posting of certificates of completion and the amount due making public all pricing. This requirement will reduce competition and drive up costs.

"The net result of this proposed legislation is that the bill interferes with the free market relationship between contracted parties, increases the State's influence in what has been a process responsive to market forces and will increase the cost of doing business in Hawaii."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3036, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTRACTS," passed Final Reading by a vote of 50 ayes, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 244-06 and H.B. No. 3118, HD 1, SD 1, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 3118, HD 1, SD 1, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Moses rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. I'll be as brief as I can. I believe most businesses are responsible. This is insinuating that they are not, so it's insulting. I also looked at some of the material written about this measure. Here's one that says the bill specifies at least 20% of the Board of Directors be nominated and elected by the employees to represent and advocate for the employees, and at least another 20% be elected by the other members of the board to represent and advocate for the public interest. The bill does not define public interest, but also insures that all stakeholder representatives on the board have full access to all of the corporation's records.

"I know it's very easy to understand, but there may be a problem with all of these conflicting interest when we look at how to make profits, which that's what businesses are supposed to be doing. There's also a caveat in the bill and it says it would exempt this board from the legal requirement of acting solely in the interest of shareholders by maximizing the corporation's short- and long-term profits. So I think there are some very conflicting internal problems. And this is creating a board that, I don't see how the board will function for the benefit of the business and the shareholders and therefore businesses will go out of business, and I don't see how that helps employees at all. Thank you."

Representative M. Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker, rise in strong support. Mr. Speaker, I don't know about the prior speaker's remarks and any reference to a prior draft, but the current draft sets up a task force to weigh in on those very issues that were raised by the previous speaker. In fact, the task force will be convening soon after this Session closes and is being chaired and led by the Director of Commerce and Consumer Affairs, who I've spoken to on several occasions who supports this measure, who supports this process.

"I've also spoken to the Commissioner of Securities at the Department of Commerce and Consumer Affairs, and she too echoes the same sentiment that they would like to work on this during interim.

"I've also spoken to the Chair of the Business Law Section on the Hawaii State Bar Association and he has so graciously enlisted himself to work on this during interim. Also involved in this task force would be the Dean of the William S. Richardson School of Law, and the Dean of the School of Business at University of Hawaii. And the task force will report back to us next year, 20 days before the convening of the Session 2007, with its recommendations. I believe this is an important measure.

"It'll put Hawaii at the front of the pack of many other states who are looking at similar measures to address the problems of corporations, not only on the impact upon shareholders, but all stakeholders, communities, employees, and the environment. Thank you."

Representative Marumoto rose in opposition to the measure, and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Marumoto's written remarks are as follows:

"This measure, though noble in purpose, calls upon corporations to behave in a manner that is already expected of them. Many corporations large and small pride themselves on caring for their employees and providing fair reimbursement including expensive fringe benefits. Corporate leaders are also cognizant of caring for the environment, for should they not observe laws and regulations, they would certainly be fined, taken to court and earn the animosity of the public.

"Corporations are aware that consumer interests are paramount - otherwise people will not purchase their goods or services. If they pursue monopolistic practices, produce dangerous or unhealthy products, or overprice goods, they will not prosper and face the ill will of the public, be taken to court and eventually pay the piper.

"It may be difficult for small corporations (such as mom 'n pop operations) to comply with many of the provisions of this measure. This measure will also create inequities between this and other types of corporations. If responsible corporations are given 'incentives', it will be unfair to its competitors.

"Further, it will be difficult for the Department of Commerce and Consumer Affairs to set up regulations and timelines to implement such unusual corporations with subjective value-driven requirements. I include the testimony of the DCCA to demonstrate that it will be difficult and impractical to fulfill the mandates of this bill."

Representative Marumoto also submitted the following testimony:



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MARK E. REICHTENWALD
DIRECTOR
LAWRENCE M. NEUBERT
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS CONCERNS

THE TWENTY-THIRD LEGISLATURE
REGULAR SESSION OF 2006

Thursday, February 9, 2006
9:45 am

TESTIMONY ON HOUSE BILL NO. 3118
RELATING TO CORPORATIONS

TO THE HONORABLE JON RIKI KARAMATSU, CHAIR AND MEMBERS OF THE COMMITTEE

Thank you for giving me the opportunity to testify. My name is Corinna M. Wong, Commissioner of Securities of the Business Registration Division, Department of Commerce and Consumer Affairs. The Department appreciates the opportunity to testify on House Bill No. 3118, Relating to Corporations. We take no position on the substance of this bill but have comments on section § - 4(c) which provides that the Department maintain the incorporation records of Responsible Business Corporations in a manner that clearly distinguishes corporations incorporated under this new chapter.

The Business Registration Division is responsible for administering the state's business registry and this bill proposes a new entity type that will need to be registered in the state's business registry. The Division notes that the state's business registry has a completely paperless documents processing, archival and retrieval system. There are three main parts to the business registry's computer system: the web interface programs that collect filings online; the Registration Documents Process Management System (RDPMS), the documents routing and processing system; and the Business

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Registration Information Management System, the main registry database. All filings with the business registry are either scanned into electronic format into the RDPMS system or filed electronically over the internet.

The Division is not able to instantaneously incorporate a new filing type with the business registry. Adding a new business entity filing type with the Division will require substantial modifications to the computer system for the business registry. The Division requires lead time to be able to modify the documents processing system and the registry's main database to accept a new special filing type. Internally test the new modified system before rolling out to live production, design the new filing form and train staff on the new special filing type.

The Division estimates the necessary lead time for the computer system modification to be at least 9 months and the cost of the project to be approximately \$50,000.00.

In addition, new comprehensive provisions, comparable to those in existing business statutes, also need to be added to address the administrative procedures associated with a new entity filing type, such as, among others:

- o what specific information is to be included in the articles of incorporation and annual report filings;
- o name clearance procedures for new corporations
- o procedures for administrative order of abatements for infringement of corporate names;
- o procedure for amendments to filed documents;
- o deemed effectiveness for various filing with the Department;
- o fee schedule showing fees to be paid for filing of documents, special handling fees for certification of documents, etc.;

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- o appeal process for the Department's refusal to file a document, and penalties for signing false documents;
- o procedures for mergers and conversions into other business entity types; and
- o penalties for late filing of documents.

Thank you for the opportunity to testify.

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. Mr. Speaker, when I first took a look at this bill and the previous drafts, I was a little bit hesitant. And now that I look at this draft, I'm less hesitant, but however, we are setting up this task force and I'd like to explain why I'm not for this bill.

"As we push to move forward and improve our business friendly reputation in Hawaii, I believe this bill only sets us back. Is a corporation irresponsible if they do not meet the standards that are set forth in this task force? I am bothered that we would want to move in this direction. The standard should be set by the customers that patronize these corporations. Customers and employees do have choices and many times their choices have closed down businesses that act irresponsibly.

"Being a quote, unquote, 'responsible business' is subjective and is defined by perception. Government has its place and it shouldn't be in micromanaging corporations. And then this goes into discussion about penalizing those who do not meet these standards, whether or not they can afford to do it. That's connected to jobs. You penalize people by whether it is through some penalty, or whatever. And what if they couldn't afford whatever it was to meet that standard? Then does that mean they close down and we don't have jobs? I don't know.

"But it does, it says here, some of the specifics says the incentives for corporation as a responsible corporation. Standards for determining whether, this is what the task force is suppose to do, standards for determining whether the corporation will meet and continues to meet the requirements for receiving the incentives, and procedures by which the standards can be enforced including penalties to be imposed.

"Mr. Speaker, I know that we've been trying over the years to be more business friendly. And I'm afraid that this, although it's called responsible business, I'm afraid that this would be just a 'black list' for people who, like I said by perception or for whatever reasons don't meet these standards and all of a sudden they are considered a irresponsible business. Thank you, Mr. Speaker."

Representative Souki rose to speak in support of the measure, stating:

"Mr. Speaker, thank you very much. I want to speak on this task force. While I must admit that the former speaker did provide some very relevant points as far as leaving business alone, the history of business and corporations over the last few years have not been a very envious one. Huge severance pay outs; employees losing their retirement benefits, and becoming paupers after working 30, 40 years for a corporation; and leaders of corporations going to jail for embezzlement.

"Mr. Speaker and Members, the history of United States corporations has not been good this last few years. Outsourcing. We're losing our employees. Our labor pool is becoming smaller and smaller because of the outsourcing, where profit is the only consideration for many corporations. I believe there should be a fiduciary relationship with the corporation and its employees.

"Some responsibility needs to be given to them. And I think we need to have a task force like this so we can examine all of these things. And it may come out where we won't come out with anything as draconian as one may think, but at least it should be examined. How can we make the corporations good corporate citizens with a fiduciary relationship to its employees? Thank you."

Representative Karamatsu rose to speak in support of the measure, stating:

"In support. Mr. Speaker, the original intent of this bill is not to mandate or punish companies. It's to put incentives, tax credits. That was the original intent, the original bill as stated. And now it's the task force to look into implementation. How it would work and

how it would be applied by DCCA. But it's not a punishment. Companies don't have to choose to be under this. If they want to they can, and they can get the tax credits. That was the original intent. Thank you."

Representative Moses rose to respond, stating:

"Thank you, Mr. Speaker. Second time, still in opposition. We heard many comments on the Floor about how this is going to be fixed again during interim. We are going to look at it. Everybody's going to get together. That's another reason to not pass at this point.

"I just want to say that, yeah, maybe you can choose whether or not you want to credit or not and be labeled 'responsible'. But if you don't choose the credit, then you are labeled irresponsible, and I think that's a way of blackmailing business. Thank you."

Representative M. Oshiro rose to respond, stating:

"Mr. Speaker, again in strong support. Just a couple of points. The Chair of the Economic Development and Business Concerns Committee made the point, but I think it needs to be made again. This is voluntary. There's no mandate for anyone to organize and set their business under this corporate structure.

"Secondly, there is no tax credit to this current draft. Again the task force is charged with crafting implementation language for us to consider next year. Thank you, Mr. Speaker."

Representative Ching rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. Just again, unfortunately in opposition and just my concerns rest on the micromanaging and the reality that if you had two businesses and one was classified as responsible and one was not, that's going to dictate the market. So you are really going to have to have everybody be in that responsible category. So it is in a way, forcing people to be in that. And I ask that the comments of the Minority Leader be incorporated as my own," and the Chair "so ordered." (By reference only.)

Representative Finnegan rose to respond, stating:

"Mr. Speaker, in opposition and just a short rebuttal. I'll be quick. Mr. Speaker, the Speaker Emeritus spoke about how these corporations on the United States level basically have done these not so good things. And what I would like to say, okay, then how does this do it because they probably wouldn't sign up to be a responsible business. So what are we left with? Not getting to the problem of these quote, unquote, 'irresponsible businesses.' Thank you, Mr. Speaker."

Representative M. Oshiro rose and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative M. Oshiro's written remarks are as follows:

"Mr. Speaker, I rise to speak in favor of House Bill No. 3118, Conference Draft 1, Relating To Corporations. This bill would establish a task force to study and propose the statutory framework for a socially responsible corporation. Section 1 of the bill sets Hawaii apart from the rest of the states. The whole intent of the measure is to create a corporate structure that allows for a corporation to consider both profit and other interest in its business decisions. With the creation of this entity, the State of Hawaii will be taking a proactive step to promote corporate responsibility instead of maintaining the regulatory approach of punishing corporate malfeasance.

I. THE EFFECTS OF UNIQUE BUSINESS OPPORTUNITIES IN HAWAII

"I find this measure to be similar to the laws that established our captive insurance industry in 1987. Who could have imagined that twenty years later, Hawaii would be one of the captive insurance leaders in our country with \$741 million dollars deposited in our local banks, stimulating \$10.5 million in economic activity in this State every year. According to the Department of Commerce and Consumer Affairs, although captive insurance companies only employ around 50 positions, these companies create ancillary jobs for professionals who help manage the captive companies. An example of these businesses are KHM LLP for accounting and auditing purposes, Goodsill Anderson Quinn & Stifel from the legal sector, First Insurance Company of Hawaii, Ltd. providing business management services, as well as many other businesses prospering from captive insurance in Hawaii.

"The same affect could result from Hawaii becoming the first state in the nation to incorporate responsible business corporations and bring in related legal, financial, and investing expertise that will follow these corporations. Hawaii can become a leader by becoming the first state in the Nation to provide the legal framework for this corporate model to thrive and thus, set the example for the nation to follow.

II. SUCCESSFUL INNOVATION OF CORPORATE GOVERNANCE

"Mr. Speaker, the Responsible Corporation is a hybrid between a regular corporation and a non-profit corporation. It is a significant departure from the "internal affairs doctrine". While there may be apprehension toward creating such an entity, the same opposition arose from an idea to create a hybrid of a corporation and a partnership. That entity is now called the Limited Liability Company ("LLC") and it is a popular corporate vehicle for many new businesses. Imagine if the LLC idea was shelved because people considered it to be unworkable or detrimental to current corporate structures? We would have not had the opportunity to see an LLC.

"House Bill 3118, Conference Draft 1, is a positive step in the right direction. The task force will consist of talented and knowledgeable individuals and organizations that have a direct stake on our corporation statute, Chapter 414 of the Hawaii Revised Statutes. The task force will be comprised of seven members:

- The Director of Commerce and Consumer Affairs, or the director's designee, who shall serve as the Chair;
- The Commissioner of Securities of the Department of Commerce and Consumer Affairs, or the Commissioner's designee;
- The Chair of the Business Law Section of the Hawaii State Bar Association, or the Chair's designee, and another member of the business law section to be designated by the President of the Hawaii State Bar Association;
- The Dean of the William S. Richardson School of Law, or the Dean's designee; and
- The Dean of the School of Business of the University of Hawaii, or the Dean's designee, and a member of the faculty of the School of Business, as designated by the Dean.

"Together, the State of Hawaii can become the world leader in the promotion and support for socially responsible corporations and create the business environment where enlightened entrepreneurs can do business successfully while insuring their values and beliefs are not compromised but instead ingrained and imbedded into the day-to-day practices of a 21st century businesses. As Delaware is now the king of traditional business corporations, so too, can Hawaii become the queen of socially responsible corporations.

"For these reasons, I urge my esteemed colleagues to support this measure. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3118, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CORPORATIONS," passed Final Reading by a vote of 43 ayes to 7 noes, with Representatives Ching, Finnegan, Marumoto, Meyer, Moses, Pine and Thielen voting no, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 245-06 and H.B. No. 3261, HD 1, SD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 3261, HD 1, SD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Meyer rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. This bill, Relating to the Ingenuity Corporation Charter, seems like it's very much arm-in-arm related somewhat to the responsible corporation. The Majority Leader did spend some time trying to educate us on this. And the idea is they are going to set this charter, a group of employers, unions, to represent inventors, people to be really creative amongst us. I'm in opposition.

"Just on first glance there's just a lot of things they are trying to do here. In one of the hearings there was a flowchart that is just totally mind-boggling. I don't know if you came across this, but it's very hard to follow. You got the American Ingenuity Alliance and labor unions, inventors.

"Currently it shows the inventors have no rights, and you're going to lawsuits for infringement. The AFL-CIO is a big part of it. It is just, it's very, very, very complicated. When I read it, I felt that somehow the unions were going to get involved in representing these inventors and then perhaps get a piece of the action when somebody came up with a really good idea. I'm somewhat disturbed about the references to the International Labor Organization and a reference to the United Nations Environmental Standards.

"I'm just not sure what this is going to do. And this would just be at a State level, and somehow this is supposed to protect maybe somebody in Hawaii that comes up with a good idea that is being manufactured in foreign country, where on the strength of this charter, we could somehow strong arm them over in Saipan to pay wages that they pay in Hawaii. I mean it's just some kind of a huge idea, but yet we're going to establish it here in Hawaii just at the State level. I have to spend a lot more time getting clear about this before I want to put a stamp of approval on it. Thank you, Mr. Speaker."

Representative M. Oshiro rose to speak in support of the measure, stating:

"Mr. Speaker, thank you. I'll be submitting some written remarks. Just a few comments in support. First of all I think we should all understand that any corporation, nonprofit, for profit is a creature of statute, and basically operates as a person in our legal community. And as such it is a creation of the laws of the State, in this case the Legislature. So in this bill here what the Legislature is doing is issuing a special corporate charter for the Hawaii Ingenuity Corporation. And I believe the Minority Floor Leader did comment upon and touch upon some of the benefits. Now, Mr. Speaker, this is a big and bold, far-reaching idea.

"I'll give you a couple of examples very quickly, Mr. Speaker. The current situation with our United States Automobile Industry, which was once touted as the largest industry in the world, producing most of the vehicles today, is probably failing and will probably not be around the next couple of years given the crisis of it losing its ability

to keep jobs in America, keep technology in America and compete against construction and delivery of vehicles from the Far East.

"This bill addresses the situation going on right now with GM, Ford, Chevrolet, and Delphi. It also could help us regarding the situation at Del Monte if we had somehow been able to contain and control the patent regarding the CO2 or Del Monte Gold pineapple and retain it in America. We could probably influence the ability to have the pineapple company operate here with a profit and protect it from competing against itself from its overseas plantations in Brazil or Costa Rica or China or Thailand.

"And third, Mr. Speaker, I've been sharing with some of the people up at the University of Hawaii and some of the members of the Hawaiian community involved in the current conflict regarding the patent rights of *kalo* or taro. And not withstanding the fact that they have some legitimate claims to taro and truly have a link of soul and culture to it. Insofar as there are rights under the current United States patent system, the Hawaii Ingenuity Corporation might be a vehicle in which they may be able to protect and retain control over the Hawaiian taro. Mr. Speaker, I'd like to submit further written remarks into the Journal," and the Chair "so ordered."

Representative M. Oshiro's written remarks are as follows:

"Mr. Speaker, I rise to speak in favor of House Bill No. 3261, House Draft 1, Relating To Ingenuity Corporation Charter. This bill would provide the statutory framework for the establishment of the Hawaii Ingenuity Corporation, an entity that protects intellectual property, stabilizes jobs, and promotes technology in public education. The corporation has the ability to hold intellectual property for inventors and license that property to businesses. Once the business implements the invention, the labor force becomes the ultimate user. Having inventors and labor collaborate with educators will create a win-win situation for the people of Hawaii.

I. OPPOSITION IS MISPLACED

"Mr. Speaker, opponents of the measure believe that House Bill 3261, Conference Draft 1, is not needed because it will hamper free enterprise at the expense of maintaining American jobs. This argument is misplaced. The workforce is an important part of American society. Imagine if every job of every corporation was outsourced out of the country. What would this country look like? It would be a country run by corporations and only corporations. Workers would be powerless to fight for their jobs. It is easy to speak of job loss due to outsourcing on the Floor of the House of Representatives, but not if the opponent had to explain this rationale to all of the workers that lost their jobs due to outsourcing. Or even have the courage to confront our brothers and sisters working in the pineapple fields of Kumia -- only to lose their jobs from Del Monte moving operations to the Phillipines, Costa Rica, or China --

II. ESTABLISH HAWAII AS AN INNOVATIVE LEADER

"Mr. Speaker, the 2006 legislative Session will be remembered for our commitment to Hawaii innovation. Legislation enacted this year will be geared toward promoting technology and growing our high-tech industry. As with House Bill No. 2181 House Draft 2, which creates the Hawaii Innovations Partnership Act, this will reaffirm our commitment toward high technology.

"House Bill No. 3261, Conference Draft 1, works hand-in-hand with high technology by creating a conduit to assist inventors with protecting intellectual property rights. With the Ingenuity Corporation in place, inventors can take their innovations to the corporation for assistance in obtaining patents, copyrights, or other intellectual property. After an inventor licenses the technology to the corporation, it can assist with marketing the technology to businesses.

"Hawaii, under Governor Benjamin Cayetano, took the first step to promote intellectual property in Hawaii. In a letter to the governors

of the other forty-nine states, dated July 9, 1999, Governor Cayetano wrote:

"Historically, innovation has led to technological advancement and that advancement has created jobs and even new industries. Independent inventors, not large corporations, have contributed the majority of this country's most important inventions. Protecting the patent rights of independent inventors is of the utmost importance to the future prosperity of states as we move into the next century."

"In a Pacific Business News opinion piece dated September 17, 1999, Dr. Raymond Damadian, inventor of the MRI, wrote:

"I conclude by expressing my gratitude to Gov. Cayetano for recognizing the importance of independent inventors to the economy and for having the foresight and courage to stand up on our behalf. I say this despite the fact that my support for Republican politics – including President Bush – is a matter of public record . . . Cayetano is sending a clear message to independent inventors. The result? Companies like mine – which are built on the patented inventions of their founders – will begin taking a serious look at Hawaii as a place to do business."

"Hawaii has gained a national following from organizations around the country interested in the Hawaii Ingenuity Corporation. John P. Connolly, President of the American Federation of Television and Radio Artists (AFTRA), provided his insight into the proposed measure:

"The Ingenuity Corporation that HB 3261 envisions, with its alliance of scientists, workers, educational institutions and the people of Hawaii, will be a major factor in restoring balance and fairness to the current jungle warfare over patents. Not only will HB 3261 help create a level playing field for the orderly administration of crucial inventions and intellectual property, it will also create a mechanism through which society – most particularly the inventors themselves, workers, and the educational institutions of Hawaii – will share in the benefits of the enterprises of the future."

"If Hawaii becomes the first state to create this entity, it would promote Hawaii as an innovative leader.

III. LABOR MAY CONTROL THE TECHNOLOGY THEY DEVELOP

"Under House Bill No. 3261, House Draft 1, the labor unions play a pivotal role. By having a stake in the corporation, labor will have an incentive to protect intellectual property in the workplace. Since the workers are implementing the new technology, they will have an insight into the proper use of the intellectual property license.

"The unions also have the ability to promote the use of technology in the workplace. Imagine a worker who knows of technology that could save or make business thousands of dollars. Workers would be anxious to bring that technology to the business because both will benefit. Unions also have the bargaining power to promote technology in the marketplace to the benefit of all the members in the corporation and the general public. Consumers benefit because there is added incentive to constantly improve a product, formula, or service, knowing that compensation will be commensurate with inventiveness.

IV. THE CORPORATION SUPPORTS INNOVATION IN THE PUBLIC SCHOOLS

"Mr. Speaker, the final component of the House Bill No. 3261, House Draft 1, is public education. We have all stressed the need to provide opportunities in education to our young residents. The children of Hawaii are the inventors and the workers of tomorrow. The Ingenuity Corporation will promote innovation and technology

in the classroom. This will ensure that Hawaii can continue to be a leader in innovation and a champion of intellectual property in the United States.

"Finally, I close with an excerpt from Dr. Raymond Damadian's article that appeared in the Honolulu Star Bulletin, entitled "U.S. ingenuity deserves Legislature's support", dated May 4, 2004:

"[President Abraham] Lincoln declared that patent rights 'secured to the inventor, for a limited time, the exclusive use of his invention; and thereby added the fuel of interest to the fire of his genius, in the discovery and production of new and useful things.' Lincoln also stated that, 'Labor is the superior of capital and deserves much the higher consideration. Capital has rights, which are worthy of protection as any other rights.' Lincoln recognized that protecting the rights of inventors and the livelihoods of working people is just as critical to the strength of our nation as protecting the rights of capital. The Ingenuity Corporation will be an effective vehicle for balancing all of these interests for the purpose of promoting innovation and securing the common good."

"For these and other reasons previously discussed, I urge my esteemed colleagues to support this measure. Thank you."

Representative Finnegan rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

Representative Moses rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. I'm just going to read a few blocks from the chart. Lawsuits for infringement. Collective representation of inventor interest. Labor capital investment strategies. Strike. New tools for organizing and building membership. Labor rights imbedded into intellectual property rights. Strengthening Congress. And reaffirming the courts. So I mean this is just a labor-organizing chart as far as I'm concerned.

"I understand what the intent might have started as. We have some workers that maybe getting displaced because of what's happening overseas, but you can't do those things by law. It's the same as the gas cap. We can't cap things and expect it to work. We have to have free trade and free enterprise for all of us. For the benefit of all the people in the United States and all the people in the world. Free trade. Thank you."

Representative Ching rose in opposition to the measure, and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in opposition.

"I support ingenuity, the protection of ideas, and believe this legislation offers a creative approach to dealing with many of the challenges facing Hawaii and our nation in the areas of global competitiveness, product development and intellectual property. However, I am uncomfortable with the complex ambiguity and dictating global policy that is reflected in this bill.

"This measure proposes the corporation would be a public-private hybrid, combining some features of a government agency, such as creation by government and a public purpose, with some features of a private business, such as for-profit corporate form. A hybrid may be subject to government accountability laws such as the Sunshine Law depending on the particular circumstances. Uncertainty about the status of public-private hybrids has led to many lawsuits nationwide. I believe it is crucial that the legislation clarify whether a given hybrid is subject to government accountability laws."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3261, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INGENUITY CORPORATION CHARTER," passed Final Reading by a vote of 42 ayes to 8 noes, with Representatives Ching, Finnegan, Marumoto, Meyer, Moses, Pine, Stevens and Thielen voting no, and with Representative Stonebraker being excused.

Conf. Com. Rep. No. 246-06 and H.B. No. 3060, HD 1, SD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 3060, HD 1, SD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Karamatsu rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Karamatsu's written remarks are as follows:

"I rise in support.

"The purpose of this bill is to encourage small companies and researchers at nonprofit research institutes to work together in moving laboratory-developed technologies to the marketplace and to foster technology-based economic development.

"This measure authorizes the High Technology Development Corporation (HTDC) to provide grants to local businesses that receive a federal Small Business Technology Transfer Program award or grant or apply for a Small Business Innovation Research federal grant or Small Business Technology Transfer Program federal grant. It also appropriates funds to HTDC to increase the funding levels necessary to meet the current needs of the Hawaii Small Business Technology Transfer Grant Program and Phase 0 Competition Assistance Program.

"Further, the High Technology Innovation Corporation (HTIC) will be allowed to establish operational bank accounts in out-of-state locations, including foreign denomination accounts, until June 30, 2011. Moreover, HTIC will be exempted from Chapter 36, Hawaii Revised Statutes (HRS), relating to the management of state funds, and Chapter 38, HRS, relating to deposits of public funds.

"HTDC and HTIC have played a big role in developing Hawaii's technology and science industries. This bill will help these agencies expand their influential role. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3060, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY," passed Final Reading by a vote of 50 ayes, and with Representative Stonebraker being excused.

At 12:53 o'clock p.m., the Chair noted that the following bills passed Final Reading:

S.B. No. 2546, SD 1, HD 2, CD 1
 H.B. No. 2258, HD 1, SD 2, CD 1
 H.B. No. 2878, HD 1, SD 1, CD 1
 H.B. No. 2806, HD 1, SD 2, CD 1
 H.B. No. 3036, HD 1, SD 2, CD 1
 H.B. No. 3118, HD 1, SD 1, CD 1
 H.B. No. 3261, HD 1, SD 2, CD 1
 H.B. No. 3060, HD 1, SD 2, CD 1

The Chair then announced:

"Members of this Chamber, we'll recess until 1:45."

At 12:53 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 2:01 o'clock p.m.

Conf. Com. Rep. No. 247-06 and H.B. No. 2419, HD 1, SD 3, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 2419, HD 1, SD 3, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

At 2:02 o'clock p.m., Representative Takai requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 2:04 o'clock p.m.

Representative Moses rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. Thank you, Mr. Speaker. The first part of this measure is pretty good. It's having some tax measures needed by the Tax Department to do their job better and that's very good, but there are two other things in the bill that I object to.

"One, is setting up the State to collect Internet sales tax. It's called streamline taxing, but it's really Internet sales tax collection. And the other part of the measure that I find objectionable is that the State would collect the half a percent surcharge on the county tax for mass transit, which is one of the things that we promised that we would not do. We would leave it up to the counties and county homerule so I'm opposing it for that reason.

"Also, it looks like it would require 44 more people to collect the surcharge and 55 to collect the Internet sales tax. So we're adding about 100 new bodies just to administer the measure. Thank you."

At 2:06 o'clock p.m., Representative M. Oshiro requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 2:15 o'clock p.m.

Representative Finnegan rose and asked that the Clerk record a no vote for her, and the Chair "so ordered."

The motion was put to vote by the Chair and failed to carry, and the report of the Committee was not adopted and H.B. No. 2419, HD 1, SD 3, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," did not pass Final Reading by a vote of 41 noes to 9 ayes, with Representatives Arakaki, Berg, Cabanilla, Caldwell, Carroll, Ching, Chong, Evans, Finnegan, Green, Harbin, Halford, Herkes, Ito, Kahikina, Kawakami, Lee, Luke, Magaoay, Marumoto, Meyer, Morita, Moses, Nakasone, Nishimoto, B. Oshiro, Pine, Saiki, Schatz, Shimabukuro, Sonson, Souki, Stevens, Takumi, Tanaka, Thielen, Tsuji, Wakai, Waters, Yamane, Yamashita voting no, and with Representative Stonebraker being excused.

LATE INTRODUCTION

The following late introduction was made to the members of the House:

Representative Kahikina introduced from Waianae, Ms. Alice Greenwood, Ms. Patricia Patterson, Ms. Caroline Hallway, Ms. Farah Butangbacal and Ms. Lucy Gay.

UNFINISHED BUSINESS

Conf. Com. Rep. No. 248-06 and H.B. No. 957, HD 1, SD 1, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 957, HD 1, SD 1, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Moses rose to speak in support of the measure, stating:

"On 248. Thank you, Mr. Speaker. I rise in support with just some comments. This is a tax relief measure. It is too small and it doesn't take effect until 2007, but the measure also has in it flood relief statewide, which is very good, and of course any tax relief is better than none. I just want to say that I wish it had increased the brackets in the standard deduction. If we increased the standard deduction 75% of the 2005 federal level, it would benefit another 375,046 tax filers. Increasing the standard deduction of 40% of the 2005 federal level would benefit 312,760 tax filers. The difference is 62,286 filers. Thank you Mr. Speaker."

Representative Meyer rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm rising in strong support. I am very pleased that the measure to give tax credit to victims of this recent flood is in here. In the beginning of the Session there was a bill to give a tax credit to the people in Manoa that had suffered a lot of losses and that was actually before we had all the rain starting in late February. But because my constituents were really slammed on this, and this is going to be extremely helpful, I'm most appreciative that it is in this bill now. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 957, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION," passed Final Reading by a vote of 50 ayes, with Representative Stonebraker being excused.

At 2:20 o'clock p.m., the Chair noted that H.B. No. 957, HD 1, SD 1, CD 1, passed Final Reading.

Conf. Com. Rep. No. 179-06 and S.B. No. 2961, SD 1, HD 1, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that S.B. No. 2961, SD 1, HD 1, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Moses rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. Mr. Speaker, this bill is a tax increase on the citizens of Hawaii. I'm disappointed the bill appropriates no money toward educating our youth about smoking. Where is the money for smoking prevention programs? Hawaii's tax rates on these products are already among the highest in the nation. Even the Attorney General has the authority and stopgaps are in place to stop black marketeering. With the immensity of the Internet total stoppage of a black market created by this large tax increase on cigarettes is unrealistic.

"This tax is not a reliable funding mechanism. The UH School of Medicine, the Emergency Medical Service Special Fund, Trauma Care Fund, DOH, whom this bill will benefit, will not have a regular flow of money, year to year, from this tax increase because we are supposedly stopping or reducing the smoking. If the Body really is concerned about people's health and not about funding special

products through this tax increase, we should look at banning tobacco in its entirety. And we should not look at raising taxes on an addictive product that we know many people will buy even if the prices rise. Thank you, Mr. Speaker."

Representative Marumoto rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I'm in favor of this measure, but I'd like to express some reservations. I am for clean air and for abolition of secondhand smoke so I will be voting for this measure.

"However, as a rock-ribbed Republican, I am unhappy about voting for a tax increase. And I am also angry, angry because we were promised, I believe in a legislative hearing that private funds would be raised to erect the Cancer Center.

"The former President of the University of Hawaii assured legislators that he would personally find the money. And with that promise and on that premise the medical community and lawmakers developed expectations that a home for the Cancer Center would be a bricks and mortar reality very soon. The money never materialized. And I don't think I was the only angry legislator in this building when we realized that. I will try and forget about history and look forward to a healthier Hawaii, but I'm still a reluctant yes."

Representative Green rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm still forming my thoughts. I stand in support, strong support of this measure. One great reason to pass this bill is that fewer children will start smoking. Fewer children in Hawaii. There are a lot of reasons and I'm not going to get into all of them. I would remind my colleagues, most respectfully, across the aisle, and I really mean that, that the Surgeon General, a Republican, and our Governor, a Republican, sat across from me, sat across from my Chair and said they like this bill. They're supporting this bill. Fewer people are going to smoke. We're going to have a Cancer Research Center. Health is going to improve in the State of Hawaii and I really think we should be very proud of this, Mr. Speaker. Thank you."

Representative Evans rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I rise in opposition. I'm going to point out several things to my colleagues and let me start with the idea is smoking a right or a privilege? I know we had this discussion last week that yes, people have a right to smoke, but not around me. So we had the discussion about smoking in public places. But when I talk about smoking a right or a privilege, I want to equate it to the fact is it a right to drive cars or not.

"So the reality is, one of my colleagues said, do we tax people for the benefits they receive. So should we tax people who like to smoke cigarettes because they enjoy it? So I am equating it to roads. Should we tax people who drive cars on roads, and not only that, cars that have carbon dioxide, which is bad air? So if we're starting it to move in this Legislature and in this State about let's tax people who contribute to bad air, I think we can look to industrial users, we can look at people who drive cars. We can look at fireworks. Things that create smoke. We can actually then go one step farther about bad air. What is bad air?

"If you talk about people that have asthma, I totally respect their feelings that they don't want smoke around them because it really harms them, and I agree with that. So this thing about public places, but again I like designated places for smokers. But what I'm getting at, is if we have people that have problems with asthma and they're concerned about bad air, I think we should maybe even look at perfumes because I have worked with people who have sensitivities to perfumes. So I think we have a long way to go if we are going to be protecting people with their health.

"And my concern about the cigarette tax increase is to really be honest about what we're doing. I think it's a tax increase. I don't think it's about stopping people from smoking. Yes, I agree with the argument that children may not be able to afford cigarettes, but we're passing laws that say they can't consume them, they can't buy them, hopefully people won't give them cigarettes. But the reality is children look at role modeling, and smoking is, in my opinion, always going to exist, always.

"I want to relate to my colleagues that I had the privilege in Borneo to go up river and visit a tribe. And I was sitting there. I was there for three days and they were smoking and I asked what it was and they said it was banana leaf. That they actually cured the banana leaves over the fire, rolled them up, and smoked them. And I thought well that's kind of interesting. Why would they do this? I mean no one introduced cigarettes to them. It's just something they wanted to do I suppose and they enjoyed.

"And then one of the people there said, 'Well come out in the jungle, I want to go for a walk.' So we went on this walk and he shows me all these plants and he said that this plant is for headaches, and this plant is for stomachaches. And this plant is if you get a cut, that you squeeze the juice and you put it on it. And he said, 'Our pharmacy exist here for us and we have learned over time.' And so what I'm saying is I don't think tobacco leaves are bad. I think they grew and people just learned to enjoy them and maybe it is a stimulant but I would argue ..."

Representative Morita rose to yield her time, and the Chair, "so ordered."

Representative Evans continued, stating:

"But I would argue that tobacco leaves may be a stimulant, but coffee can be a stimulant, sugar can be a stimulant, chocolate can be a stimulant. I know people who say when they're stressed out they go and eat fast food because it's a comfort food, because it changes their mood.

"So I mean why are we acting as if it's such a bad thing when it's natural in nature? And I will argue what I said the other day that it's maybe the addictives. Why aren't we looking at what they're putting in these things? Maybe that is the issue that we should really go for and say that this is intolerable what you do in terms of adding things, enhancing things. Maybe that's the problem. But I believe it is a natural product that grows and has grown forever, and maybe someday with biotechnology we're going to have someone come out and say there's actually a health benefit to it.

"I grew up with family. I only smoked for about three years when I was young, but I grew up with family that I've had pipe smokers, cigar smokers, chewers, snuffers, and people that smoked and it's just something that's been around me. And I don't believe the argument that I'm going to die from all that smoke I've been exposed to. Sometimes I think I might die from stress, because I see stress as really hard on people physically. And so I'm still not convinced but I have a lot of respect that have asthma, have problems with it, and I believe we do have to address it.

"But this tax increase, I just think people should call it what it is. I think it is a tax increase. And let's talk about it as a tax increase. Why did people want the taxes? Because they want to build a Cancer Research Center? The University, I mean this amazes me. I was in a Committee hearing and the University, unfortunately, we had testimony where the President is saying, 'According to the Constitution, we're supposed to have autonomy and operate and manage our own affairs.' So you would think from that argument they would say, 'Butt out. Let us do what we have to do and accomplish what we want to accomplish.' And yet then they come here and they say, 'We need general fund money. We need money from you to construct what we want.' So it's kind of like they want their cake and eat it too.

"So when people came, when Mr. Vogel came to talk to me about this, I really couldn't understand. I said, 'Have you looked at where you're going to get revenue to do your Cancer Research Center other than tobacco tax?' They hadn't looked. So they're really banking and counting on the cigarette tax to fund that. So if that's really what we're doing, looking for a revenue source to fund this, then I think we should say it.

"I just really think saying this is all about youth and I have to agree with the other speaker, if it is about youth, then why if we raised the cigarette tax is it only earmarked for our youth that are addicted on ice, addicted on drugs, because they're addicted on cigarettes. Why aren't we taking it where we think the money should go? So I just really feel it's been framed wrong and that is really why I want to vote no on this. Thank you."

Representative Arakaki rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. In strong support. Mr. Speaker, this is and we can be upfront about it-this is the second 'silver bullet' in our strategy to prevent people from smoking, and to convince people to quit. And one need only to look at the bill and read the purpose clause. In the United States, it cost about \$7.18 for each pack of cigarettes sold in terms of healthcare. So smoking has proven to cost the healthcare system, a lot more money than what is put in. And this healthcare cost, of course, is overburdening the already rising cost of healthcare. In Hawaii, this amounts \$526 million in healthcare expenses and productivity.

"There is no intention to hide that this is a tax because the studies have shown that the taxes on cigarettes do prevent young people from becoming daily smokers and that is who we want to target, our young people. Because we want them to not start. To keep them from start smoking because we know that cigarettes are highly addictive, once you start, it's harder to quit.

"And, yes we knew the tobacco plant is not poisonous, but when you put together all the products and products that are sold separately that would be highly poisonous. Not only that, the studies have already shown that cigarettes are highly carcinogenic in nature. There's no refuting the fact. So anyone who makes the conscious decision to smoke, is not only consciously trying to kill himself, but in the end they can also kill others as well with second-hand smoke.

"Yes, there are beneficiaries from this tax, but I think the Conferees and your Health Committee, Mr. Speaker, hopefully in its wisdom tried to create a nexus between the proceeds of this tax and those who benefit. I believe the Cancer Center, our Trauma Care Fund, our Emergency Services Fund, and our Community Health Centers are, and can prove their nexus in terms of not only preventing smoking, but also providing for those who become victims from the ravages of smoking.

"And so yes, I don't think there is any hiding what's in this bill. But the irony is we don't want the beneficiaries to become addicted like people are addicted to cigarettes to the proceeds of this tax. In fact, the health advocates would be happy if we collect less taxes because that would mean a decrease in smokers. So yes, that is the intention. We were not hiding it. I don't see how we're hiding that fact, but it is a tax. But I think it's a tax that will benefit the future of Hawaii especially our young people.

"And finally, Mr. Speaker, I know that there was something that was distributed to the Members and just so that there's no misinterpretation, this is not tied to this bill. It was tied to a Resolution that we have passed earlier with the vision of a smoke-free Hawaii by the 2015. So I hope no one made the connection that this is trying to lobby any of you on this measure because that was not the intention. If anybody was offended by that, I apologize. Thank you, Mr. Speaker."

Representative Meyer rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I'm rising in opposition to this measure. It's not that I'm against the Cancer Research Center. I know they do very good work and they get some great grants. And I think they will continue whether this bill passes or not. My real concern is that this is increase in tax. And it's quite a large increase. Right now the tax on the book is 8 cents per cigarette. 20 cigarettes in a pack that's \$1.60 in State tax. That doesn't include federal tax. But this bill will increase it by a penny every year for 5 years so you'll be up to 13 cents a cigarette and that will raise the price or increase the tax by a dollar.

"Hawaii already is like number one in the nation for taxing the poorest amongst us. With the tax bill that we just passed, we might move to five or six because they are going to get the tax relief that we are passing is going to be it's aimed at the people on the lower end so that is good. But we still would be number six. We're way up there. And oftentimes people who do a lot of manual labor or working out there, they're smokers. And so I think that this tax is going to in a disproportionate way, be collected from again people who don't have any, or very little discretionary income. And I think it's going to be a disproportionate amount that is going to fall on their shoulders. Thank you, Mr. Speaker."

Representative Souki rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I wish to vote with strong reservations on this measure. And with respect to the Representative from Kalihi Valley, who to me is a great advocate of health and has been all these years. I'm certainly going to miss him when he leaves. However, I think it's ironic that we are speaking about the group that they count on the tax and that would be money will be forwarded to the Cancer Society and Cancer Center for the help. And yet Members and Mr. Speaker, we're not getting to the core of the problem, which is substance abuse.

"Yes, Mr. Speaker, substance abuse. Cigarette smoking kills more people than all the other drugs put together. Heroin, marijuana, cocaine. It's a lot more addictive and science has proven it. Heroin certainly much more than marijuana. And yet we allow this substance abuse to continue and we benefit from it by the tax that we charge with the premise that this is going to cure and help to alleviate the problem of cancer, cancer of the lungs, and respiratory conditions, cardiac condition. But we continue to and allow it to go on so it's kind of a hypocrisy in a way, Members. Hypocrisy.

"If you don't like cigarette smoking that way, let's ban it. Let's call it what it is, substance abuse, Members. But let's not continue to provide increasing taxes so we can enjoy the revenue, and at the same time postulate that we are doing good for society. Members, we are not. We're acting as a partner to this behavior that we have going on. Thank you very much, Mr. Speaker."

Representative Harbin rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. I will be in opposition to this measure. And I wish I could say more than what the prior speaker said, and I unfortunately am dumbfounded because he said what I was going to say. So please enter a very strong no. Thank you."

Representative Sonson rose to speak in opposition to the measure, stating:

"Thank you very much. Mr. Speaker, I'll be voting no and I request that the words of the Speaker Emeritus be enter into the Journal as my own," and the Chair "so ordered." (By reference only.)

Representative Sonson continued, stating:

"We heard that this is a tax and I am a person that is not opposed to tax. However, not all taxes are good. Specifically when they are oppressive, discriminatory and in this case punitive. The end does not always justify the means. Thank you."

Representative Yamashita rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I rise in support of House Bill 2961 with some concerns and reservations. This measure seeks to increase the cigarette tax for the use of things like funding the Cancer Research Center and other medical services. While I do believe that these programs that this bill seeks to fund are beneficial for the people of Hawaii and deserves these funds, passage of this measure could potentially cause harm to both our citizens and our economy.

"We must be careful when increasing cigarette taxes. Although studies show that increased taxes reduce legal cigarette sales, it can lead to an increase in the gray and black market for cigarettes. Should this happen, the increased taxes neither deter smoking, nor increase revenues for the Cancer Research Center, trauma care and community health services.

"While I strongly support these programs and the tax increase that these programs aim to fund, I believe we must curb tobacco smoking amongst our population, especially amongst our youth. We must be aware of the possibility of these gray and black market cigarette trade that might come about. Any increase in cigarette taxes go hand in hand with discouraging illegal cigarette sales. Thank you."

Representative Finnegan rose to speak in opposition to the measure, stating:

"Thank you, Mr. Speaker. In opposition. Thank you, Mr. Speaker. This particular measure wasn't that easy to decide on, but I am in opposition. I look at the overall tax issue coming out of this Session and I have to vote no on this bill. Higher taxes on cigarettes have been linked to stifling teen smoking. The money from this tax will pay for wonderful programs and if we were serious about funding them, we should fund them through the general fund.

"So let's take a look at the overall tax issue. We started out with \$650 million surplus this year."

Representative M. Oshiro rose to a point of order, stating:

"Point of order, Mr. Speaker."

The Chair then stated:

"Representative Finnegan, can you confine your remarks to the 6-cent increase tied to the cigarette tax that is before us."

Representative Finnegan continued, stating:

"Mr. Speaker, I don't know if I can because in regards to taxes, and regards to our budget, and the increase in taxes, you can't look at it in a bubble. It affects each other."

Speaker Say: "Well this is a specific legislation dealing with a tax increase on cigarettes addressing six different areas of concerns that the Members of this Chamber have. So could you address it as a point by point. First the increase of 1 cent per year for the next 6 years. And secondly, discuss for the Members your concerns in regards to those programs that you support or do not support. That's the discussion we have here this afternoon."

Representative Finnegan: "Okay, I understand, Mr. Speaker. And I will try to do that. It's just when I take a look at taxes, Mr. Speaker, this is an increase in taxes."

Speaker Say: "In the area of cigarette tax."

Representative Finnegan: "Which affects overall tax spending, which also affects overall tax increases."

Speaker Say: "It may and it may not. It depends on the consumption or the sale of the cigarette."

Representative Finnegan: "Okay, Mr. Speaker. I will proceed. Cigarette taxes affect the poor the most. I've been spending some time getting to know some of the homeless in my district, and I don't think that this tax will stop them from smoking. However, even cigarette tax increases grow government and slow down economies."

"I know that this measure will pass and will move forward, and I hope that it brings all the good it promises by stopping teen smoking, and building the Cancer Research Center, and funding emergency medical services, trauma care, and community health centers. However, they will have to do it without my vote. Mr. Speaker, it is a big picture."

Representative Magaoay rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm standing in strong support and I would like to have the comments of the Chair of Health entered in the Journal as mine. You know I'm in support, Mr. Speaker, because my father, bless his soul, he's as strong as an ox, and his vice was smoking. No matter how much we tell him to quit smoking, he's a chain smoker. And the good that's coming out of this bill is that finally we're going to have a Cancer Research Center here to augment what we have at John A. Burns School of Medicine. I hope we take a look and hopefully one day we can cure cancer. And basically cigarettes are a vice to have it for people who grew from early childhood until now. So I'm basically right now in support and ask my colleagues to support it. It is a tax, but a tax goes a long way. Thank you."

Representative Ching rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. In support with some reservations. Thank you. I very much support the prevention of cancer and I agree with the American Cancer Society that we should work towards ending cancer and death by the year 2015. I do have some reservations though that pretty much mirror the Representatives from Makawao so I would ask that the words of the Representative from Makawao be enter as my own," and the Chair "so ordered." (By reference only.)

Representative Lee rose to speak in support of the measure, stating:

"Mr. Speaker, I stand in strong support. I'd like the words of the House Chair to be inserted in the Journal as if they were my own and some additional written comments. What I'd like to say is that there are good taxes and bad taxes, and this tax in the long run will help people. And if the revenues from the cigarette tax decrease, we'll have a savings because of the healthcare cost that we won't be having to pay for. Anybody who has ever seen somebody die of end-stage lung disease or lung cancer, I don't think could be against this tax. And I have. Thank you."

Representative Lee's written remarks are as follows:

"Mr. Speaker, I rise in support of the measure. There is no doubt in my mind that this is the right thing to do. An increase in the tobacco tax has been shown to decrease the rate of smoking in many instances. The potential decrease in revenues to the beneficiaries of the tax, because of fewer cigarettes being purchased, will be offset by fewer medical costs in the long run."

"I am happy to see the revenues going to health research and community needs such as trauma care and emergency medical

services. I believe this nexus makes the bill more palatable because the money will not go to the general fund. Millions and millions of dollars go up in smoke yearly – if we can make a small dent in the numbers of smokers while at the same time benefiting the community, this bill is worth passing."

Representative Stevens rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in support. Just briefly, I have been voting with reservations all along on this measure, but today I would like to vote aye. And the reason is the Cancer Research Center really provides the nexus for me to vote for a tax increase. And I'm really kind of looking at this as a user fee. Maybe that's my own way of justifying it, but in my mind it's a user fee. It's only charged to the people who choose to smoke. And I can see that the proceeds going to the Cancer Research Center is a very good nexus very good connection for this tax and a very good use, so I'm going to vote yes on this today."

Representative M. Oshiro rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative M. Oshiro's written remarks are as follows:

"Mr. Speaker, I rise to speak in favor of Senate Bill No. 2961, Conference Draft 1. This bill would discourage smoking, especially by young people, by increasing the tax on cigarettes and allocating funds to effective sources in the prevention and treatment of disease and injury."

"Mr. Speaker, I have long been a supporter of raising the tax on cigarettes. The record will show that I have either introduced, or co-sponsored such legislation over the past four (4) legislative sessions. Some may ask why have I done this. I have supported these bills because I strongly believe that tobacco poses a constant threat to the health and welfare of our citizens, and any mechanism that will discourage the use of tobacco in our State is a good thing."

"My colleagues across the aisle have objected to this bill on grounds that:

- It will hurt our businesses;
- It will hurt our economy;
- It will chase away tourists from Japan and Korea; and
- It will limit the personal liberties of our citizenry.

"None of these arguments are new and, in my humble opinion, none are compelling."

"According to the American Cancer Society, all 50 states and the District of Columbia impose an excise tax on cigarettes. These taxes range from a high of \$2.46 per pack in Rhode Island to a low of 7 cents per pack in South Carolina. The national average for state cigarette excise taxes (as of September 1, 2005) was 89.8 cents per pack. This is an increase of about 6 cents per pack since January 1, 2005."

"The states with the highest cigarette taxes include New York (\$1.50/pack), Massachusetts (\$1.51/pack), Alaska (\$1.60/pack), and Washington state (\$2.025/pack), all of which rely upon their tourism industries as a major element of their economies. I seriously doubt that tourist think twice about going to New York, Massachusetts, Alaska, or Washington State because it costs more to buy their cigarettes."

"Currently, Hawaii has the 11th highest cigarette excise tax in the nation -- \$1.40. If this bill is enacted, the cigarette tax will increase 20 cents per year for the next six years. If no state raises its cigarette tax during this time period, Hawaii's cigarette tax will surpass Rhode Island's as the highest in the nation."

"My colleague from Makakilo has argued that this bill unfairly penalizes persons who consume a substance that is "legal". Yet, there are countless products that are regulated in a similar manner because the use of such products have been found to pose a significant threat to the health and welfare of our citizens. The most obvious example of this is the liquor tax.

"In my opinion, the benefits of this tax increase greatly outweighs any perceived negative impacts on our economy or personal liberties. In fact, the passage of this bill reaffirms our commitment to making Hawaii the "Health State". I think a lot of people come to Hawaii because they long for our healthy environment and healthy lifestyles.

"Lastly, to those who have raised the question of whether there is a suitable "nexus" between the tobacco tax, cancer research, and federally qualified health centers, I agree with my colleague from North Kona and Keauhou that the use of tobacco (and second hand smoke) not only increases the prevalence of cancer in our citizenry, but also asthma, and other chronic pulmonary diseases that burden our hospitals and community health centers in the form of increased indigent care.

"For these reasons, I respectfully urge my colleagues to support this important measure."

Representative Takai rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Takai's written remarks are as follows:

"I support this bill. This is a solid proposal that will raise the cigarette tax for worthy programs such as the University of Hawaii Cancer Research Center, the Community Health Centers and Emergency Medical Services.

"Although I whole-heartedly support the Cancer Research Center and the efforts of Director Carl Vogel and his team, I wanted to re-educate our colleagues about the reason why he needs the funds to construct the Cancer Research Center in Kakaako.

"In 2001 after the September 11 attacks, we came back into Special Session to approve the use of tobacco fund monies to support the construction of the UH Medical School. We changed the law and allowed for the use of these monies to pay the debt service on a \$150 construction bond.

"The commitment from the University and then-President Evan Dobbelle was to raise an additional \$150 million to construct the Cancer Research Center and to renovate the now vacated Biomedical Sciences Building on the Manoa Campus.

"Dobbelle was quoted in an issue of the University's magazine *Malamalama*. In the magazine, he said: "For the medical school, our use of the \$150 million from the state's \$1.2 billion tobacco fund is contingent on raising a matching sum from private sources."

"In addition to the commitment to fundraise the matching \$150 million, University officials also said that they would not come to the Legislature for additional funds for the operation of the new buildings.

"Unfortunately, after the new buildings were completed, the University requested and the Legislature provided an additional \$6 to \$7 million per year for the operations of the new buildings.

"After an informational briefing of the House Higher Education Committee, former Dean Ed Cadman wrote to me regarding the operating costs of the new facilities.

"At this time, our best guess would be that operation and maintenance costs of the facility will be between \$6-7 million annually," Cadman wrote on March 25, 2003. "We expect to primarily

fund these costs through F&A (Facilities and Administration) cost recovery from sponsored projects," he added.

"We understand your expectation that the new School campus will be financially self-sufficient and the importance of having the ability to accurately measure and evaluate the School's return on investment," Cadman wrote.

"I had an opportunity to meet with President McClain in February 2005. At this meeting, we again discussed the UH Medical School. He wrote back with these comments: 'I do want to acknowledge that with regard to the funding of the operating costs of the research building and the education building of the John A. Burns School of Medicine at its new location in Kakaako, initial commitments made in 2001 at the time the construction of the new facility was approved -- namely, that the University needed only the Legislature's approval for the \$150 million bond issue and could handle the operating costs on its own -- have been shown with the passage of time, and the development of a huge surge in enrollment at Manoa (a surge which you correctly point out was encouraged by the past UH administration's policies), to have been overly optimistic.'

"Our biennium budget request includes operating funds for the medical school's facilities in Kakaako," McClain added.

"In an op-ed piece that I wrote for the Honolulu Star-Bulletin on July 6, 2003, I wrote:

Legislators now are worried about Dobbelle's commitment to raise \$150 million in private funds to match state spending for the new medical school in Kakaako. At an October 2001 legislative hearing, Dobbelle was asked what would happen if the university doesn't raise the \$150 million. "I don't think that way," he answered. "We will raise the \$150 million."

Fifteen months later, in a January 2003 legislative hearing, the president again was asked to update the Legislature about the fund-raising efforts for the medical school. "We will raise the funds," was Dobbelle's answer once again. In March, legislators learned that only \$500,000 had been raised to date -- less than 1 percent of the total promised.

On May 1, the Legislature finally received a "preliminary fund-raising plan" for the campaign. Despite taking more than one year to formulate this preliminary plan, Dobbelle admitted that it must be presented to the Board of Regents for its "review and approval prior to any presentation to donor prospects." To date, the regents have yet to receive this proposal.

"I bring back this history to ensure that there is some historical record of our latest decision. As I mentioned earlier, I support the use of cigarette tax funds for the construction of the Cancer Research Center. I support Carl Vogel and his team of researchers. And I support the mission and efforts of the Cancer Research Center.

"However, years from now when we look back on this particular bill and our allocating of funds for three years to the Cancer Research Center, I don't want us to again be placed in a predicament to increase funding for the operations of these new buildings. The University of Hawaii and their leaders must be held accountable to their commitments. The taxpayers and in this case, smokers, deserve no less."

Representative Kahikina rose in support of the measure, stating:

"Mr. Speaker, I rise in support."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 2961, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Final Reading by a vote of 43 ayes to 7 noes, with Representatives Evans, Finnegan, Harbin, Meyer, Moses, Pine and

Sonson voting no, and with Representative Stonebraker being excused.

At 2:50 o'clock p.m., the Chair noted that S.B. No. 2961, SD 1, HD 1, CD 1, passed Final Reading.

S.B. No. 2461, SD 1, HD 1, CD 2:

Representative M. Oshiro moved that S.B. No. 2461, SD 1, HD 1, CD 2, pass Final Reading, seconded by Representative B. Oshiro.

Representative Kahikina rose in support of the measure, stating:

"Mr. Speaker, I stand in support."

Representative Carroll rose in support of the measure, stating:

"Mr. Speaker, I stand in support."

Representative Magaoay rose to speak in support of the measure, stating:

"Mr. Speaker, on this measure, strong support and I'd like to thank the Chair of Health for the floor amendment on this bill. And also I like to insert written comments to the Journal."

Representative Magaoay's written remarks are as follows:

"Thank you Mr. Speaker. Mr. Speaker, I rise in support of SB 2461 S.D.1, H.D. 1, C.D. 2. Mr. Speaker, this Senate bill authorizes funds from the Temporary Assistance for Needy programs. The Hui Malama Learning Center provides alternative education programs for at-risk youths.

"The Hui Malama program includes the GED foundations and academic tutorials for our needy citizens. The Maui Economic Opportunity, Inc. is a private, nonprofit community action agency. Its mission is to help the low-income elderly, children, and youth; people with disabilities; immigrants; other disadvantaged people; and the general public to help them become self-sufficient. Maui Economic Opportunity, Inc. also provides transitional services to inmates at the Maui Community Correctional Center.

"Adult Friends for Youth is a private, nonprofit organization dedicated to redirecting youth from delinquent gang behaviors into pro-social behaviors, allowing them to merge successfully with the social and economic mainstream.

"Baby Hui another worthy organization provides low-income and teenaged parents with a positive support network through its positive parenting support groups, including neighborhood- and high school-based support groups for parents and children from birth to age three.

"Maui Youth and Family Services provides adolescent mental health programs, including components for pregnancy prevention and family strengthening.

"The Oral Health Institute of the Pacific program was opened in 2004 to increase access to oral health services by providing clinical dental services and case management to special needs patients, and underserved children and adults. These underserved children and adults are Medicaid, QUEST, or SCHIP recipients or are uninsured, and have not had access to oral health services in many years. The underserved population includes geriatric patients, children with special needs, adult mental health patients, renal dialysis patients, heart transplant patients, persons with HIV/AIDS, former inmates, and the homeless.

"The underserved population by and large cannot access dental services in their communities. This is due to dentist non-participation with Med-QUEST, low Medicaid program

reimbursement rates for dental services at only twenty-five per cent of the cost of treatment, and excessive paperwork for billing Medicaid. Accordingly, the number of dental providers who actively treat these patients is alarmingly small. As an example, on Maui, there are fewer than five dentists who see these 14,765 patients. Approximately half are children under age twenty-one. One pediatric dentist who practices on Maui participates with Med-QUEST. Sometimes children are flown to Oahu, accompanied by a parent or guardian, for dental treatment. This requires extensive coordination and case management and can be very traumatic for the patient, and costly to the State.

"And finally Mr. Speaker, this Senate Bill addresses those hospitals located in rural areas; Molokai General Hospital, Kahuku Hospital, Hana Community Health Center, and Waianae Comprehensive Health Center provide these hospitals with additional \$500,000.00 to assist their operational cost. Due to their location, immediate medical care is extremely vital in providing our citizens the medical care needed. Thank you, Mr. Speaker."

Representative Tanaka rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Tanaka's written remarks are as follows:

"Thank you, Mr. Speaker. I rise in strong support of SB 2461 CD2, Relating to Grants. I have witnessed firsthand the dedicated and hard work performed by Hui Malama Learning Center, Maui Economic Opportunity, Inc. and Maui Youth and Family Services, Inc. All three organizations work tirelessly to help needy families and other disadvantaged persons on Maui. I am pleased that each organization is receiving funding this Session to sustain these valuable projects aimed at improving the lives of those in need.

"Thank you, Mr. Speaker."

Representative Shimabukuro rose to speak in support of the measure, stating:

"In strong support. Just want to thank the Health Committee so much for this bill. I can speak for Waianae Coast Comprehensive in saying they are the largest employer on our coast providing critical care and so this bill means everything for Waianae. Thank you."

Representative Meyer rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I'm in strong support. I'm very appreciative that this bill was amended and it gives vital support to the Kahuku Hospital. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and S.B. No. 2461, SD 1, HD 1, CD 2, entitled: "A BILL FOR AN ACT RELATING TO GRANTS," passed Final Reading by a vote of 50 ayes, with Representative Stonebraker being excused

At 2:52 o'clock p.m., the Chair noted that S.B. No. 2461, SD 1, HD 1, CD 2, passed Final Reading.

S.B. No. 218, SD 4, HD 1, CD 2:

Representative M. Oshiro moved that S.B. No. 218, SD 4, HD 1, CD 2, pass Final Reading, seconded by Representative B. Oshiro.

Representative Magaoay rose in support of the measure and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Magaoay's written remarks are as follows:

"Thank you, Mr. Speaker. Mr. Speaker, I rise in support of Senate Bill 218, SD4, HD1, CD2. Mr. Speaker, this bill addresses the shortage of paramedics in the State by assisting paramedics who wish to advance in their field by completing a state-qualified mobile intensive care technician program.

"The expansion of Emergency Medical Services (EMS) Statewide, the aging EMS provider population, and the continued need to support our communities requires that efforts be made to ensure that all paramedic students throughout the State have equal access to educational opportunities. Currently the County of Hawaii has stipend funds available and this piece of legislation will provide support for the other counties through a stipend program.

"Students from rural communities and distant sites have access through distant education to participate in paramedic education, but sacrifice significantly when required to travel to Oahu to complete their clinical and internship phases of paramedic education. Kapiolani Community College makes all efforts through constant review of resources on the Neighbor Islands to minimize student off-island experience. The lack of clinical sites on the Neighbor Islands requires that students complete their experience on Oahu, which is a costly expense for students.

"Studies show that most students who attend the Paramedic Program are older, have families and community responsibilities. Oftentimes, although qualified, the expense of relocating to Oahu precludes the students from completing the program. This is counter-productive in efforts to produce quality graduates for the Neighbor Island communities.

"Access to the program through a stipend program will not resolve all the issues related to the current personnel shortage in Hawaii, but it is an important component to maximize opportunities for students.

"Finally Mr. Speaker, in this bill is an appropriation of \$1 million for the helicopter medical transport service for the island of Oahu. Mr. Speaker, the U.S. Army's 68th Medical company will soon be deploying to the Middle East leaving many residents without this life-saving and vital service. These military aeromedical helicopters have transported over 7,000 patients and saved countless lives. This is a service needed in the community that no one can do without. Thank you, Mr. Speaker."

Representative Meyer rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. On this measure, strong support. This bill would appropriate a million dollars to provide funding for helicopter medical transport services that are so very much needed on this island. Thank you."

Representative Shimabukuro rose in support of the measure and asked that the remarks of Representative Meyer be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and S.B. No. 218, SD 4, HD 1, CD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH," passed Final Reading by a vote of 50 ayes, with Representative Stonebraker being excused

At 2:53 o'clock p.m., the Chair noted that S.B. No. 218, SD 4, HD 1, CD 2, passed Final Reading.

S.B. No. 2006, SD 3, HD 2, CD 2:

Representative M. Oshiro moved that S.B. No. 2006, SD 3, HD 2, CD 2, pass Final Reading, seconded by Representative B. Oshiro.

Representative Kahikina rose to speak in support of the measure, stating:

"Mr. Speaker, strong support. Mr. Speaker, this bill that addresses conservation and management of the sale of *opihi* reminds me of a lyric that was composed by Craig Kamahele. It goes like this.

Sounds like thunder.
Gotta head for the high ground.
White water coming. No fool around.
Opihi man in the sun.
Opihi man grab your bag and run.
Opihi man another swell is coming your way.
Opihi man another swell is coming your way.

Opihi bill passing.
Gotta stay on the high ground.
Couple years later. Get more opihi around.
Opihi still no can sell.
Opihi man grab your bag and run.
Opihi man another swell is coming your way.

"Thank you, Mr. Speaker."

Representative Berg rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I rise with reservations. That's a hard act to follow. My reservations have to do with the fact that this bill changed significantly to include now Niihau. And because of the lifestyle on Niihau, the exemption was really important for them, so I rise with reservations. Thank you."

Representative Shimabukuro rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I have similar reservations. I'm just concerned with the limit of half a pound per person. You know, if you have a family, they have a big gathering, maybe there's only two guys that are going to go and gather. I don't know if that's enough. And I'm just concerned too about the impact on cultural and gathering rights where bartering was permitted. Thank you."

Representative M. Oshiro rose to speak in support of the measure, stating:

"In strong support. I believe, Mr. Speaker, that this might be the beginning of a new industry whereby opihi might be cultivated. I've spoke to a gentleman from the Department of Land of Natural Resources, Oceans Division and he informed me that should this bill pass, it might be, it might make it financially feasible to begin commercial cultivation and sale of opihi. Thank you."

Representative Meyer rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I'm in support, but I have the same reservation that the Representative from Aina Haina has, that this now also includes Niihau, which in the original form, it did not. Thank you."

Representative Morita rose to speak in support of the measure with reservations, stating:

"Thank you Mr. Speaker. I also have similar reservations and would like to adopt the words of the Representative Aina Haina as my own. Thank you," and the Chair "so ordered." (By reference only.)

Representative Finnegan rose in support of the measure with reservations, and asked that the remarks of Representative Berg be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

The motion was put to vote by the Chair and carried, and S.B. No. 2006, SD 3, SD 2, CD 2, entitled: "A BILL FOR AN ACT PROHIBITING SALES OF OPIHI," passed Final Reading by a vote of 48 ayes to 2 noes, with Representative Chang and Tsuji voting no, and with Representative Stonebraker being excused

At 2:56 o'clock p.m., the Chair noted that S.B. No. 2006, SD 3, HD 2, CD 2, passed Final Reading.

Conf. Com. Rep. No. 236-06 and H.B. No. 3115, HD 2, SD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that H.B. No. 3115, HD 2, SD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Harbin rose to speak in support of the measure, stating:

"Thank you, Mr. Speaker. I rise in strong support of this measure. I want to publicly thank the House and the Senate Conferees for passing this excellent measure to the repeal of the gas cap. This is a long journey that we've gone through in this Body. As the only Member to have voted against the original gas cap repeal and the only person of this Body to vote against the aborted amendment yesterday, I believe the people of Hawaii and the businesses of Hawaii are going to greatly benefit from the depths and breadths of this new bill. Thank you so much and thank you for allowing me to be kind of a voice in the wilderness."

Representative Moses rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I rise in support but with reservations. Mr. Speaker, the gas cap has been in effect since last summer. And as predicted it has failed. It's not surprising because history shows and history tells us that caps, price caps never work, never have worked, never will work. This one was no different.

"I opposed the gas cap since its very inception. Every time we talked about it on this Floor and every vote we took. And it's a bad law, it's poorly conceived, it's poorly written. And here we are today and I thank this Body immensely for seeing the light and understanding the problems it has caused.

"The gas cap was enacted because of claims that Hawaii's high gas prices were due to collusion. And it was ignoring the fact that our gas tax is the highest in the nation and the cost of doing business in Hawaii is also very high for the same reasons.

"So from week to week what do we have under the gas cap? We had prices that have taken huge swings and that was for reasons not connected to Hawaii and I won't go into all those things about where it was linked to, we all know that, we heard it. But the gas cap did raise prices higher than we would have ever imagined, I believe. It cost us tens of millions of dollars and increased the prices of almost everything in Hawaii.

"This outcome was probably expected and I remind you of the purpose statement of that bill. Quote, "It should be clearly understood that the objective of this act is not to guarantee lower gasoline prices." Well if we're not guaranteeing lower gasoline prices then why were we passing it?

"Well this measure was bad, should be ended, I would prefer an outright appeal. For various reasons, we didn't get quite there, but at least this measure before us suspends the gas cap. It also contains what I believe is some worthwhile provisions to gather data to determine once and for all if there is any collusion. That part is fine.

"Another problem is that in the price-tracking portion of the bill, I'm sad that, I think because of the Senate's insistence, we've included

Singapore's prices into the formula. And this will result I believe in misleading data being included in the calculations. You have to consider Singapore prices to be deceitful in its design to make any reimposed gas cap look workable. This artificial lower looking price will have no relationship to the actual price of Singapore gas once it is imported here to Hawaii.

"I want to read just briefly and this will be the end of what I have to say. This is from the *Honolulu Advertiser* today. It said, 'The numbers of the Senator from Mililani,' meaning Menor, 'are arbitrary and for that reason are dangerous and misleading for consumers.' That's a quote from Representative Kirk Caldwell. Thank you."

Representative Morita rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I rise in support of this measure with grave reservations. I hope the Members of this Body will vote with reservations to acknowledge that the flaws of this Conference Draft did not go unnoticed by this House. Mr. Speaker, there's no one more than your Chair on Energy and Environmental Protection that wanted to see the gas cap work. I truly believe that the market power of certain oil companies have led to market abuses in this oligopoly market. But I have wavered in my support of the gas cap and now support, at the very least a suspension of the gas cap, which is what this Conference Draft will do in part.

"At this time, there is no political or public will to have the gas cap continue. Like with any complex regulatory action we need accurate information and a willingness to massage the policy to work. We do not have the information nor the will to effectively administer the gas cap. Therefore the only prudent action is suspension.

"Mr. Speaker, we need to deeply examine and honestly answer that after several months of this experiment of trying to tie our gasoline prices to outside markets, if this is in the best interest of Hawaii's consumers.

"While I may have wavered in my support of the gas cap, from the inception of this policy, I have always believed that the State needed to develop an expertise in understanding this complex market. Transparency and setting up the petroleum industry monitoring, analysis and reporting program within the Public Utilities Commission is necessary to gain this knowledge.

"The purpose clause of this measure states, and I quote, "The legislature finds that the establishment and allocation of adequate resources for a vigorous state watchdog system to monitor and oversee the petroleum industry and gasoline market is a prerequisite to ensure an efficient market." This Conference Draft is flawed. And while we make this finding, we did not provide the required staff positions and only funded such a vigorous watchdog system with \$1.00.

"The floor amendment offered on Tuesday would have corrected this flaw and we could have been sincere about our policy statement to establish a vigorous state watchdog system to monitor this industry and market. Unfortunately, Senate action on this CD1 forces us to vote on this bill as is to preserve the suspension part.

"Now it is doubtful that the offered transparency and monitoring of this industry will occur in the next year as I don't expect the Public Utilities Commission to expend its funds or staff resources, collected from fees from other regulated industries, to cover this unfunded mandate. This Committee Chair is way too familiar with the shortage of resources within the PUC to handle its current workload. It would be unfair to further burden this agency with an unfunded mandate, which the Senate failed to correct on Tuesday.

"Secondly, Mr. Speaker, this Conference Draft contains a gasoline pricing formula proposed by the Senate Consumer Protection and Housing Chair that was never properly vetted. While this Senate Chair stated publicly that he used the recommendations of the

consultant for the Public Utilities Commission, ICF International, the consultants, stated that the Senate Chair misquoted its report as follows:

"ICF did not recommend the use of a Singapore price without a commensurate and market-based adjustment for real freight costs.

"ICF did not recommend elimination of the 4 cents per gallon location adjustment. Rather, they recommended increasing the factor to a market-based freight cost."

Representative Luke rose to yield her time, and the Chair, "so ordered."

Representative Morita continued, stating:

"Thank you. And the third was ICF's margin estimation for the Dealer Tank Wagon class of trade was in line with the legislative recommendations of 18 cents per gallon, and they did not suggest a lower margin factor.

"Mr. Speaker, may I insert into the Journal the ICF International letter to the Chair of the Public Utilities Commission for the record. Thank you," and the Chair "so ordered."

Representative Morita continued, stating:

"Mr. Speaker, we should not put something as arbitrary as a proposed formula in law. Further, this flawed formula does not really hit on the real issues of trying to regulate this market. It only attempts to legitimize an artificial base that gives Hawaii's consumers unrealistic expectations of Hawaii's gasoline prices.

"Mr. Speaker, I remember a conversation I had with former Attorney General Earl Anzai four years ago when we were trying to structure the gas cap bill. I asked about using the Singapore gasoline spot market and suffice it to say that the idea was nixed by the Cayetano Administration because it was said to be unrealistically low for Hawaii's gasoline market. Again, ICF recommended that the Singapore spot be used with an adjusted freight cost added. The proposed formula does not make that adjustment.

"Mr. Speaker, one of the major problems with the current gas cap is our inability to get a true understanding of what it cost to refine gasoline in Hawaii. Therefore, we have relied on other spot markets as benchmarks. I have no doubt that Hawaii's refiners have learned to game the system early on taking more than their fair share of distribution and marketing margins forcing prices to the cap maximum. However, the Senate's formula does not directly address this problem, but squeezes the middleman, the distribution and marketing segment. Mr. Speaker, there is no doubt that there are some bad actors in this market, but nothing in this formula addresses the actions of the bad actors and gaming of the system.

"Mr. Speaker, there has been too much rhetoric about excessive profits of big oil companies mixed in with the debate about gas caps. Yes, we're talking about fruit, but comparing apples and oranges. Let me try to give you an example. Big oil companies are making most of their money by producing crude oil, that is exploration and extraction. They invested in oil fields when crude oil prices were much lower, with the expectation that they could breakeven at, perhaps, \$25. Some have argued \$40 per barrel. Since the market price is now more than \$70 per barrel, the extra money is likely pure profit. Is big oil manipulating inventory and supply to drive up global crude oil prices? That is something that is not going to be resolved in this arena or by the gas cap.

"In dealing with the gas cap we are only dealing with costs on the refining side, we cannot control the global market price of crude oil. The price of crude oil is the price of crude oil, which typically accounts for 55% of the cost of gasoline

"As State Legislators, we need to separate gasoline-pricing issues into what we can control and what is beyond our control. Rising crude oil prices due to global market, global supply and demand issues, geopolitical unrest and mainland gasoline supply disruptions are issues we cannot control. And, there are primary reasons. And these are the primary reasons for rising gasoline costs. Let me give you an example. Last October 13th, the Singapore gasoline spot market price was \$1.77 per gallon. Last Friday, April 25th, that market closed at \$2.03, an increase of 26 cents per gallon."

Representative Finnegan rose to yield her time, and the Chair, "so ordered."

Representative Morita continued, stating:

"Thank you. The price of Indonesian Minas crude was \$51 per gallon in mid-October 2005. Yesterday, the price was over \$70 per barrel. The price of crude oil is driving the cost of gasoline to post-Katrina/Rita levels, where during that time the mainland spot market rose because of supply disruptions. All of these events are out of our control, yet we are attempting to regulate gasoline pricing using these kinds of benchmarks because we don't have a firm grasp of what it cost to refine gasoline in Hawaii. And we don't have a firm grasp for good reasons. The primary output of our Hawaii refineries is jet fuel not gasoline. We buy a specific type of crude oil to maximize the output of jet fuel, not gasoline. These are not typical cost factors embedded in spot market prices. Hawaii is in an unique situation given our isolation and high dependency on air travel and the visitor industry.

"Mr. Speaker, as I mentioned before I truly wanted the gas cap to work, but there is no political will or public will to make it work. Given this situation, especially with our lack of understanding and information on this market, our best bet is to step back, learn the market through the established reporting system and then take an educated position on how best, and if necessary, to regulate the market with the lightest touch possible. I think we are all hopeful that through transparency this could modify market behavior to the benefit of consumers resulting in fair and reasonable gasoline pricing. But I don't believe this can happen or should happen without proper funding from the Legislature. Therefore, I urge my colleagues to support this measure, but with reservations. Thank you."

Representative Morita also submitted the following correspondence:



The Honorable Carl Caliboso
Chairman
Hawaii Public Utilities Commission
465 South King Street, Room 103
Honolulu, Hawaii 96813

Dear Chairman Caliboso:

I am writing to express the concerns of myself and the team at ICF Consulting (now ICF International) supporting the PUC on the implementation of the Gas Cap legislation in Hawaii regarding recent statements made by Senator Ron Menor regarding ICF's report to the PUC dated April 15, 2005.

The statements in Senator Menor's editorial in today's Star Bulletin, and the quotes attributed to him in today's separate Star Bulletin article by B.J. Reyes, directly and indirectly imply that ICF's report is the basis for the recommended changes proposed in S.B. 2911 on the Gas Cap calculation. This is most assuredly not the case, as noted below:

1. ICF did recommend the use of the Singapore gasoline price as one of two baseline price benchmarks; the other was the Caribbean price, as represented by the U.S. Gulf Coast price less a 1 cpg discount. However, ICF emphatically recommended that those price bases should be used with a more accurate assessment of the average cost of freight to move product from the Caribbean and Singapore markets to Hawaii. We proposed a formula based off Platt's actual freight quotes from the Caribbean and Singapore to the West Coast, adjusted to a Hawaii location. *These costs are required to be included to reflect a real "import parity" cost into Hawaii. Senator Menor's inclusion of the Singapore price does not also include a commensurate location adjustment.*
2. ICF's report showed that the location adjustment factor recommended by the legislature of 4 cpg was dramatically lower than the actual freight cost would be from both the 3 OPIS U.S. sources (NY, LA, Gulf Coast) and the Caribbean/Singapore sources (Exhibits 2.5 and 2.8 in the ICF report). The data from the OPIS sources averaged 10-14 cpg from 1999-2004 in Exhibit 2.5, and the Caribbean/Singapore freight costs ranged from 7-16 cpg over the period, averaging about 11.4 cpg. *Both of these are well above the legislated 4 cpg factor.*
3. Moreover, we understand S.B. 2911 recommends eliminating the 4 cpg location adjustment. ICF's report recommended increasing this factor as noted above to reflect a much more accurate assessment of the cost to deliver competitive products to Hawaii. The elimination of this factor, coupled with the inclusion of the Singapore prices in the formula, *significantly misrepresents and understates the alternative competitive supply cost into Hawaii.*

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accurate assessment of the cost to deliver competitive products to Hawaii. The elimination of this factor, coupled with the inclusion of the Singapore prices in the formula, *significantly misrepresents and understates the alternative competitive supply cost into Hawaii.*

4. We also understand S.B. 2911 recommends lowering the marketing margin from 18 cpg to 14 cpg. ICF's report recommended a marketing margin factor that varied with the prior year mainland margins. Over time, the DTW margin that we recommended would have ranged from 14.4 cpg to 19.6 cpg as shown in Exhibit 3.18 of our report. This range is somewhat in line with the legislated 18 cpg for the marketing margin in H.R.S. 486b-13, and recommended by the PUC.

ICF believes that there is insufficient information available at this time to demonstrate whether the 18 cpg factor is appropriate, too high, or too low. ICF is currently studying this matter for the PUC, and we believe additional analysis of the data being gathered from the Parties is needed before a legislative change should be made.

It concerns ICF that its report is being mis-quoted in a public in a public venue as follows:

- a. ICF did not recommend the use of a Singapore price without a commensurate and market-based adjustment for real freight costs.
- b. ICF did not recommend elimination of the 4 cpg location adjustment, rather, we recommended increasing the factor to a market-based freight cost.
- c. ICF's margin estimation for the DTW class of trade was in line with the legislated recommendation of 18 cpg, and we did not suggest a lower margin factor.

We are not aware of other measures in S.B. 2911 because we have been focused on the analysis work we are doing for the PUC. However, press reports are indicating that the Gas Cap formula under S.B. 2911 could result in a reduction of the Gas Cap price by 18-23 cpg. Even if this formula is published only as a "monitor", the suppliers on Hawaii may feel that they may need to operate at those levels or be at risk to a full resumption of the Gas Cap Law. This could result in a threat to Hawaii's gasoline supply security. If suppliers have an option to achieve a higher price on the Mainland, ICF sees no reason why suppliers will not move Hawaii produced gasoline into Mainland markets where a higher price can be achieved. The proposed changes in the Gas Cap formula contained in S.B. 2911 will increase the incentive for suppliers to export gasoline by 18-23 cpg.

As noted, this new formula is NOT based on recommendations by ICF, but improperly uses selected portions of ICF recommendations. ICF strongly agrees with Representative Morita and Representative Souki that any formula should be "left off the books until more pricing information can be gathered and studied".

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ICF requests that you convey our concerns both about the apparent misrepresentation of our study, and the potential risks of a Gas Cap formulation that grossly understates alternative competitive supply costs to Senator Menor. Thank you, Mr. Chairman.

Sincerely,

Thomas W. O'Connor

Thomas W. O'Connor
Project Manager
ICF International

Representative Herkes rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. In support with a number of reservations. Mr. Speaker, I was one of the Co-Chairs of your Conference Committee on this bill and I must say that during my career this was probably one of the most frustrating and difficult negotiations I've ever been through. Two of your Co-Chairs, who were members of the Committee, in questions to the Senator were very on point and very analytical. The Senator's response was purely political and it's unfortunate that politics has gotten in the way of what's best for the people of this State.

"As you know, Mr. Speaker, your Conference Committee has spent many, many hours discussing this over the period of the week with some feeling that perhaps the status quo was better than this bill we're voting on today because of the convoluted requirements. But the overall acceptance of the public of a suspension of the gas cap, I think takes precedent over the other sections and I think that's important. Hopefully we can come back and correct these other portions next year.

"In the final analysis, we felt that we had to do something. We couldn't just walk away from the table and leave the status quo. And so, as you know, Mr. Speaker, we accepted the Senate version. I think it was at 3 minutes to 12:00, hoping that we could do an amendment on Tuesday to make the bill what it should be. I'm sure we had the votes in this Chamber, the Senate refused to go along with our request. And I think that that is not beneficial to the people of this State. And again I join with lead Chair in urging you to vote, but vote with reservations because I think the public acceptance of the suspension outweighs the problems that the Senate has put into this bill. Thank you."

The Chair then stated:

"Representative Souki, as the lead Chair of the Conference, please proceed."

Representative Souki rose to speak in support of the measure with reservations, stating:

"Thank you very much and I accept full responsibility, Mr. Speaker. Mr. Speaker, first of all I want to thank you as the Speaker of the House and the Members of Leadership, in giving us the courage and the opportunity to repeal the gas cap. And that was the position of the House, to repeal. And we remained steadfast in that position all the way and so did the negotiators until the end. The good Chair from Environment worked really hard and was frustrated at the end because she believed in what she was doing. She believes that the formula was arbitrary and will not work, and I admire her. I had some differences with the Chair, and many differences in the past. But with her having the ability to change her position and to look as to what is best for the State, and to work diligently and hard for that, and for that I give her plenty of aloha, Madam Chair.

"And for the rest of the members, Representative Caldwell, who was a bone in the craw of the Chairman of the Senate Committee. In fact, I don't think the Senator wants to face him again. He showed his prowess as a tough negotiator. And of course Representative Herkes was there all the way, and Representative Moses as a manager.

"But more important, I have no apologies for this bill. I think it's a good beginning. Yes, we didn't get the funding for the transparency, but I appeal to the Governor's Office. And if she is sincere, as I believe she is, in getting transparency from the oil companies to know exactly what is the price, what are the cost items, that she would be able to move some money around and fund the positions. Find the \$250,000 or more that it would take to get that transparency. I believe the Governor can do it if she has the will. And again, I ask the Minority to help us in this. To speak to the Governor and to get her to move the money around and get the transparency.

"And before I move on I want to say that I believe in a free market for the oil companies for the above reasons that were mentioned. We have global conditions that are beyond our control. But what we need to know is that it is in fact the refineries working on a cost factor where they're not getting exorbitant profits. And to some extent, I believe that because the market is hard, that the refineries are basically doing the best they can and I'm not in favor of them but let me give you a history of it."

Representative Lee rose to yield her time, and the Chair, "so ordered."

Representative Souki continued, stating:

"Thank you very much. Some years ago we had only one refinery in this State, and Governor Burns then provided the incentives to get another one and we got PRI. PRI remained for about 10 or 12 years and then it began to lose money. So PRI sold it to an Australian firm. A big conglomerate, worldwide and I worked with them for a few years when I was the Finance Chair and Speaker. And Mr. Speaker, they couldn't make it over here either. So Mr. Speaker, that speaks volumes of the kind of market that we have. How difficult it is.

"And then of course now we have Tesoro. Tesoro a couple years ago lost \$5 million in its first or second year in operation. However, this past year, they made some money and I believe it may have been an unintended consequence from the gas cap where there was \$15 million lost by the consumers that we paid, and I believe most of the money went to the refineries as an unintended consequence and hope that we can correct that. But I what I wish to stress here is that we have a very limited market. We have global conditions here and a cap is not going to work. What we need is pure transparency and again I beg the Governor if she could move some money around so

that we can fund the respective positions. Thank you very much, Mr. Speaker."

The Chair then stated:

"The Chair recognizes Representative Marumoto who was a manager of this Conference."

Representative Marumoto rose to speak in support of the measure with reservations, stating:

"Thank you. I don't think the Speaker Emeritus realized I was there since I was very quiet. But I would have spoken if allowed to. I am rising on this measure and expressing some reservations on the gas cap bill. It's a good news, bad news situation.

"First, the good news. We have suspension. Now the bad news. It's not repealed. Neither is it a carefully researched and deliberated bill. It was heard, re-thrown into the sausage factory machine by the Senate in the final moments of Conference Committee. The Singapore factor and other provisions of this version have not been debated or researched. That was the reason we had the amendment on Tuesday. This is a very inconsistent and ambiguous document.

"It talks of money, \$500,000 to do the job. To collect the data and post a supposed price but it appropriates only a measly dollar. It gives the job to the PUC but with no money and no staffing to do the job. I don't see how the Governor could move \$500,000, just give it to the PUC to do the job. We mandated them in this bill to have the PUC do it, but I think the Governor's hands will be tied.

"Despite the suspension it calls for the continued posting of gas cap prices, even if the new numbers are too low, untested, misleading, and just plain wrong. The public will mistakenly think that the low prices are realistic and achievable. The public will demand that the Governor end the suspension and go back to this new gas cap. It will cause the State government much grief if the Governor for some unforeseen reason must revert to this new gas cap law.

"I think we all realize that these prices are deceptive and when people compare it to the actual prices they will demand that the Governor go back to the gas cap because it is very misleading. But I'm sure we will be hearing about the supposed price under the gas cap from here until election day. Like many Legislators, I pride myself on passing well thoughtout legislation that's studied and deliberated and discussed, and this is not a well-drafted measure and it is embarrassing. Mr. Speaker, I am a very reluctant aye vote. Thank you."

Representative Takumi rose to speak in support of the measure with reservations, stating:

"Thank you very much, Mr. Speaker. I stand with grave reservation and I'd like to echo the comments made by my good friend the Representative from Hanalei even though her remarks were almost as long as gas cap law itself. Thank you."

Representative Meyer rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. I'm rising with reservations."

The Chair then stated:

"Please proceed, but are your comments similar to what others have already stated on the floor?"

Representative Meyer continued, stating:

"Yes, I don't want to repeat. I think you can understand what the reservations are. This is a good opportunity for me to express that the Republican Caucus has a clear conscious. We voted no on the

gas cap back in 2002. Many of us voted no again in 2004. Well that was a bill to try to straighten out the formula. And we are extremely happy to see the suspension although we would have rather seen a repeal.

"Disappointment that with all the language in the bill about transparency and monitoring the petroleum industry, the PUC is given no money whatsoever. If the lead Conference Chair in the Senate had really wanted all these things done, he would have seen that there would be some money in this. With the surplus that we had and a great many bills that have passed with a lot more money than this, and for a subject that is this serious, the money should have been in there."

Representative Caldwell rose to speak in support of the measure with reservations, stating:

"Mr. Speaker, I rise with grave reservations. And before I speak, Mr. Speaker, I wanted to incorporate the words from the Representative from, what's probably one of the most beautiful places in the world, the Hanalei area, as if they were my own."

The Chair then stated:

"So ordered, and the Chair will limit you to one minute because of that. Please proceed."

Representative Caldwell continued, stating:

"Mr. Speaker, I rise in part because of the last comment stated. To address the issue of high price of oil in our State, in our country, is not a partisan issue. It's not a Democrat issue. It's not a Republican issue. It's an issue we all try to address to help protect the consumers of our State and that's what we've been trying to do here, Mr. Speaker, for the past five to eight years. It's something the rest of the country is waking up to and we hear the debate on Capitol Hill now about how to deal with the high price of gas.

"Well our State has been dealing with that for many years, and we have been very bold in trying to address the problem. And we've taken very bold steps. And I think all of us here, Democrat or Republican, can be proud that we are proposing, trying to come up with solutions and seeing what works and doesn't work.

"For me, Mr. Speaker, when I started this Session, one of my constituents gave me a gas cap, which I put on and now is the time to take off that gas cap. I think, Mr. Speaker that we are ready to move forward and to do something different. And once before, Mr. Speaker, I think it's a beautiful quote that needs repeating so that people again don't think that we are being partisan. And it's something that one of our great presidents, Franklin Delano Roosevelt said when he took office in the middle of Depression and he said, "The country needs and demands bold, persistent experimentation. It is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

"And that's what we're doing here today, Mr. Speaker. We're trying something else at this point. We can be proud that we are trying. It's easy to throw out something and be creative, than to tear it down. And we heard comments today that we wish there was more in this legislation than currently is. The good new, Mr. Speaker, is we can come back next year and add additional things we wanted to put in here.

"In the end though, Mr. Speaker, the problem with oil isn't something that's going to go away. We see increasing demand around the world in communities and in countries like China and India. We see what's happening in Bolivia, Venezuela, and Iran. And in the end it's all of us, Mr. Speaker, who are part of the problem and that's that we are so reliant on oil.

"And while I almost never agree with our President, my President, your President and everyone else's President, I believe he is correct when he recently said, Mr. Speaker, that we are addicted to oil and we need to get off that addiction. And I think we can also be proud given the other legislation we passed this year to start to do that through the leadership and guidance of the Chair of the EEP and CPC. And that I'm hoping that in the future we can come back and even do much more. Become totally ethanol reliant in the future and turn our former sugar lands back into verdant green fields that also help us from exporting large sums of cash outside of our State.

"So, Mr. Speaker, I think we can have a great deal of pride about what we done here this Session and I think we will continue to experiment and continue to work hard to come up with solutions for our consumers so that everyone benefits. Thank you very much, Mr. Speaker."

Representative Ching rose in support of the measure with reservations, asked that her written remarks be inserted in the Journal, and asked that the remarks of Representative Meyer be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Ching's written remarks are as follows:

"Thank you, Mr. Speaker. I stand in support of this measure.

"H.B. 3115 would establish petroleum industry monitoring and analysis special fund, petroleum industry information reporting system and an unfair trade practices chapter. The legislation would also suspend enforcement of the gasoline price caps as of July 1, 2006 and repeal the price caps on January 1, 2008.

"I believe it is important to ensure the adoption of energy policies and programs that optimize the security, cost-efficiency, and environmental soundness of Hawaii's energy users.

"The transparency and rigorous reporting requirements are important and should've been emphasized more in this bill to help provide for more informed consumer choices, provide valuable data for policymakers, and allow the monitoring of the industry by appropriate government agencies to ensure that products are not unfairly priced. All of this information together could have supplied a comprehensive factual footing on which to base future policy decisions as we try to move away from fossil fuel dependence. Coupled with the establishment of tougher pricing laws, I believe the monitoring system can better protect consumer interests than the regulation of wholesale gasoline prices.

"Since the price cap took effect, prices have not been substantially lower or more stable, rather, prices have been more volatile. This measure is a positive step in the right direction in addressing the problem of price controls on gasoline."

Representative Lee rose in support of the measure with reservations, asked that her written remarks be inserted in the Journal, and asked that the remarks of Representative Morita be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Lee's written remarks are as follows:

"Mr. Speaker, I rise in support with reservations of HB 3115, Relating to the Petroleum Industry.

"Because of the instability in international oil markets, I do not think this is a good time to continue our local experiment with a gas cap. The standoff with Iran, the civil war in Iraq, the unrest in Nigeria, the after effects of Katrina and the ascendancy of Hugo Chavez in Venezuela have all contributed to high oil and gas prices all around the world – not to mention the energy needs of India and China.

"For the short period it was in effect, the gasoline price cap saw our prices change direction in concert with mainland prices – sometimes radically in a short period. The global petroleum market, however, is not likely to produce any long-term decline in prices; i.e. the overall trend will be an increase in prices at the pump. Despite this economic environment the public has little patience for a price cap that does not lower prices, especially with the opponents of the law insisting, with no evidence, that prices would be 'lower' without regulation. The law was tacitly sold as a price lowering measure, when in fact it was only an attempt to tie our prices to the ups-and-downs of a few mainland gasoline markets. It worked too well, one could say.

"Further, in our quest to wean our State from petroleum, artificially low prices on fuel are not going to speed our transition to renewable energy sources. Likewise, mass transit and urban planning issues will march to the same beat until the price of fuel rises to a point where the public demands a change in policy.

"Last, the bill before us provides for closer monitoring of the petroleum industry. If the transparency provisions are able to capture and publicize the data needed to judge if we are being 'gouged,' then that is obviously a good outcome. Just because the price of oil is going steadily up, it should not give license to the petroleum industry to enjoy large (and growing) profit margins.

"I ask that my colleagues support this measure. Mahalo."

Representative Kanoho rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. With reservations with brief remarks. Mr. Speaker, I do believe that transparency is the best approach provided that we can obtain all the information that we need. I also believe that the gas cap could work had the correct factors and criteria been utilized. I would request that the words of the Chair of Energy Committee be recorded in the Journal as my own," and the Chair "so ordered." (By reference only.)

Representative B. Oshiro rose in support of the measure with reservations, and asked that the remarks of Representative Morita be entered in the Journal as his own, and the Chair "so ordered." (By reference only.)

Representative Berg rose in support of the measure with reservations, and asked that the remarks of Representative Morita be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Stevens rose in support of the measure with reservations, and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Stevens's written remarks are as follows:

"The suspension of the maximum pre-tax wholesale gasoline price is a small step in the right direction, however a full repeal of the law would be preferable. Tampering with the free market laws of supply and demand will not provide the lower prices that consumers seek.

"The bill is flawed also because the funds for staff in the PUC to monitor the practices of the Hawaii refineries, were removed. Therefore our attempts at transparency will not succeed."

Representative Schatz rose to speak in support of the measure with reservations, stating:

"Reservations and just one brief point. I think it's time for this Body and this State to not allow the gas cap to be the *de facto* energy policy for the State. We do have one of the world's leading experts in renewable energy policy in our Energy Chair and I think it's time that when we think about the energy issue, we should not think about

how to make gasoline more cheap, but how to make gasoline less relevant. Thank you."

Representative Kahikina rose to speak in support of the measure with reservations, stating:

"I rise with reservations and request that the words of the Representative from Kauai be enter in the Journal as my own. Mr. Speaker, just one added comment. Mr. Speaker, the scary part about depending on foreign oil is that eventually we'll be depending on foreign food if this thing keeps up, and so we need to address this."

Representative Pine rose in support of the measure with reservations, and asked that the remarks of Representatives Marumoto and Meyer be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Carroll rose in support of the measure with reservations, and asked that the remarks of Representative Morita be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Finnegan rose in support of the measure with reservations, and asked that the remarks of Representatives Marumoto and Meyer be entered in the Journal as her own, and the Chair "so ordered." (By reference only.)

Representative Evans rose to speak in support of the measure with reservations, stating:

"Thank you. I rise with reservations and brief comments. I agreed with the Speaker Emeritus' comments that I do believe that if the Governor has the will for transparency and accountability that she'll find the funds for it. But what I have my reservations about is the formula because we have strapped this Governor, if in fact we have to go back to the gas cap, I do think this formula is flawed and I think it's unfortunate that we didn't really pursue that discussion and get a formula that I think will work. Thank you."

Representative Thielen rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. With reservations, Mr. Speaker, and a few words. Thank you, Mr. Speaker. According to the Department of Business and Economic Development the gas cap has cost our consumers over a half million dollars in higher fuel prices in the last year. Mr. Speaker, by suspending the gas cap we're taking a very positive step, but the unfortunate thing is that by adding the false Singapore market we will be lowering the so-called weekly price that's calculated, misleading consumers into feeling that if the gas cap were in place they would pay less for their fuel. We really need to correct this next year. I'm sorry that there was such a standoff with the Senate. I think the House was right. Thank you.

"Excuse me, Mr. Speaker. If I could just correct something. \$54 million, not half a million. \$54 million in increased prices at the pump. Thank you."

Representative Waters rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. With reservations. Thank you. I'm disappointed that we only appropriated \$1.00 to establish the petroleum industry monitoring analysis and reporting program. Thank you."

Representative Souki rose to respond, stating:

"Mr. Speaker, just a few points and just for information purposes for the Members. I believe that the bill does have some language in there where they can make some adjustments and that Singapore or any other market to bring it up to a level that will be comparable to the United States gas. I believe it's about 20 cents a gallon more. I

think they could make that adjustment so that I think that sort of could take care of that problem for the interim anyway.

"And last year, last fiscal year, I think there was over \$60 million in emergency funds that was given through the Legislature and it means that the Governor had to move some money around from some area to another area. So there is the flexibility where the Governor can do that, and so I don't believe it's an impossibility that we don't have the money and that we can't. Yes, we made a mistake, and I think both sides need to recognize that both sides were at fault, but it can be remedied if we have the will and if the Governor's Office has the will. Thank you very much."

Representative Halford rose to speak in support of the measure with reservations, stating:

"Thank you. Just to express reservations to support the position of the House."

Representative Morita rose and asked that her written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Morita's written remarks are as follows:

"Mr. Speaker: Some of my colleagues have mentioned a DBEDT study that estimated that the gas cap may have cost Hawaii's consumer's an additional \$55 million during it's implementation. I have some questions regarding this study especially since it was based on assumptions and "peer-reviewed" by economists who vigorously opposed regulations of the gasoline market. I believe the DBEDT study portrayed the worst case scenario.

"I submit for insertion into the Journal an April 13th letter to the Chair of the Finance Committee from the Chair of the Public Utilities Commission. The PUC did a comparative analysis of Hawaii retail gasoline prices as compared to the national retail prices during the period from January 18, 1999 to February 28, 2006. The analysis was based on historic data, both pre and post the gas cap. The study does demonstrate that the difference between the Hawaii average and national average rose after the gas cap was implemented, but I believe not to the levels that the DBEDT study assumed. Further, it did show that the difference on Kauai was actually less after the gas cap implementation by an average of 5 cents per gallon. Nonetheless, it is difficult to ascertain whether Hawaii's consumers did or did not benefit from the gas cap or market volatility. I believe that cost conscientious consumers may have benefited from the gas cap as I personally observed that retail gasoline prices may have varied as much as twenty cents from one retail station to another with the Honolulu area or from an independent retail station."

Representative Morita also submitted the following correspondence:

LEONA LINGLE
GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
405 S. KING STREET, #103
HONOLULU, HAWAII 96813

April 13, 2006

RECEIVED
APR 13 2006
HERMANA MOORE

CARLITO P. CALIBOSO
CHAIRMAN
WAYNE H. KUMAR
COMMISSIONER
JANET E. KAWILO
COMMISSIONER

The Honorable Dwight Takamine
Hawaii State Legislature
Hawaii State Capitol, Room 306
415 South Beretania Street
Honolulu, Hawaii 96813

Re: Maximum Pre-tax Wholesale Gasoline Prices: Updated Data and Analysis
Hawaii Revised Statutes ("HRS") Chapter 486H ("Chapter 486H"), as Amended

Dear Chair Takamine:

As requested by Representative Yamashita in a hearing before the House Committee on Finance on April 4, 2006, the Public Utilities Commission ("Commission") presents the enclosed updated report, which shows the average retail gasoline prices in Hawaii as compared to the nation, both before and after September 1, 2005, when Chapter 486H was implemented.

The enclosed report includes historical data for regular unleaded gasoline for the period from January 18, 1999 through February 28, 2006 (hereinafter referred to as "Historical Period").¹ As used in this report, the "Pre-Cap Period" refers to the period prior to the implementation of Chapter 486H on September 1, 2005, and covers the period from January 1999 through August 28, 2005. Likewise, the "Price Cap Period" refers to the period following the implementation of Chapter 486H on September 1, 2005 and covers the period from September 1, 2005 through February 28, 2006.

Hawaii Retail Prices as Compared to the Nation

The enclosed report shows the actual average retail gasoline prices in Hawaii as compared to the nation during the Pre-Cap Period and the Price Cap Period. The Commission calculated this difference as follows:

Step 1: The Commission aggregated and averaged the actual Hawaii retail prices from the Oil Price Information Service ("OPIS"). See Column A of the attached spreadsheets. OPIS gathers the retail prices of gasoline from a sample of gasoline service stations located throughout the State of Hawaii. OPIS did not provide retail prices for certain zones and for certain time periods.

Step 2: The Commission compiled the actual national retail average prices based on retail price information provided by OPIS. See Column B of the attached spreadsheets. The national average is based on daily retail prices from about 100,000 gasoline service stations located throughout the United States.

¹ The week of 2/27/2006 to 3/5/2006, as shown in the Report, contains data from 2/27/2006 through 2/28/06.

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April 13, 2006
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Step 3: The Commission calculated the difference between the actual average retail gasoline prices in Hawaii as compared to the nation. See Column C. The following chart² presents the averages of these differences in each zone, for the Pre-Cap Period and the Price Cap Period:

Zone	Pre-Cap Period	Price Cap Period
1	\$0.34 (23.19%)	\$0.42 (17.57%)
2	\$0.54 (36.80%)	\$0.58 (24.36%)
3	\$0.63 (42.26%)	\$0.71 (29.37%)
4	—	—
5	\$0.90 (46.63%)	\$0.85 (35.83%)
6	—	—
7	\$0.46 (31.92%)	\$0.49 (20.52%)
8	\$0.63 (42.62%)	\$0.65 (27.22%)

For example, on average in Oahu, regular unleaded retail gasoline prices were \$0.34 higher than national retail prices during the Pre-Cap Period (\$1.8817 minus \$1.5428 = \$0.3389) but \$0.42 higher during the Price Cap Period (\$2.8631 minus \$2.4428 = \$0.4203). Please see the enclosed report for further details.

We hope the enclosed information is useful. We are providing copies of this letter and report to all members of your Committee, as well as all members of the Committee on Energy & Environmental Protection, the Committee on Consumer Protection & Commerce and the Committee on the Judiciary.

Please feel free to contact me if you have any questions.

Sincerely,

Carlito P. Caliboso
Chairman

CPC:ac

Enclosures

² With respect to Zones 4 and 6, there was minimal or no Hawaii retail data available.

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c. The Honorable Linda Lingie
The Honorable Calvin Y. Sney
The Honorable Robert Burdick
The Honorable Lyla B. Berg
The Honorable Kirk Caldwell
The Honorable Mele Carroll
The Honorable Pono Chong
The Honorable Kalani English
The Honorable Cindy Evans
The Honorable Bev Harbin
The Honorable Robert N. Herkes
The Honorable Bob Hogue
The Honorable Ken Ito
The Honorable Ezra R. Karohe
The Honorable Jon Riki Karamatsu
The Honorable Bertha C. Kawakami
The Honorable Marilyn B. Lee
The Honorable Sylvia Luke
The Honorable Michael Y. Magaoy
The Honorable Barbara C. Marumoto
The Honorable Ron Menor
The Honorable Colleen Rose Meyer
The Honorable Hermina Morita
The Honorable Mark S. Moses
The Honorable Bob Nekason
The Honorable Scott Y. Nishimoto
The Honorable Blake K. Oshiro
The Honorable Marcus Oshiro
The Honorable Kymberly Pine
The Honorable Brian Schatz
The Honorable Alex H. Sorenson
The Honorable Joseph M. Souki
The Honorable Anne V. Stevens
The Honorable Bud Stonebraker
The Honorable Kameo Tanaka
The Honorable Cynthia Thielein
The Honorable Cliff Tsuji
The Honorable Glenn Wakai
The Honorable Tommy Waters
The Honorable Ryan I. Yamana
The Honorable Kyle Yamashita
The Honorable Georgina K. Kawamura
The Honorable Theodore E. Liu
The Honorable Mark Recktenwald
Docket No. 05-0002 Parties
(all w/enc.)

Representative Chang rose and asked that the Clerk record an aye vote with reservations for him, and the Chair "so ordered."

Representative Karamatsu rose in support of the measure with reservations, and asked that his written remarks be inserted in the Journal, and the Chair "so ordered."

Representative Karamatsu's written remarks are as follows:

"I rise in support. The 'gas cap' law was created right before I was elected into the Hawaii State House of Representatives in the fall of 2002. I believe the state government had good intent in creating the law to help the people of Hawaii get fair gas prices, but it did not work. The 'cap' on the free market caused unusual behaviors in the petroleum industry such as pricing gas at the ceiling of the 'cap' to maximize profits and prepare for bad economic times where they are restricted by the 'cap' to recuperate.

"Therefore, I support this bill's indefinite suspension of the 'gas cap' law. Instead, I believe this measure is heading in the right direction by requiring additional and more pertinent information to be provided by the petroleum industry, thereby providing more transparency in the industry. Transparency will protect the people of Hawaii from unfair gas prices and allow a reasonable profit margin for the industry. Thank you."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and H.B. No. 3115, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PETROLEUM INDUSTRY," passed Final Reading by a vote of 50 ayes, with Representative Stonebraker being excused.

At 3:37 o'clock p.m., the Chair noted that H.B. No. 3115, HD 2, SD 2, CD 1, passed Final Reading.

At 3:37 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 3:40 o'clock p.m. with Vice Speaker Takai presiding.

Conf. Com. Rep. No. 237-06 and S.B. No. 2956, SD 2, HD 2, CD 1:

Representative M. Oshiro moved that the report of the Committee be adopted and that S.B. No. 2956, SD 2, HD 2, CD 1 pass Final Reading, seconded by Representative B. Oshiro.

Representative Takumi rose to speak in support of the measure, stating:

"Mr. Speaker, I rise in support of this measure. Mr. Speaker, as you know when we passed out the Reinventing Education Act of 2004, more commonly known as Act 51, embedded in that were three basic principles, student achievement, civic responsibility, and health and safety.

"The measure before us today obviously strikes, no pun intended, at that third point. We all know that students do not do well in schools that they do not feel proud to be at. What this bill does is it appropriates \$235 million of which the centerpiece is \$160 million, which we dedicated into whole-school renovations of 96 schools across the State.

"Earlier today, we heard comments made about the tax relief bill and some concern and disappointment that it was too small. If you use that logic, you should be equally concerned and disappointed about this measure because it is too large. The Lingle-Aiona Administration had proposed an amount given to repair and maintenance as it relates to a backlog of \$525 million less than one fourth of the amount that you see in the measure before you.

"I really want to thank the Majority Caucus and particularly the Chair of Finance Committee and the members of the Finance Committee for seeing the necessity and the need to do this despite the fact, as we all know, that there are many compelling and competing needs for the budget.

"Another thing that has been raised both in this Chamber and in the media is that the DOE is not accountable and frankly, I'm baffled by that point. You see, Mr. Speaker, Act 51 also required the delinking of various State agencies as it related to the Department of Education and in this case particularly the Department of Accounting and General Services, DAGS. So on the one hand a year ago there were roughly 200 people working for DAGS and I guess supposedly they were very productive and competent, and now they are shifted over to the Department of Education and overnight turned into fat, bloated, dysfunctional, insensitive, uncaring, faceless humans, overpaid, under worked, one size fits all bureaucrats. As you might surmise, Mr. Speaker, I disagree.

"I have every confidence in the Department of Education to be able to repair our schools with this measure and get at that \$525 million backlog in an efficient, effective and timely manner. I wish I had equal confidence that the Governor will release those dollars in a timely manner as well. Thank you, Mr. Speaker."

Representative Finnegan rose to speak in support of the measure with reservations, stating:

"Thank you, Mr. Speaker. With reservations, but in support. Thank you, Mr. Speaker. I just have some short comments. Yes, I do support fixing Hawaii's schools like I mentioned throughout the Session this year. But I do have some concerns in regards to maybe looking for ways to fix the way we fix Hawaii's schools. I've talked to principals and teachers and they often wonder why one school gets funded for their projects, or your CIP projects, over another. It

causes confusions. It causes mistrust within the system. So in regards to wanting to be able to fund these different projects and fixing up the schools that is a concern of mine.

"Mr. Speaker, also in regards to the \$160 million to do classrooms and to renovate classrooms, I think it is a very good goal to get all the classrooms done. One of the things that I think could be done maybe a little bit different is instead of putting the whole \$160 million and say let's go and do all of the classrooms, I looked at the list of all of the different schools that need repair and they right now rank in different orders as to need. And when I take a look at those schools, I don't have the list in front of me, but they go from ranging I believe it was a score on I guess it's like 1 to a 100, and of those 160 schools that need classroom repair, some of them fall from probably, I can't remember right now, but from the 70s, 60s, 50s. All the way to I think the ranking of the bottom classroom renovation project is at 9.

"And there are millions of dollars ranging down at the bottom part of the ranking, and I'm wondering if some of those schools may want to use that cash money for different purposes. Maybe they might take a look at it and say, I want to use my million dollars to help assess the students at our school or maybe I want to use a million dollars or half a million dollars to buy books for our school because our classrooms aren't that bad right now. I'm only talking about this lower level of classroom repairs where maybe they don't rank quite high in regards to wanting these repairs.

"So with regards to that, Mr. Speaker, I know that this House is putting forth a great amount of money and dedication to our schools in wanting to see the environments at their best for the schools, but at this particular time when we are struggling at the schools to be able to get some of the priorities for our schools, then maybe we could have just used it a little bit differently and fix the way we fix Hawaii's schools. Thank you, Mr. Speaker."

The motion was put to vote by the Chair and carried, and the report of the Committee was adopted and S.B. No. 2956, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION," passed Final Reading by a vote of 50 ayes and, with Representative Stonebraker being excused.

At 3:46 o'clock p.m., the Chair noted that S.B. No. 2956, SD 2, HD 2, CD 1, passed Final Reading.

At 3:47 o'clock p.m., the Chair declared a recess, subject to the call of the Chair.

The House of Representatives reconvened at 3:52 o'clock p.m. with the Speaker presiding.

SENATE COMMUNICATION

The Chair recognized the Clerk, who announced:

"We are in receipt of Senate Resolution 175, informing the House and the Governor that the Senate is ready to adjourn Sine Die."

INTRODUCTION OF RESOLUTION

The following resolutions (H.R. Nos. 288 through 293) were announced by the Clerk and the following action taken:

H.R. No. 288, entitled: "HOUSE RESOLUTION AUTHORIZING AND EMPOWERING THE SPEAKER TO EXPEND SUCH SUMS TO COMPLETE THE WORK OF THE TWENTY-THIRD LEGISLATURE, REGULAR SESSION OF 2006, INCLUDING THE CARRYING OUT OF ANY OFFICIAL LEGISLATIVE BUSINESS IN THE INTERIM BETWEEN THE 2006 AND 2007 SESSIONS," was jointly offered by Representatives Say, Finnegan, M. Oshiro and Takai.

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 288 was adopted, with Representative Stonebraker being excused.

H.R. No. 289, entitled: "HOUSE RESOLUTION AUTHORIZING THE SPEAKER TO APPROVE THE JOURNAL OF THIS HOUSE OF ANY LEGISLATIVE DAY BEING COMPILED AS OF THE 60TH DAY," was jointly offered by Representatives Say, Finnegan, M. Oshiro and Takai.

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 289 was adopted, with Representative Stonebraker being excused.

H.R. No. 290, entitled: "HOUSE RESOLUTION AUTHORIZING AND DIRECTING THE COMMITTEE ON THE JOURNAL TO COMPILE AND PRINT THE JOURNAL OF THE HOUSE OF REPRESENTATIVES, REGULAR SESSION OF 2006," was jointly offered by Representatives Say, Finnegan, M. Oshiro and Takai.

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 290 was adopted, with Representative Stonebraker being excused.

H.R. No. 291, entitled: "HOUSE RESOLUTION AUTHORIZING THE SPEAKER TO DESIGNATE WHICH OF THE EMPLOYEES AND OFFICERS OF THE HOUSE BE GIVEN ADDITIONAL EMPLOYMENT TO MEET THE WORK AFTER THE SESSION AND FURTHER AUTHORIZING THE SPEAKER TO DETERMINE THE PERIOD OF EMPLOYMENT," was jointly offered by Representatives Say, Finnegan, M. Oshiro and Takai.

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 291 was adopted, with Representative Stonebraker being excused.

H.R. No. 292, entitled: "HOUSE RESOLUTION RELATING TO STANDING, INTERIM, AND SPECIAL COMMITTEES AUTHORIZED TO CONDUCT HEARINGS DURING THE INTERIM BETWEEN THE ADJOURNMENT OF THE REGULAR SESSION OF 2006 AND THE CONVENING OF THE REGULAR SESSION OF 2007," was offered by Representative Say.

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 292 was adopted, with Representative Stonebraker being excused.

H.R. No. 293, entitled: "HOUSE RESOLUTION INFORMING THE SENATE AND THE GOVERNOR THAT THE HOUSE OF REPRESENTATIVES IS READY TO ADJOURN SINE DIE," was jointly offered by Representatives Say and Takai.

At 3:56 o'clock p.m., Representative Takai requested a recess and the Chair declared a recess subject to the call of the Chair.

The House of Representatives reconvened at 3:57 o'clock p.m.

The Chair then announced:

"Members, if there are any questions on the House Resolution 293, it's just informing the Senate and the Governor that the House of Representatives is ready to adjourn Sine Die. We have not gone through that procedure yet. Just informing."

On motion by Representative M. Oshiro, seconded by Representative Finnegan and carried, H.R. No. 293 was adopted, with Representative Stonebraker being excused.

LATE INTRODUCTIONS

The following late introductions were made to the members of the House:

Representative M. Oshiro recognized members of the House Majority Staff Office who were seated in the gallery.

Representative Luke introduced Representative B. Oshiro's office manager, Ms. Reena Rabago.

Representative Cabanilla introduced Councilmember Nestor Garcia and Dr. Amy Agbayani.

Representative Green introduced his office manager, Mr. Alex "Alika" Malabey; and his legislative staff, Ms. Alexandra "Mahina" Malabey, and Mr. Feleai Tau.

Representative Ito introduced members of his staff, Mr. Collin Hiestand and Ms. Karen Suehiro, and Mr. Stan Koga.

Representative Sonson introduced his wife, Mrs. Jennifer Sonson.

Representative Kahikina introduced his office managers, Ms. Merrie Aipoalani; and his legislative staff, Mr. Isaac Liu, Ms. Aulani Ahmad, Mr. Chasid Sapolu and Ms. Debra Murray.

ANNOUNCEMENTS

Representative Luke: "Mr. Speaker, if may be permitted to, on behalf of the legislators who I think we've been cooped up here for 60-somewhat days and we've recognized members of audience and our staffmembers. But there is a group of people we rarely recognize and that's the members of the media who are cooped up in our little box in the back, and this must be a good day because it's the first day that we have ever seen Derrick DePledge decked up in his suit. So Derrick, if you could stand up and if all the media members could stand up so we can recognize you. Thank you very much."

Representative Sonson: "Thank you very much, Mr. Speaker. Mr. Speaker, I'd like to, and I was made to do this, I would like to thank Capitol TV's Glenn Booth and staff for their excellent coverage of our Session. They did a wonderful job keeping the citizens of Hawaii informed about the Legislature."

Representative Herkes: "Thank you, Mr. Speaker. Mr. Speaker, I rise on a point of personal privilege. Mr. Speaker, during the Session my character and integrity have been challenged, and I take those charges very seriously. I would ask permission to insert a document into the Journal. Thank you," and the Chair "so ordered."

Representative Herkes submitted the following remarks:

"In the past few weeks, some people have expressed concern about the way that SB 2917 progressed through the CPC Committee. I have seen several local newspaper articles and blog postings that

question my integrity and the integrity of my staff. I have even received a letter from a concerned citizen group that calls for my removal as the CPC chair.

"I would like to respond to these criticisms and set the record straight. SB 2917 progressed through my Committee, through the House, and through the Conference Committee according to proper legislative process.

"When Senate Bill 2917 crossed over to the House, it was first heard by the Committee on Health, and passed with an amendment to extend the sunset date for health insurance rate regulation from 2006 to 2010.

"I then worked with the Speaker's office to craft the proposed HD2 that would be considered by CPC. The HD2 retained the extended sunset date. The HD2 also contained significant changes to the rate approval process. These changes were designed to protect the consumer by making rate regulation more transparent, and at the same time, benefit the insurance providers in this State by streamlining the rate disapproval process.

"These changes were not made in secret. The proposed HD2 was available to the public in my office well in advance of the hearing, and CPC received testimony on the proposed HD2 at the hearing.

"The Insurance Commissioner was among the testifiers on the proposed HD2. He recommended specific changes to the draft. In response to his recommendations, CPC deferred decision-making on the bill so that it could be amended to include the insurance commissioner's recommendations.

"CPC then voted on the amended HD2, in the open and in public, and passed it. There were no reservations or 'no' votes on record.

"When the Finance Committee heard the HD2, the Insurance Commissioner made additional comments that appeared to contradict his earlier statements in CPC. All the same, Finance amended the bill again, this time with a faulty effective date of 2020, and publicly voted to pass out the new HD3.

"Now, some critics have claimed that it was inappropriate for representatives of the insurance industry to submit drafts of proposed legislation. I respond by saying to those critics that it is normal practice and it is appropriate. Lobbyists, of all kinds, state their opinions, they offer suggestions, and they advocate the positions of their industry or their client. Sometimes their advocacy comes in the form of draft bills or suggested changes to language. Everyone is invited to do the same.

"We as legislators are not bound or obliged to accept those suggestions. We evaluate all of the interests at stake, all of the information available, and we make informed, impartial decisions – decisions that we predict will benefit the State as a whole, not one specific group. And this is done in the open – our deliberations and decisions are conducted in a public hearing.

"When SB 2917 went to the Conference Committee, the House offered a Conference draft that would correct the defective date. The Senate rejected that draft, and instead, the Senate adopted the previous House version of the bill, including the defective date. At that time, the bill was off the table, and the Conference Committee could not be reconvened. The Senate conferees now suggest that they were unaware of the defective date in the House bill. But again, it was no secret, and I do not understand how they could have overlooked this crucial part of the bill.

"It is my understanding that some critics have questioned my record on consumer protection. They have asked, 'Who is protecting the consumer?'

"A review of my legislative history should put that question to rest:

- As a member of the Hawaii County Council from 1984-1987, I co-introduced the first comprehensive no smoking ordinance to pass in any county in Hawaii. The tobacco interests hotly opposed this measure because it would have banned smoking anywhere that the public had to go for entertainment or business. We on the Council later overrode the mayor's veto and passed the ordinance.
- In my first term in the House, I took on one of the largest companies in the world, GTE, doing business in Hawaii as GTE Hawaiian Tel. We fought a tough fight to eliminate the use of party lines in this state.
- I voted for and supported 'pure no-fault' auto insurance in opposition to the trial attorneys in this State.
- I've been criticized for voting against the present auto insurance law. I explained my 'no' vote as not going far enough to benefit consumers. I said, 'We needed a tourniquet and got a band aid.'
- I have fought to de-regulate the ground transportation industry in Hawaii to benefit consumers.
- I created the Small Business Regulatory Review Commission to protect small businesses and consumers.

"I am proud of the work that I have done for the State of Hawaii and the people of my district. I am proud of my pro-consumer record. I have long said that regulation should be for the benefit of the consumer and not the regulated industry or profession; and my actions with SB 2917 are no exception to that."

Representative Ching: "Yes, just an announcement. Thank you. I just wanted to thank everyone who did, even though it's a crazy time and I think the Heritage Caucus is reconsidering having being in step with National Historic Preservation Month, but we wanted to thank everyone who helped with Historic Preservation Awareness Day. And the Heritage Caucus thanks everyone here for our first maiden voyage of Heritage Caucus for all the support."

"And the last announcement, there is at the Hawaii Plantation Villages, a Hawaii Relive the Plantation Days this coming Saturday, a heritage event from 10:00 to 2:00 in Waipahu. And that is our final announcement for the Heritage Caucus. Thank you."

Representative Berg: "Thank you, Mr. Speaker. I think it's safe to say at this particular moment that I can represent my freshman class in thanking the support team of the Sergeant-at-Arms and the Clerk's Office and all of our colleagues for a very educational and enlightened two years. And thank you very much on behalf of the freshman. We are no longer freshman after the song. Right? Thank you."

Representative Yamane: "Mr. Speaker, I would like to stand on a personal privilege. I'd like to say for myself that it has been an awesome experience working with my colleagues on both sides of the aisle, and I have the highest respect for the integrity of many of you. Thank you. Take care."

Representative Thielen: "Thank you, Mr. Speaker. There's one group that I think we also should thank. That's the custodial staff here at the Capitol. They do an incredible job under sometimes very difficult circumstances, and a particular thank you to Annic from the Fourth Floor."

Representative Souki: "Mr. Speaker, I want to thank my staff especially my office manger, who has been with me for 18 years, Flo; and my clerk, Peggy; and my committee clerk, Nathan, for the good work they have done; and for Vern. If you have noticed, they are not here but they're watching on television. Hi, thank you very much."

Representative Evans: "On a point of personal privilege. I want to thank the leadership shown by the Chairs of all the Committees that I served on this year. And I must say I'm going to miss the Chair of Water, Land, and Ocean Resources because he truly is such an amazing Chair in allowing everyone to speak and express their opinions and listen and try to really understand the issue and to meet everybody's concerns."

"The Representative of Hawaiian Affairs Committee, I think had a couple of really hard issues. I think he dealt with them really well and really supported his Vice Chair. The Chair of Energy and Environmental Protection was so thorough and so good. And really hard, really hard I thought the energy package in working with the Administration."

"And the Finance Chair. What can you say about Finance? The hours that we put in and trying to be open and give everybody an opportunity. A lot of people that I talked to that come to testify in front of that Committee tell me how much they enjoy that the Chairman is so open to receiving all the comments and very patient, and as you know it's very, very long hours. And he has a wonderful staff. I don't know if we mentioned them, but all of the Finance staff and the budget people. It's amazing the kind of work they have to do to support us so I just wanted to mention them. Thank you."

Representative Cabanilla: "I'm rising on a point of personal privilege, Mr. Speaker. I would like to thank my staff for working so hard with me this Session. Not just here on the Capitol, but also in my district. And I would like to thank very much Madame Clerk and her staff for the wonderful work they've done in this Session. Thank you, Mr. Speaker."

Representative Harbin: "Thank you, Mr. Speaker. I rise for a point of personal privilege. I think I of all of us in here owe all of you a great debt of thank you. I came in here with, I would say pomp and circumstance, but I think it was probably more grand than that."

"I came in, I think tainted, and I worked very, very hard to prove myself to you. I especially want to thank my one Chair of Water, Land, Ocean. He grabbed me by the scuff of my neck and said, 'Confrontation doesn't always get you there. You're here, do your job, and you'll gain the respect.' I hope I gained the respect of a couple of you because what I've done is I gained the respect of the process. And I gained the respect of a whole group of you that are going to be our young leaders. And I have to say to you when it seems like the darkest of dark days is coming upon you, if you know you're right and you want to do the job, you stand up to it and you go through and you do it. Thank you all so much."

Representative Abinsay: "Thank you, Mr. Speaker. During the hectic moments of our Conference, there was a time when I needed some help and support from you especially as the Speaker, because of some scary moments of my life when I had to be hospitalized. And I just want to thank you Mr. Speaker and the Members, our colleagues for your support, your prayers and understanding, especially the person who replaced me as a Chair or Co-Chair of many of the bill that we had introduced. And I'd like to thank Representative Chang for taking over, and also my Vice Chair Tsuji for taking the job on my behalf."

"It was indeed something that I'm very, very much appreciative and very thankful for all the letters in support extended to me. And there were times where I needed the help and thank you colleagues for your prayers."

"But most especially, Mr. Speaker, I know it was a blessing because in the earlier conversation, we asked for your support and understanding that I needed somebody in my office and it turned out to be a blessing. I did have to ask my brother who was in Stockton and I had to ask him to come during the Session to help me. And you were kind enough to allow me what was a very good part toward helping me, and indeed it was again a blessing because of his presence. He was the oldest of the nine children in our family and he

was there during those times when I needed help and I would like to just acknowledge him at this time. He's in the gallery and if I may ask him to please stand up. Cesar Abinsay. Thank you. Thank you for being with me.

"And if I may just add Mr. Speaker, just mention the members of my staff, Jake Manegdeg and the other members of my staff who are sitting up there. Thank you, Mr. Speaker. And I cannot thank enough the support of our members of the Sergeant-at-Arms through your leadership, Kevin, thank you and all the members of your staff. Also our Chief Clerk and the members of her staff. Thank you all very much for all the support you have extended to me. Thank you, Mr. Speaker."

Representative Takai: "Thank you, Mr. Speaker. On behalf of you and all the other boys in this House, I'd like to thank Representative Caldwell, aka Cyndi Apana for the wonderful Boy's Day wishes that are on our desk. Thank you, Representative."

The Chair then stated:

"Two years ago, we were very pleased to have a group of bushy-tailed, young, energetic, outstanding, freshmen class. You are the Class of 2004. All of you here are the 23rd Legislature, and you all have done a tremendous job during these past two years. This group of 51 will now be a class of 46, and this evening we wanted to highlight and congratulate those five who are leaving. I wish he was here, but he's not here this afternoon, Representative Bud Stonebraker. Bud, on behalf of the Members of this House, best wishes in your future endeavor as a pastor of the church that you represent.

"Secondly, the most gracious and oldest of them all, Representative Helene Hale. Vice Speaker, would you present her with the gavel and Representative Finnegan, a lei at this point. Representative Hale, why don't you say a few words. I see you have a prepared text so please, go ahead."

Representative Hale gave her farewell remarks as follows:

"Thank you so much all of you. And Mr. Speaker, everybody in the audience, and everybody around here, has been so wonderful.

"My fellow Representatives, I'm going to miss all of you. My checkered political career began in 1954 on a Hawaii County Board of Supervisors and I spent 20 years on the county level but I never expected that I would come to this State Legislature at 82 years old.

"I have not regretted it. When Representative Bob Herkes left his Puna seat vacant, I tried unsuccessfully to get a younger person to run and because I could not support any of the announced Democrat candidates or Republicans, I thought I could keep this seat a Democrat.

Under Speaker Say, this has been a very, very rewarding career because I found finally a leader I could support. For I found him to be fair, just, democratic, and efficient. And I've also found that the House of Representatives procedures have changed for the better since I first came to lobby for our county government when it was lodged in Iolani Palace.

"Mr. Speaker, I would like to thank some special persons who have been helpful during these few years. First Representative Kanoho, when I served under him as his Vice Chair. He thought me patience, persistence, and meditating skills. Speaker Say, who appointed me as Chair of the new Committee on International Affairs, gave me this opportunity to pursue my goals of helping Hawaii to be a catalyst for world peace based on our culture of Aloha spirit, multiethnic population and different religions. Majority Leader, Representative Marcus Oshiro, sometimes I have a hard time recognizing him if he's in San Antonio, or someplace. He is a hard worker and all his staff are always supportive.

"During these years I've had two good Vice Chairs, Representatives Shimabukuro and Cabanilla. Both of them share my vision of having Hawaii lead our nation.

"It's always more rewarding when the economy is thriving for it enables government to help more people. My thanks go to the very capable Finance Chair, Representative Takamine and all the members of all his staff. They're too many to try to call by their name for I for surely forget someone, but I will never forget how helpful they were. I got my Pahoehoe Gym. I am proud of what they enabled us to accomplish, so much for our people.

"Mr. Speaker, in addition, I have to thank the Chairs of the Committee of Health, Education, Higher Education, Housing, Human Services, Energy and Environmental Protection and their staffs because I have served under all of you.

"With all the House staff led by Chief Clerk Patricia Mau-Shimizu and CJ Leong; and Sergeant-at-Arms Kevin Kuroda, and Lon Paresa and everyone in these offices made our work much easier and pleasant.

"My own staff that I introduced earlier, I owe a deep gratitude for your loyalty and your competence. Again, if I can mention their names, Linda Asato-Kaichi, Jelyn Kaichi, Cody Vargo and Chad Ahia.

"Mr. Speaker, the list goes on and on and I surely have missed someone. Actually everyone that I have come into contact with, including all of my Democratic and Republican colleagues have been so supportive. I hate to leave you, but life goes on and another chapter closes on this experience. My future plans include working for peaceful world through our Hawaii Chapter of the United Nations Association, and the high school model United Nations that I started in Hilo.

"When I first ran for my first time, I stated my vision. In my brochure it said that based on the vision of King Kamehameha, we can treasure our people and our land. And on the experiences and activities of King Kalakaua, we can truly become an example to the world for sustainable development, cultural renaissance and world peace. *Ua mau ke'ea o ka'aina ikapono.* Aloha. Thank you everyone."

The Chair then stated:

"Another individual that will be leaving this great body is a young man who will be a tremendous loss to this Chamber, but a tremendous win and gain for Capitol Hill, Representative Brian Schatz. So Representative Schatz, may we hear your campaign platform?"

Representative Schatz gave his farewell remarks as follows:

"Thank you, Mr. Speaker, and thank you colleagues. As you know, I came to the House eight years ago, single, 26 years old, a little bit radical, and a little more aggressive than I am now. I want to share with you and the Body, the eight things that I've learned in the last eight years.

I've learned that your enemies can be right, and your friends can be wrong.

I've learned that a 79-year-old man can hit a golf ball 279 yards.

I've learned from that same 79-year-old man how to behave like a gentleman. I don't always do so, but now I know how.

I've learned that loud is not the same as persuasive.

I've learned never to underestimate anyone.

I've learned that no matter how small an issue may appear to you, it's a very big deal to someone.

I've learned that business and environmental needs are usually not at odds.

And I've learned that if you want to interpret the Hawaii Constitution, the best way is to lean over and ask Helene Hale what she meant when she wrote it.

"I want to thank everyone who supported me, all of the staff, all of the colleagues, you, Mr. Speaker, members of the Senate, volunteers who helped me to win reelection. And most of all, I want to thank my wife Linda for suffering through all of this, and for suffering through whatever comes next. And I want to thank the rest of my family. Every single member of my family has been incredibly supportive. Thanks for the good times."

The Chair then stated:

"The next colleague, I think all of you know very well. He has been here a long time, a very long time, but has focused his attention in one particular area and that is in the health area. Representative Dennis Arakaki."

Representative Arakaki gave his farewell remarks as follows:

"Thank you, Mr. Speaker and colleagues. I also had some prepared remarks just so I don't break up or wander off. But before I do, I'd like to recognize and thank my staff for all their support. First of all, my office manager, John Mizuno. Dr. Harry Tagomori. My legislative aides, Edgar Fernandez, Ms. Leolani Oyama. And my receptionist, Ms. Alice Nakama. And if I may, I want to recognize posthumously my former office manager, Linda Delaney because she taught me so much about what it meant to be Hawaiian. And also I want to recognize someone who has chaired my campaigns and I ran 10 elections and never lost so I owe her a lot as well, Dr. Amy Agbayani.

"Mr. Speaker, when people ask me when I started thinking about leaving office. I have to look to my right and when I saw this young man join us, I realized that he was one of those kids who used to play basketball for me as an elementary school kid. I think he was wearing Gucci athletic shoes back then. So I know the years have gone by. And then next to me is this other young man who I feel very confident knows most of the issues and would take very good care of the health issues even as I leave. It's going to be great to have a doctor in the House.

"Mr. Speaker and colleagues, the book of Ecclesiastes, Chapter 3 of the Bible says, 'There is a time for everything and a season for every activity under heaven. A time to plant and a time to uproot.' My season here at the Legislature comes to an end as I move on to another season. Mr. Speaker, I feel truly blessed to have been given time here to work in His fields, to plant seeds of hope and a vision for the future.

"Mr. Speaker, I truly give praise and thanks for having Christ with me as I have walked this legislative path, which so often fraught with conflict, personal pride, retribution, and misperceptions. I've learned through Him to have a tough skin with a tender heart. I have also been reminded by Him that we must be men and women of integrity. And Mr. Speaker, something that was told to me when I first started including from you Mr. Speaker. All we bring with us is our integrity and our word. And when we leave, all we have is the judgment on how well we kept our integrity intact and how well we kept our word.

"Mr. Speaker, another of my guiding principles here, at the Legislature, came about because of a comment made by a young man during a visit by our student leaders from Kalihi. After addressing a group of a hundred student leaders and touting the important things that we as legislators do, a sixth grader from Fern Elementary School

raised his hand and after being recognized he asked, 'That's all fine and well for you, but what are you doing for my future?' What are you doing for my future? That moment and that question is seared in my mind and in my heart probably forever.

"Mr. Speaker, you and I and other veteran legislators know that all too often we just react to crises and to the needs of the here and now. But we also know that we are also given the opportunity to be visionaries. In fact, Mr. Speaker, I would say that to be visionary is one of our primary missions. The Bible says that people without vision will soon perish. Mr. Speaker, our children and youth need that vision of hope for the future and it would serve us well to ask that question asked by that young man. What are you doing for my future? So I will read probably for the last time, as I do every year, my cup and it says, 'A hundred years from now it will not matter what my bank account was, the sort of house I lived in, or the kind of car I drove, but the world may be different because I was important in the life of a child.'

"Mr. Speaker I move, with some sadness in my heart, because I will miss the people here for the humble and hardworking people in my district, and I will definitely miss being close and being part of this incredible process called democracy. It is a privilege that many are called to, but few are honored to serve.

"Mr. Speaker, you and I and maybe a few of the colleagues have seen tremendous changes here over the past 20 years. Perks have disappeared. Our personal and legislative lives come under greater public scrutiny. Greater transparency in the way that our decisions are made. And while some may mourn the loss of trappings that come with office or the loss of privacy in our legislative deliberations, in the end, we must all realize that they can never take away the awesome sense of responsibility and trust given to us by Hawaii's citizens. We are indeed trustees of the resources and the well being of and for the people of Hawaii.

"Mr. Speaker, I thank God and the people of Hawaii especially the voters who have given us that opportunity. God bless and keep all of you in the palm of his hands. *Mahalo nui ka ko.*"

The Chair then stated:

"And finally, what more can we say about a young man from the Island of Kauai who taught some of our freshmen and sophomores, let's go and take an agricultural site visit. You all know what it is. What more can I say about a young man also who has the heart and the compassion as a man of all seasons. Representative Kanoho."

Representative Kanoho: "Can I have my words inserted in the Journal?"

Speaker Say: "No, you may not at this point and time so please proceed with your oral presentation."

Representative Kanoho gave his farewell remarks as follows:

"Thank you very much, Mr. Speaker and Members. For almost a year since rendering that firm decision not to run again for reelection, I've been thinking about this day and this moment with a lot of trepidation. I was thinking of maybe not showing up for session today or escaping just before this came about. But this is all so very special. It's much more than Senior Day at any of the sports at the University of Hawaii. Those are all very special occasions, but to stand before you now, I'm glad I stayed and to witness our farewell and be a part of a farewell to our colleagues who are also leaving and who will be also missed.

"I was appointed to this House by incoming Governor John Waihee nearly 19 and a half years ago. On December 26, 1986 after my predecessor, Al Lardizabal, who had successfully run for his third term was appointed to the position of Director of Human Resources. There was another name for it, but at that time we who were working on his campaign were anxiously awaiting the appointment. I was on

Maui at that time attending an HSAC conference, when Gary Rodrigues, labor leader, Waihee confidant, and a powerhouse in his campaign, called me on the telephone and asked me if I was interested in the position of Representative. I told him that I was interested, but not as one of several people being considered. But I would definitely be interested if it was being offered to me.

"I was really flabbergasted when he told me, it was mine, if I wanted it. I told him that I needed to check with my two bosses. My employer and my wife. I was certain that my employer, being a good corporate citizen that they would say yes, but very doubtful about my wife. Because as island manager for Hawaiian Telephone for at that time almost 10 years and very active in the community serving as president on the boards of many organizations. And at that time just having served as a Co-chairman of a very controversial Nukolii land referendum issue, I had always been approached by people to run for office and she was adamantly opposed. At that time I wasn't interested because I didn't relish the idea of being obligated to anyone or seeking, and asking people for votes and most of all reluctant about asking anyone for money. But she was adamantly opposed.

"I called my employer and as expected, my boss without having to check with anyone said, 'Yes, by all means.' And so I called my wife on the telephone and I said, 'Guess who they want to serve in Al Lardizabal's place?' And she said, 'Who?' I said, 'Your husband.' And I expected her to say, 'Let's think about it.' But then instantly she said, she was so excited she said, 'I'm behind you. Go for it. I'm behind you 1000%.' I had to look at the telephone and I couldn't believe my ears. Is this the lady I'm talking to that just didn't want me to serve in political office? We're so excited. We were very happy and overjoyed. Very honored and humble at that time as we have been for the last 20 years.

"I tell you the story because it only indicates the depth of my thanks to Governor Waihee, to Al Lardizabal, to Gary Rodrigues, to my employer Hawaiian Telephone. And companies like Hawaiian Telephone who want to fulfill their obligation to the community of being corporate citizens. And most of all to thank my wife. We've been together as man and wife. She's been my bride for 55 years and so I'm very grateful to her. Now it's time for me to pay attention to her and be with her at home because she's been so supportive through all these years.

"At the time of appointment, people would keep saying you need to be in the Legislature for these 10 years and I said, 'No way do I want to do that for 10 years.' And here it is almost 20. Actually it's the twentieth Session.

"I still very vividly remember stepping into these Chambers in early January 1987. We were preparing for the incoming class to attend Session and I remember stepping into these Chambers. It was a late afternoon, the lights were not on, but I just stood in here in awe looking at the tapestry and the chandelier, and the koa, the abundance of koa here and all the richness that it symbolizes. Thinking about the history, thinking about the debates and actions that took place here. And realizing that at that time that I would be a part of history of making laws, thinking about funding and approving programs and projects. And as I stand here on what will be the last Session day, I feel that same gratefulness to have been a part of this. To be able to make a difference to work with all of you to do this.

"I want to thank again all of you for being such great people. The kind words that you expressed to me. I need to in addition to thanking Governor Waihee and Al Lardizabal, and Gary Rodrigues, and Hawaiian Telephone, and my wife, I said it before but it deserves to be said again, our support staff, the Clerk's office, the Sergeant-at-Arms, HMSO, LRB, the people that just been so professional, so accommodating, so willing to help and we really couldn't function very well, if at all, without them.

"This is the end of a real Session but I expect to be very active and I want to be very active after this life. But legislatively I need to say

that we did pass House Concurrent Resolution 300, which establishes the Land Use Working Group, we have a lot of issues. So I intend to spend a lot of time on that working with all the stakeholders so that we can be in a better position to move forward with reforming land use laws.

"I want to thank the people of Kauai for their faith and confidence and trust me for having me serve as your Representative. Most of all, I want to thank my God for having blessed me, and for all the blessings that I had. You can go through life with a lot of adversity, but it's incredible. It's just amazing. I never cease to be amazed as we face adversities, how those adversities turn into opportunities and that's how it's been for me and I'm sure that it is how it's been for you. So I thank you, and I thank God. *Aloha ke akua.*"

The Chair then delivered his closing remarks:

"In closing, Members of this House, the 23rd Legislature, the Chair would like to make a request that you all stand at this point and time, please. In order to run a House or an organization like this, I think we owe it to the Chief Clerk's Office, Ms. Mau-Shimizu, Ms. Leong, and their staff; the Sergeant-at-Arms, Mr. Kuroda, and Mr. Paresa and their staff; Ms. Linda Oamilda and John Moriyama, and Mr. Richard Dvonch, and Mr. Jim Funaki, which is the House Majority Staff Office; and also Mr. Boyd Akase and Ms. Malia Gray on the Minority Staff.

"It is these individuals that put their blood, sweat, and tears in getting the job done for all of us. If it is not for them, this House would be a dysfunctional House or Chamber. So on behalf of the Members of the House, how about giving them a big round of applause and thank you very much for a job well done."

ADJOURNMENT

Representative M. Oshiro moved that the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006, adjourn Sine Die, seconded by Representative Finnegan.

The motion was put to vote by the Chair and carried, and at 4:50 o'clock p.m., the Speaker rapped his gavel and declared the House of Representatives of the Twenty-Third Legislature of the State of Hawaii, Regular Session of 2006, adjourned Sine Die.

HOUSE COMMUNICATION

House Communication dated May 4, 2006, from Patricia Mau-Shimizu, Chief Clerk of the House of Representatives, to the Honorable President and Members of the Senate, informing the Senate that the following bills have this day passed Final Reading in the House of Representatives:

H.B. No. 957, HD 1, SD 1, CD 1
 H.B. No. 2258, HD 1, SD 2, CD 1
 H.B. No. 2806, HD 1, SD 2, CD 1
 H.B. No. 2878, HD 1, SD 1, CD 1
 H.B. No. 3036, HD 1, SD 2, CD 1
 H.B. No. 3060, HD 1, SD 2, CD 1
 H.B. No. 3115, HD 2, SD 2, CD 1
 H.B. No. 3118, HD 1, SD 1, CD 1
 H.B. No. 3261, HD 1, SD 2, CD 1
 S.B. No. 218, SD 4, HD 1, CD 2
 S.B. No. 2006, SD 3, HD 2, CD 2
 S.B. No. 2461, SD 1, HD 1, CD 2
 S.B. No. 2546, SD 1, HD 2, CD 1
 S.B. No. 2956, SD 2, HD 2, CD 1
 S.B. No. 2961, SD 1, HD 1, CD 1

**GOVERNOR'S MESSAGES RECEIVED AFTER THE ADJOURNMENT
OF THE 2006 LEGISLATURE SINE DIE**

Gov. Msg. No. 338, informing the House that on May 4, 2006, the following bill was signed into law:

S.B. No. 2737, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MARINE INVERTEBRATES." (ACT 077)

Gov. Msg. No. 339, informing the House that on May 5, 2006, the following bill was signed into law:

H.B. No. 3115, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PETROLEUM INDUSTRY." (ACT 078)

Gov. Msg. No. 340, transmitting the Hawaii State Foundation on Culture and the Arts' Annual Report for the fiscal year ending June 30, 2005

Gov. Msg. No. 341, informing the House that on May 8, 2006, the following bill was signed into law:

H.B. No. 2278, HD 1, SD 2, entitled: "A BILL FOR AN ACT MAKING EMERGENCY APPROPRIATIONS FOR THE DEPARTMENT OF THE ATTORNEY GENERAL." (ACT 079)

Gov. Msg. No. 342, informing the House that on May 8, 2006, the following bill was signed into law:

S.B. No. 2265, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMES AGAINST MINORS." (ACT 080)

Gov. Msg. No. 343, informing the House that on May 8, 2006, the following bill was signed into law:

S.B. No. 2260, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SENTENCING." (ACT 081)

Gov. Msg. No. 344, informing the House that on May 8, 2006, the following bill was signed into law:

S.B. No. 1512, SD 1, HD 3, entitled: "A BILL FOR AN ACT RELATING TO DOMESTIC VIOLENCE FATALITY REVIEW." (ACT 082)

Gov. Msg. No. 345, informing the House that on May 8, 2006, the following bill was signed into law:

S.B. No. 695, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE NATIONAL CRIME PREVENTION AND PRIVACY COMPACT." (ACT 083)

Gov. Msg. No. 346, transmitting the Proclamation proclaiming May 2006 as Mental Health Awareness Month.

Gov. Msg. No. 347, informing the House that on May 9, 2006, the following bill was signed into law:

S.B. No. 2348, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR PANDEMIC INFLUENZA PREPAREDNESS." (ACT 084)

Gov. Msg. No. 348, informing the House that on May 9, 2006, the following bill was signed into law:

S.B. No. 2339, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR THE EMERGENCY MEDICAL SERVICES SYSTEM BRANCH." (ACT 085)

Gov. Msg. No. 349, informing the House that on May 9, 2006, the following bill was signed into law:

S.B. No. 2334, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION FOR THE HAWAII YOUTH CORRECTIONAL FACILITY." (ACT 086)

Gov. Msg. No. 350, informing the House that on May 10, 2006, the following bill was signed into law:

S.B. No. 2606, HD 1, entitled: "A BILL FOR AN ACT RELATING TO BAIL." (ACT 087)

Gov. Msg. No. 351, informing the House that on May 10, 2006, the following bill was signed into law:

S.B. No. 2570, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DIGITAL MEDIA." (ACT 088)

Gov. Msg. No. 352, informing the House that on May 10, 2006, the following bill was signed into law:

H.B. No. 2133, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE NATURAL AREA RESERVE SYSTEM." (ACT 089)

Gov. Msg. No. 353, informing the House that on May 10, 2006, the following bill was signed into law:

S.B. No. 2357, HD 1, entitled: "A BILL FOR AN ACT RELATING TO SECTION 13 OF ACT 380, SESSION LAWS OF HAWAII 1997." (ACT 090)

Gov. Msg. No. 354, informing the House that on May 10, 2006, the following bill was signed into law:

S.B. No. 2599, HD 1, entitled: "A BILL FOR AN ACT RELATING TO APPEALS." (ACT 091)

Gov. Msg. No. 355, informing the House that on May 11, 2006, the following bill was signed into law:

S.B. No. 3111, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT ESTABLISHING A COMMISSION TO RECOGNIZE AND HONOR CONGRESSWOMAN PATSY T. MINK." (ACT 092)

Gov. Msg. No. 356, informing the House that on May 11, 2006, the following bill was signed into law:

S.B. No. 2607, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSFER OF APPEALS." (ACT 093)

Gov. Msg. No. 357, informing the House that on May 11, 2006, the following bill was signed into law:

H.B. No. 2897, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO APPELLATE JURISDICTION." (ACT 094)

Gov. Msg. No. 358, informing the House that on May 11, 2006, the following bill was signed into law:

S.B. No. 3065, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ONE CALL CENTER ADVISORY COMMITTEE." (ACT 095)

Gov. Msg. No. 359, informing the House that on May 12, 2006, the following bill was signed into law:

H.B. No. 2175, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ENERGY." (ACT 096)

Gov. Msg. No. 360, informing the House that on May 12, 2006, the following bill was signed into law:

H.B. No. 3235, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE OF HAWAII ENDOWMENT FUND." (ACT 097)

Gov. Msg. No. 361, dated May 8, 2006, transmitting the Hawaii State Foundation on Culture and the Arts' Annual Report for fiscal year ending June 30, 2005.

Gov. Msg. No. 362, informing the House that on May 15, 2006, the following bill was signed into law:

H.B. No. 2277, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING APPROPRIATIONS FOR CLAIMS AGAINST THE STATE, ITS OFFICERS, OR ITS EMPLOYEES." (ACT 098)

Gov. Msg. No. 363, informing the House that on May 15, 2006, the following bill was signed into law:

S.B. No. 2255, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO TIME LIMITATIONS." (ACT 099)

Gov. Msg. No. 364, informing the House that on May 16, 2006, the following bill was signed into law:

H.B. No. 2176, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HOUSING." (ACT 100)

Gov. Msg. No. 365, informing the House that on May 16, 2006, the following bill was signed into law:

H.B. No. 2964, HD 1, SD 2, entitled: "A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING." (ACT 101)

Gov. Msg. No. 366, informing the House that on May 16, 2006, the following bill was signed into law:

H.B. No. 2991, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS." (ACT 102)

Gov. Msg. No. 367, informing the House that on May 17, 2006, the following bill was signed into law:

S.B. No. 2065, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE REGISTRATION." (ACT 103)

Gov. Msg. No. 368, informing the House that on May 17, 2006, the following bill was signed into law:

S.B. No. 2259, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO INFORMATION CHARGING." (ACT 104)

Gov. Msg. No. 369, informing the House that on May 17, 2006, the following bill was signed into law:

H.B. No. 3037, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO DRIVER LICENSING." (ACT 105)

Gov. Msg. No. 370, informing the House that on May 17, 2006, the following bill was signed into law:

H.B. No. 2282, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHAPTER 846E." (ACT 106)

Gov. Msg. No. 371, informing the House that on May 17, 2006, the following bill was signed into law:

H.B. No. 2737, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HONOPOU DISTRICT OF THE COUNTY OF MAUI." (ACT 107)

Gov. Msg. No. 372, informing the House that on May 18, 2006, the following bill was signed into law:

S.B. No. 3076, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO COQUI FROGS." (ACT 108)

Gov. Msg. No. 373, informing the House that on May 18, 2006, the following bill was signed into law:

S.B. No. 2486, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INVASIVE SPECIES." (ACT 109)

Gov. Msg. No. 374, dated May 10, 2006, transmitting the Department of Transportation's Interstate Route H-1 Noise Study.

Gov. Msg. No. 375, informing the House that on May 19, 2006, the following bill was signed into law:

H.B. No. 957, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TAXATION." (ACT 110)

Gov. Msg. No. 376, informing the House that on May 19, 2006, the following bill was signed into law:

S.B. No. 2213, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TORT ACTIONS." (ACT 111)

Gov. Msg. No. 377, informing the House that on May 19, 2006, the following bill was signed into law:

H.B. No. 237, HD 3, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TORTS." (ACT 112)

Gov. Msg. No. 378, informing the House that on May 19, 2006, the following bill was signed into law:

H.B. No. 2987, HD 1, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR SAINT LOUIS SCHOOL." (ACT 113)

Gov. Msg. No. 379, informing the House that on May 19, 2006, the following bill was signed into law:

H.B. No. 2713, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS FOR KAWAIAHAO SCHOOL." (ACT 114)

Gov. Msg. No. 380, informing the House that on May 22, 2006, the following bill was signed into law:

S.B. No. 2214, SD 2, HD 3, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DISASTER PREPAREDNESS." (ACT 115)

Gov. Msg. No. 381, informing the House that on May 22, 2006, the following bill was signed into law:

H.B. No. 2343, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PENAL CODE." (ACT 116)

Gov. Msg. No. 382, informing the House that on May 22, 2006, the following bill was signed into law:

H.B. No. 3121, HD 2, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CIVIL DEFENSE." (ACT 117)

Gov. Msg. No. 383, informing the House that on May 22, 2006, the following bill was signed into law:

H.B. No. 970, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EMERGENCY RELIEF FOR NATURAL DISASTERS." (ACT 118)

Gov. Msg. No. 384, informing the House that on May 23, 2006, the following bill was signed into law:

S.B. No. 3051, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO COUNTY FISCAL ADMINISTRATION." (ACT 119)

Gov. Msg. No. 385, informing the House that on May 23, 2006, the following bill was signed into law:

H.B. No. 2500, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE JUDICIARY." (ACT 120)

Gov. Msg. No. 386, informing the House that on May 23, 2006, the following bill was signed into law:

H.B. No. 1879, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO VETERANS." (ACT 121)

Gov. Msg. No. 387, informing the House that on May 23, 2006, the following bill was signed into law:

H.B. No. 3217, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO KUPUNA RECOGNITION DAY." (ACT 122)

Gov. Msg. No. 388, informing the House that on May 23, 2006, the following bill was signed into law:

H.B. No. 2399, HD 2, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INTER-ISLAND FERRY SERVICE." (ACT 123)

Gov. Msg. No. 389, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 2412, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONFORMITY OF THE HAWAII INCOME TAX LAW TO THE INTERNAL REVENUE CODE." (ACT 124)

Gov. Msg. No. 390, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 2423, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE HIGHWAY FUND." (ACT 125)

Gov. Msg. No. 391, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 1861, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 126)

Gov. Msg. No. 392, informing the House that on May 24, 2006, the following bill was signed into law:

S.B. No. 2879, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE HAWAII CIVIL AIR PATROL." (ACT 127)

Gov. Msg. No. 393, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 2637, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION." (ACT 128)

Gov. Msg. No. 394, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 862, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TRAFFIC OFFENSES." (ACT 129)

Gov. Msg. No. 395, informing the House that on May 24, 2006, the following bill was signed into law:

S.B. No. 845, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO COMMERCIAL DRIVER LICENSING." (ACT 130)

Gov. Msg. No. 396, informing the House that on May 24, 2006, the following bill was signed into law:

H.B. No. 2367, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL HISTORY RECORD CHECKS FOR SERVICE PROVIDERS OF THE OFFICE OF YOUTH SERVICES." (ACT 131)

Gov. Msg. No. 397, informing the House that on May 24, 2006, the following bill was signed into law:

S.B. No. 696, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL HISTORY RECORD INFORMATION." (ACT 132)

Gov. Msg. No. 398, informing the House that on May 24, 2006, the following bill was signed into law:

S.B. No. 1317, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO COURT APPOINTED COUNSEL." (ACT 133)

Gov. Msg. No. 399, informing the House that on May 24, 2006, the following bill was signed into law:

S.B. No. 2360, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO GROUNDED VESSELS." (ACT 134)

Gov. Msg. No. 400, informing the House that on May 25, 2006, the following bill was signed into law:

S.B. No. 2290, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PROTECTION FROM SECURITY BREACHES." (ACT 135)

Gov. Msg. No. 401, informing the House that on May 25, 2006, the following bill was signed into law:

S.B. No. 2292, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DESTRUCTION OF PERSONAL INFORMATION RECORDS." (ACT 136)

Gov. Msg. No. 402, informing the House that on May 25, 2006, the following bill was signed into law:

S.B. No. 2293, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SOCIAL SECURITY NUMBER PROTECTION." (ACT 137)

Gov. Msg. No. 403, informing the House that on May 25, 2006, the following bill was signed into law:

H.B. No. 1871, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONSUMER CREDIT REPORTING AGENCIES." (ACT 138)

Gov. Msg. No. 404, informing the House that on May 25, 2006, the following bill was signed into law:

S.B. No. 2159, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO IDENTITY THEFT." (ACT 139)

Gov. Msg. No. 405, informing the House that on May 25, 2006, the following bill was signed into law:

H.B. No. 3244, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO IDENTITY THEFT." (ACT 140)

Gov. Msg. No. 406, informing the House that on May 25, 2006, the following bill was signed into law:

H.B. No. 2535, SD 2, entitled: "A BILL FOR AN ACT RELATING TO OFFENSES AGAINST PROPERTY RIGHTS." (ACT 141)

Gov. Msg. No. 407, informing the House that on May 26, 2006, the following bill was signed into law:

H.B. No. 2214, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO RENTAL MOTOR VEHICLE SURCHARGE TAX." (ACT 142)

Gov. Msg. No. 408, informing the House that on May 26, 2006, the following bill was signed into law:

H.B. No. 1021, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES." (ACT 143)

Gov. Msg. No. 409, informing the House that on May 26, 2006, the following bill was signed into law:

S.B. No. 2243, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO BIOLOGICAL EVIDENCE." (ACT 144)

Gov. Msg. No. 410, informing the House that on May 26, 2006, the following bill was signed into law:

S.B. No. 2597, HD 1, entitled: "A BILL FOR AN ACT RELATING TO APPELLATE JURISDICTION." (ACT 145)

Gov. Msg. No. 411, informing the House that on May 26, 2006, the following bill was signed into law:

H.B. No. 1977, HD 1, SD 2, entitled: "A BILL FOR AN ACT RELATING TO STRUCTURED SETTLEMENTS." (ACT 146)

Gov. Msg. No. 412, informing the House that on May 26, 2006, the following bill was signed into law:

H.B. No. 2503, HD 2, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DERELICT VEHICLE." (ACT 147)

Gov. Msg. No. 413, informing the House that on May 26, 2006, the following bill was signed into law:

S.B. No. 2485, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SPECIAL PURPOSE REVENUE BONDS." (ACT 148)

Gov. Msg. No. 414, dated May 29, 2006, transmitting the Department of Human Services' Report for the 3rd quarter of FY 06.

Gov. Msg. No. 415, informing the House that on May 30, 2006, the following bill was signed into law:

S.B. No. 2609, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO WRIT OF CERTIORARI." (ACT 149)

Gov. Msg. No. 416, informing the House that on May 30, 2006, the following bill was signed into law:

S.B. No. 3192, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SISTER STATE AND PROVINCE RELATIONSHIPS." (ACT 150)

Gov. Msg. No. 417, informing the House that on May 30, 2006, the following bill was signed into law:

H.B. No. 1865, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF EDUCATION." (ACT 151)

Gov. Msg. No. 418, informing the House that on May 30, 2006, the following bill was signed into law:

S.B. No. 785, SD 2, HD 2, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC MEETINGS." (ACT 152)

Gov. Msg. No. 419, informing the House that on May 31, 2006, the following bill was signed into law:

S.B. No. 2143, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO MONEY TRANSMITTERS." (ACT 153)

Gov. Msg. No. 420, informing the House that on May 31, 2006, the following bill was signed into law:

H.B. No. 2319, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE." (ACT 154)

Gov. Msg. No. 421, informing the House that on May 31, 2006, the following bill was signed into law:

H.B. No. 2899, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO JUDGMENT LIENS." (ACT 155)

Gov. Msg. No. 422, informing the House that on May 31, 2006, the following bill was signed into law:

H.B. No. 2772, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL PROPERTY DAMAGE TO AGRICULTURAL AND AQUACULTURAL PROPERTY." (ACT 156)

Gov. Msg. No. 423, informing the House that on May 31, 2006, the following bill was signed into law:

H.B. No. 2271, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO NON-AGRICULTURAL PARK LANDS." (ACT 157)

Gov. Msg. No. 424, informing the House that on June 1, 2006, the following bill was signed into law:

H.B. No. 1955, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO LITTER CONTROL." (ACT 158)

Gov. Msg. No. 425, informing the House that on June 1, 2006, the following bill was signed into law:

S.B. No. 826, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILD ABUSE." (ACT 159)

Gov. Msg. No. 426, informing the House that on June 1, 2006, the following bill was signed into law:

H.B. No. 1900, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE BUDGET." (ACT 160)

Gov. Msg. No. 427, informing the House that on June 1, 2006, the following bill was signed into law:

H.B. No. 1866, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 161)

Gov. Msg. No. 428, informing the House that on June 2, 2006, the following bill was signed into law:

S.B. No. 3185, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ENERGY." (ACT 162)

Gov. Msg. No. 429, informing the House that on June 2, 2006, the following bill was signed into law:

H.B. No. 2848, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ENERGY." (ACT 163)

Gov. Msg. No. 430, informing the House that on June 2, 2006, the following bill was signed into law:

H.B. No. 1878, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INVESTMENT SECURITIES ACT." (ACT 164)

Gov. Msg. No. 431, informing the House that on June 2, 2006, the following bill was signed into law:

H.B. No. 1880, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HARBORS." (ACT 165)

Gov. Msg. No. 432, informing the House that on June 2, 2006, the following bill was signed into law:

H.B. No. 2075, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TRANSPORTATION." (ACT 166)

Gov. Msg. No. 433, informing the House that on June 2, 2006, the following bill was signed into law:

S.B. No. 2021, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYER-UNION HEALTH BENEFITS TRUST FUND." (ACT 167)

Gov. Msg. No. 434, informing the House that on June 5, 2006, the following bill was signed into law:

S.B. No. 2248, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SOLICITATION OF FUNDS FOR CHARITABLE PURPOSES." (ACT 168)

Gov. Msg. No. 435, informing the House that on June 5, 2006, the following bill was signed into law:

S.B. No. 2273, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM." (ACT 169)

Gov. Msg. No. 436, informing the House that on June 5, 2006, the following bill was signed into law:

H.B. No. 2039, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DECONTAMINATION OF ILLEGAL DRUG MANUFACTURING SITES." (ACT 170)

Gov. Msg. No. 437, informing the House that on June 5, 2006, the following bill was signed into law:

H.B. No. 2410, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTROLLED SUBSTANCES." (ACT 171)

Gov. Msg. No. 438, informing the House that on June 5, 2006, the following bill was signed into law:

H.B. No. 1889, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE OFFICE OF INTERNATIONAL AFFAIRS." (ACT 172)

Gov. Msg. No. 439, informing the House that on June 6, 2006, the following bill was signed into law:

S.B. No. 2237, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE RISK MANAGEMENT." (ACT 173)

Gov. Msg. No. 440, informing the House that on June 6, 2006, the following bill was signed into law:

S.B. No. 2358, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PROTECTION OF FOREST RESERVES." (ACT 174)

Gov. Msg. No. 441, informing the House that on June 6, 2006, the following bill was signed into law:

S.B. No. 427, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILD PASSENGER SAFETY." (ACT 175)

Gov. Msg. No. 442, informing the House that on June 6, 2006, the following bill was signed into law:

H.B. No. 2211, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DEFINITIONS FOR WORKERS' COMPENSATION." (ACT 176)

Gov. Msg. No. 443, dated May 31, 2006, transmitting the Department of Human Services' Report as required by Act 178, Section 159, SLH 2005 for the 3rd quarter of FY 06.

Gov. Msg. No. 444, informing the House that on June 7, 2006, the following bill was signed into law:

S.B. No. 3119, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HAWAIIAN HOME LANDS." (ACT 177)

Gov. Msg. No. 445, informing the House that on June 7, 2006, the following bill was signed into law:

S.B. No. 2948, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PUBLIC LAND TRUST." (ACT 178)

Gov. Msg. No. 446, informing the House that on June 9, 2006, the following bill was signed into law:

S.B. No. 2958, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HOUSING." (ACT 179)

Gov. Msg. No. 447, informing the House that on June 9, 2006, the following bill was signed into law:

H.B. No. 2966, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HOUSING." (ACT 180)

Gov. Msg. No. 448, informing the House that on June 9, 2006, the following bill was signed into law:

S.B. No. 951, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FIRE PROTECTION." (ACT 181)

Gov. Msg. No. 449, informing the House that on June 9, 2006, the following bill was signed into law:

S.B. No. 2941, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO BRUSH FIRES." (ACT 182)

Gov. Msg. No. 450, informing the House that on June 9, 2006, the following bill was signed into law:

S.B. No. 2667, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FIREWORKS." (ACT 183)

Gov. Msg. No. 451, informing the House that on June 13, 2006, the following bill was signed into law:

S.B. No. 744, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO BUSINESS REGISTRATION." (ACT 184)

Gov. Msg. No. 452, informing the House that on June 13, 2006, the following bill was signed into law:

H.B. No. 2678, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM." (ACT 185)

Gov. Msg. No. 453, informing the House that on June 13, 2006, the following bill was signed into law:

S.B. No. 2298, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHAPTER 448E, HAWAII REVISED STATUTES." (ACT 186)

Gov. Msg. No. 454, informing the House that on June 13, 2006, the following bill was signed into law:

H.B. No. 1280, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FLOOD CONTROL." (ACT 187)

Gov. Msg. No. 455, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 1648, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO TUITION ASSISTANCE." (ACT 188)

Gov. Msg. No. 456, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2283, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INSURANCE." (ACT 189)

Gov. Msg. No. 457, informing the House that on June 14, 2006, the following bill was signed into law:

H.B. No. 2947, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY." (ACT 190)

Gov. Msg. No. 458, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 3090, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO STANDARDIZED FORMS FOR WORKERS' COMPENSATION HEALTH CARE PROVIDERS." (ACT 191)

Gov. Msg. No. 459, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2328, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO NOTICE TO FOSTER PARENTS FOR CHAPTER 587, HAWAII REVISED STATUTES, CHILD PROTECTIVE ACT HEARINGS." (ACT 192)

Gov. Msg. No. 460, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2327, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILD ABUSE OR NEGLECT REPORTING." (ACT 193)

Gov. Msg. No. 461, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2323, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FEDERAL REVENUE MAXIMIZATION IN THE JUDICIARY." (ACT 194)

Gov. Msg. No. 462, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2603, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE." (ACT 195)

Gov. Msg. No. 463, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2984, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION TO THE KIKALAKEOKEA HOUSING REVOLVING FUND." (ACT 196)

Gov. Msg. No. 464, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 2901, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HIGHWAY IMPACT FEES." (ACT 197)

Gov. Msg. No. 465, informing the House that on June 14, 2006, the following bill was signed into law:

S.B. No. 3072, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE INSURANCE." (ACT 198)

Gov. Msg. No. 466, informing the House that on June 14, 2006, the following bill was signed into law:

H.B. No. 3259, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DENTAL HEALTH." (ACT 199)

Gov. Msg. No. 467, informing the House that on June 15, 2006, the following bill was signed into law:

S.B. No. 965, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTRONIC SURVEILLANCE." (ACT 200)

Gov. Msg. No. 468, informing the House that on June 19, 2006, the following bill was signed into law:

H.B. No. 2639, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO USE OF INTOXICANTS WHILE OPERATING A MOTOR VEHICLE." (ACT 201)

Gov. Msg. No. 469, informing the House that on June 19, 2006, the following bill was signed into law:

H.B. No. 3242, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR." (ACT 202)

Gov. Msg. No. 470, informing the House that on June 19, 2006, the following bill was signed into law:

S.B. No. 706, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR VIOLATIONS INVOLVING MINORS." (ACT 203)

Gov. Msg. No. 471, informing the House that on June 19, 2006, the following bill was signed into law:

H.B. No. 2109, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH." (ACT 204)

Gov. Msg. No. 472, informing the House that on June 19, 2006, the following bill was signed into law:

S.B. No. 3273, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SUBSTANCE ABUSE." (ACT 205)

Gov. Msg. No. 473, informing the House that on June 20, 2006, the following bill was signed into law:

S.B. No. 1223, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO NEGOTIABLE INSTRUMENTS." (ACT 206)

Gov. Msg. No. 474, informing the House that on June 20, 2006, the following bill was signed into law:

S.B. No. 439, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ADMINISTRATIVE FINES UNDER THE STATE ETHICS CODE." (ACT 207)

Gov. Msg. No. 475, informing the House that on June 20, 2006, the following bill was signed into law:

H.B. No. 2540, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR INCREASING STIPENDS FOR VOLUNTEER PRECINCT OFFICIALS." (ACT 208)

Gov. Msg. No. 476, informing the House that on June 20, 2006, the following bill was signed into law:

H.B. No. 2669, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE CONVENTION CENTER ENTERPRISE SPECIAL FUND." (ACT 209)

Gov. Msg. No. 477, informing the House that on June 20, 2006, the following bill was signed into law:

H.B. No. 2805, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE PLANNING." (ACT 210)

Gov. Msg. No. 478, informing the House that on June 20, 2006, the following bill was signed into law:

H.B. No. 2806, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SUSTAINABILITY." (ACT 211)

Gov. Msg. No. 479, informing the House that on June 20, 2006, the following bill was signed into law:

S.B. No. 2753, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR THE OPERATION AND MAINTENANCE OF THE EAST KAUAI IRRIGATION SYSTEM." (ACT 212)

Gov. Msg. No. 480, informing the House that on June 20, 2006, the following bill was signed into law:

S.B. No. 2484, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR VOG MONITORING STATIONS." (ACT 213)

Gov. Msg. No. 481, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 819, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII HISTORIC PRESERVATION SPECIAL FUND." (ACT 214)

Gov. Msg. No. 482, informing the House that on June 21, 2006, the following bill was signed into law:

H.B. No. 2974, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION." (ACT 215)

Gov. Msg. No. 483, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 1899, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE." (ACT 216)

Gov. Msg. No. 484, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 3000, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HOUSING." (ACT 217)

Gov. Msg. No. 485, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 2502, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DONATED DENTAL SERVICES." (ACT 218)

Gov. Msg. No. 486, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 2227, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH INSURANCE." (ACT 219)

Gov. Msg. No. 487, informing the House that on June 21, 2006, the following bill was signed into law:

S.B. No. 2343, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRIMINAL HISTORY RECORD CHECKS." (ACT 220)

Gov. Msg. No. 488, informing the House that on June 22, 2006, the following bill was signed into law:

H.B. No. 1809, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO MOTOR VEHICLE DRIVER'S LICENSE." (ACT 221)

Gov. Msg. No. 489, informing the House that on June 22, 2006, the following bill was signed into law:

H.B. No. 2708, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ADVERTISING." (ACT 222)

Gov. Msg. No. 490, informing the House that on June 22, 2006, the following bill was signed into law:

S.B. No. 2480, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO WASTEWATER MANAGEMENT." (ACT 223)

Gov. Msg. No. 491, informing the House that on June 22, 2006, the following bill was signed into law:

S.B. No. 1294, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC LAND TRUST REVENUES." (ACT 224)

Gov. Msg. No. 492, informing the House that on June 22, 2006, the following bill was signed into law:

S.B. No. 2720, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 225)

Gov. Msg. No. 493, informing the House that on June 22, 2006, the following bill was signed into law:

S.B. No. 2887, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 226)

Gov. Msg. No. 494, informing the House that on June 22, 2006, the following bill was signed into law:

H.B. No. 1968, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR." (ACT 227)

Gov. Msg. No. 495, informing the House that on June 22, 2006, the following bill was signed into law:

H.B. No. 2315, SD 2, entitled: "A BILL FOR AN ACT RELATING TO THE CODE OF FINANCIAL INSTITUTIONS." (ACT 228)

Gov. Msg. No. 496, informing the House that on June 22, 2006, the following bill was signed into law:

S.B. No. 743, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO UNIFORM SECURITIES ACT." (ACT 229)

Gov. Msg. No. 497, informing the House that on June 22, 2006, the following bill was signed into law:

H.B. No. 3256, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE PENAL CODE." (ACT 230)

Gov. Msg. No. 498, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 3105, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO DEPOSIT BEVERAGE CONTAINER PROGRAM." (ACT 231)

Gov. Msg. No. 499, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 2188, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO A COMMISSION ON FATHERHOOD." (ACT 232)

Gov. Msg. No. 500, informing the House that on June 23, 2006, the following bill was signed into law:

H.B. No. 2179, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE." (ACT 233)

Gov. Msg. No. 501, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 2980, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 234)

Gov. Msg. No. 502, informing the House that on June 23, 2006, the following bill was signed into law:

H.B. No. 2313, SD 1, entitled: "A BILL FOR AN ACT RELATING TO BUSINESS REGISTRATION." (ACT 235)

Gov. Msg. No. 503, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 3254, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HOME AND COMMUNITY-BASED SERVICES." (ACT 236)

Gov. Msg. No. 504, informing the House that on June 23, 2006, the following bill was signed into law, stating:

"Dear Mr. Speaker and Members of the House:

This is to inform you that on June 23, 2006, the following bill was signed into law:

S.B. No. 2774, A BILL FOR AN ACT RELATING TO SD 2, HD 1, HOUSING. (ACT 237)
CD 1

I have signed this bill in recognition of the immediate need to address the concerns of families residing at Kunia Camp in Central Oahu.

However, I believe the bill is not well thought out and presents long-term problems, which I plan to address administratively and through legislative proposals.

First, the bill constitutes "spot zoning" within a State agricultural district. This approach has the potential to whittle away at the State's most productive and readily irrigated agricultural lands. Further, it runs counter to the principles embodied in the Important Agricultural Lands provisions within the State Constitution and enacted into law by the Legislature in 2005.

Second, there are no safeguards provided within this bill as to the type and use of future housing within "plantation community subdivisions." For example, the bill does not state that the workers must dwell in these structures after the plantation is closed down. The bill also does not prohibit the dwelling from being demolished, rebuilt, or sold or rented to others.

Third, there is nothing in the language of SB 2774 to inhibit a person from constructing a large, up-scale home on the site of a former plantation dwelling. Further, if a company involved in both agriculture and land development elected to build luxury homes for its senior executives on agricultural land and declare these "plantation community subdivisions" the bill does not impede this type of construction.

Additionally, the bill does not define the boundaries of a "plantation community subdivision," thus allowing additional homes to be built at some time in the future, further encroaching on agricultural properties.

Mayor Hannemann's Administration considered these problems so serious his planning director recommended I veto this bill.

I hope the Legislature will work with my Administration during the balance of the year to address the land-use concerns raised by the enactment of SB 2774.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 505, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 2930, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRUELTY TO ANIMALS." (ACT 238)

Gov. Msg. No. 506, informing the House that on June 23, 2006, the following bill was signed into law:

S.B. No. 2924, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CRUELTY TO ANIMALS." (ACT 239)

Gov. Msg. No. 507, informing the House that on June 26, 2006, the following bill was signed into law:

S.B. No. 2957, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ENERGY." (ACT 240)

Gov. Msg. No. 508, informing the House that on June 26, 2006, the following bill was signed into law:

S.B. No. 2501, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FISHING." (ACT 241)

Gov. Msg. No. 509, transmitting proclamations giving notice to the House of the Governor's plans to return the following House and Senate Bills:

H.B. No. 266, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, LABOR
CD 1

H.B. No. 439, A BILL FOR AN ACT RELATING TO THE
HD 1, SD 2, OFFICE OF THE OMBUDSMAN
CD 1

H.B. No. 1800, A BILL FOR AN ACT RELATING TO SALE
HD 1, SD 1, OF REAL PROPERTY
CD 1

H.B. No. 1867, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, WORKERS' COMPENSATION
CD 1

H.B. No. 2199, A BILL FOR AN ACT RELATING TO
HD 2, SD 1, INTERNATIONAL TRADE AGREEMENT
CD 1

H.B. No. 2265, A BILL FOR AN ACT RELATING TO
HD 2, SD 1, CORRECTIONS
CD 1

H.B. No. 2299, A BILL FOR AN ACT RELATING TO
HD 1, SD 1, CHAPTER 803
CD 1

H.B. No. 2558, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, VOCATIONAL REHABILITATION
CD 1

H.B. No. 2595, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, FAMILY VISITS
CD 1

H.B. No. 2641, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, PUBLIC WORK PROJECTS

H.B. No. 2691, A BILL FOR AN ACT RELATING TO
SD 2, CD 1, PREVAILING WAGES

H.B. No. 2692, A BILL FOR AN ACT RELATING TO
HD 1, SD 1, PUBLIC WORKS
CD 1

H.B. No. 2878, A BILL FOR AN ACT RELATING TO
HD 1, SD 1, SPECIAL PURPOSE REVENUE BONDS TO
CD 1 ASSIST TRADEWINDS FOREST
PRODUCTS, LLC

H.B. No. 3116, A BILL FOR AN ACT RELATING TO THE
HD 2, SD 2, HAWAII CHILDREN'S HEALTH CARE
CD 1 PROGRAM

H.B. No. 3118, A BILL FOR AN ACT RELATING TO
HD 1, SD 1, CORPORATIONS
CD 1

H.B. No. 3261, A BILL FOR AN ACT RELATING TO
HD 1, SD 2, INGENUITY CORPORATION CHARTER
CD 1

S.B. No. 2004, A BILL FOR AN ACT RELATING TO
SD 1, HD 1, HISTORIC PRESERVATION
CD 1

S.B. No. 2006, A BILL FOR AN ACT PROHIBITING SALES
SD 3, HD 2, OF OPIHI
CD 2

S.B. No. 2076, A BILL FOR AN ACT RELATING TO
SD 2, HD 2, LEASEHOLD CONVERSION
CD 1

S.B. No. 2133, A BILL FOR AN ACT RELATING TO
SD 2, HD 2, HEALTH
CD 1

S.B. No. 2150, A BILL FOR AN ACT REALTING [sic] TO
SD 1, HD 1, BOATING
CD 1

S.B. No. 2166, A BILL FOR AN ACT RELATING TO
SD 2, HD 3, MINORS

S.B. No. 2190, A BILL FOR AN ACT RELATING TO
SD 1, HD 2, EMPLOYMENT SECURITY
CD 1

S.B. No. 2244, A BILL FOR AN ACT RELATING TO
SD 1, HD 1, EXPUNGEMENTS
CD 1

S.B. No. 2727, A BILL FOR AN ACT RELATING TO
SD 1, HD 2, NEUROTRAUMA
CD 1

S.B. No. 2997, A BILL FOR AN ACT RELATING TO
SD 1, HD 1, PROCUREMENT
CD 1

S.B. No. 3035, A BILL FOR AN ACT RELATING TO
SD 1, HD 1, CONTINUED TEMPORARY TOTAL
CD 1 DISABILITY BENEFITS TO INJURED
EMPLOYEES

S.B. No. 3181, A BILL FOR AN ACT RELATING TO
SD 2, HD 2, SOLID WASTE
CD 1

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 266, entitled "A Bill for an Act Relating to Labor," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 266 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 266 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle

LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 439, entitled "A Bill for an Act Relating to the Office of the Ombudsman," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 439 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 439 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1800, entitled "A Bill for an Act Relating to Sale of Real Property," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1800 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1800 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 1867, entitled "A Bill for an Act Relating to Workers' Compensation," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 1867 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 1867 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2199, entitled "A Bill for an Act Relating to International Trade Agreement," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2199 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2199 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2265, entitled "A Bill for an Act Relating to Corrections," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2265 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2265 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2299, entitled "A Bill for an Act Relating to Chapter 803," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2299 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2299 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2558, entitled "A Bill for an Act Relating to Vocational Rehabilitation," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2558 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2558 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2595, entitled "A Bill for an Act Relating to Family Visits," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2595 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2595 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2641, entitled "A Bill for an Act Relating to Public Work Projects," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2641 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2641 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day

of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2691, entitled "A Bill for an Act Relating to Prevailing Wages," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2691 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2691 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2692, entitled "A Bill for an Act Relating to Public Works," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2692 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2692 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 2878, entitled "A Bill for an Act Relating to Special Purpose Revenue Bonds to Assist Tradewinds Forest Products, LLC," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 2878 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 2878 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 3116, entitled "A Bill for an Act Relating to the Hawaii Children's Health Care Program," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 3116 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 3116 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days

before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 3118, entitled "A Bill for an Act Relating to Corporations," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 3118 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 3118 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, House Bill No. 3261, entitled "A Bill for an Act Relating to Ingenuity Corporation Charter," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, House Bill No. 3261 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return House Bill No. 3261 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2004, entitled "A Bill for an Act Relating to Historic Preservation," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2004 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2004 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2006, entitled "A Bill for an Act Prohibiting Sales of Opihi," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2006 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2006 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION"

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2076, entitled "A Bill for an Act Relating to Leasehold Conversion," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2076 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2076 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2133, entitled "A Bill for an Act Relating to Health," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2133 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2133 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2150, entitled "A Bill for an Act Relating to Boating," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2150 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2150 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2166, entitled "A Bill for an Act Relating to Minors," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2166 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2166 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2190, entitled "A bill for an Act Relating to Employment Security," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2190 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2190 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2244, entitled "A Bill for an Act Relating to Expungements," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2244 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2244 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2727, entitled "A Bill for an Act Relating to Neurotrauma," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2727 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2727 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th day
of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 2997, entitled "A Bill for an Act Relating to Procurement," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 2997 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 2997 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 3035, entitled "A Bill for an Act Relating to Continued Temporary Total Disability Benefits to Injured Employees," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 3035 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 3035 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,
State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

"PROCLAMATION

WHEREAS, under Section 16 of Article III of the Constitution of the State of Hawaii, the Governor is required to give notice, by a proclamation, of the Governor's plan to return with the Governor's objections any bill presented to the Governor less than ten days before adjournment sine die or presented to the Governor after adjournment sine die of the Legislature; and

WHEREAS, Senate Bill No. 3181, entitled "A Bill for an Act Relating to Solid Waste," passed by the Legislature, was presented to the Governor within the aforementioned period; and

WHEREAS, Senate Bill No. 3181 is unacceptable to the Governor of the State of Hawaii;

NOW, THEREFORE, I, LINDA LINGLE, Governor of the State of Hawaii, do hereby issue this proclamation, pursuant to the provisions of Section 16 of Article III of the Constitution of the State of Hawaii, giving notice of my plan to return Senate Bill No. 3181 with my objections thereon to the Legislature as provided by said Section 16 of Article III of the Constitution.

DONE at the State Capitol, Honolulu,

State of Hawaii, this 26th
day of June, 2006.

/s/ Linda Lingle
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 510, informing the House that on June 28, 2006, the following bill was signed into law:

H.B. No. 2153, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH." (ACT 242)

Gov. Msg. No. 511, informing the House that on June 28, 2006, the following bill was signed into law:

S.B. No. 2461, SD 1, HD 1, CD 2, entitled: "A BILL FOR AN ACT RELATING TO GRANTS." (ACT 243)

Gov. Msg. No. 512, informing the House that on June 28, 2006, the following bill was signed into law:

H.B. No. 2961, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 244)

Gov. Msg. No. 513, informing the House that on June 28, 2006, the following bill was signed into law:

S.B. No. 2704, SD 2, HD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 245)

Gov. Msg. No. 514, informing the House that on June 28, 2006, the following bill was signed into law:

S.B. No. 2956, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 246)

Gov. Msg. No. 515, informing the House that on June 28, 2006, the following bill was signed into law:

H.B. No. 2626, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO STATE BONDS." (ACT 247)

Gov. Msg. No. 516, informing the House that on June 29, 2006, the following bill was signed into law:

H.B. No. 2045, HD 2, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PERINATAL CARE." (ACT 248)

Gov. Msg. No. 517, informing the House that on June 29, 2006, the following bill was signed into law:

H.B. No. 1995, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ENDANGERING THE WELFARE OF A MINOR." (ACT 249)

Gov. Msg. No. 518, informing the House that on June 29, 2006, the following bill was signed into law:

H.B. No. 2145, HD 2, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURAL TOURISM." (ACT 250)

Gov. Msg. No. 519, informing the House that on June 29, 2006, the following bill was signed into law:

S.B. No. 2090, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY." (ACT 251)

Gov. Msg. No. 520, informing the House that on June 29, 2006, the following bill was signed into law:

S.B. No. 2487, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY." (ACT 252)

Gov. Msg. No. 521, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 2430, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTION." (ACT 253)

Gov. Msg. No. 522, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 3077, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONSERVATION." (ACT 254)

Gov. Msg. No. 523, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 2036, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR AN INTERNATIONAL BUSINESS AND TECHNOLOGY INCUBATOR." (ACT 255)

Gov. Msg. No. 524, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 3215, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILDREN." (ACT 256)

Gov. Msg. No. 525, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 3120, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIVERSITY OF HAWAII." (ACT 257)

Gov. Msg. No. 526, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 467, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CORRECTIONS." (ACT 258)

Gov. Msg. No. 527, informing the House that on June 30, 2006, the following bill was signed into law:

S.B. No. 3101, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EARLY CHILDHOOD EDUCATION." (ACT 259)

Gov. Msg. No. 528, informing the House that on July 3, 2006, the following bill was signed into law:

H.B. No. 2051, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PROTECTION FOR VICTIMS OF HUMAN TRAFFICKING." (ACT 260)

Gov. Msg. No. 529, informing the House that on July 3, 2006, the following bill was signed into law:

S.B. No. 2630, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR DEVELOPMENTAL DISABILITIES." (ACT 261)

Gov. Msg. No. 530, informing the House that on July 3, 2006, the following bill was signed into law:

S.B. No. 3252, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CAREGIVING." (ACT 262)

Gov. Msg. No. 531, informing the House that on July 3, 2006, the following bill was signed into law:

S.B. No. 3197, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO SUBSTITUTE TEACHERS." (ACT 263)

Gov. Msg. No. 532, informing the House that on July 3, 2006, the following bill was signed into law:

S.B. No. 3003, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE STATE PHARMACY ASSISTANCE PROGRAM." (ACT 264)

Gov. Msg. No. 533, informing the House that on July 3, 2006, the following bill was signed into law:

H.B. No. 1821, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CARE HOMES." (ACT 265)

Gov. Msg. No. 534, informing the House that on July 3, 2006, the following bill was signed into law:

S.B. No. 218, SD 4, HD 1, CD 2, entitled: "A BILL FOR AN ACT RELATING TO HEALTH." (ACT 266)

Gov. Msg. No. 535, informing the House that on July 4, 2006, the following bill was signed into law:

S.B. No. 3078, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO AGRICULTURE." (ACT 267)

Gov. Msg. No. 536, informing the House that on July 4, 2006, the following bill was signed into law:

S.B. No. 2505, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT MAKES APPROPRIATIONS FOR SCHOOL-BASED SUBSTANCE ABUSE TREATMENT PROGRAMS FOR ADOLESCENTS." (ACT 268)

Gov. Msg. No. 537, informing the House that on July 4, 2006, the following bill was signed into law:

S.B. No. 2504, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PARKING FOR PERSONS WITH DISABILITIES." (ACT 269)

Gov. Msg. No. 538, informing the House that on July 4, 2006, the following bill was signed into law:

S.B. No. 3247, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CARE HOMES." (ACT 270)

Gov. Msg. No. 539, informing the House that on July 4, 2006, the following bill was signed into law:

H.B. No. 2146, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO LAND USE." (ACT 271)

Gov. Msg. No. 540, informing the House that on July 4, 2006, the following bill was signed into law:

S.B. No. 3195, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT MAKING AN APPROPRIATION FOR EDUCATION." (ACT 272)

Gov. Msg. No. 541, informing the House that on July 5, 2006, the following bill was signed into law:

H.B. No. 3225, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUMS." (ACT 273)

Gov. Msg. No. 542, informing the House that on July 5, 2006, the following bill was signed into law:

S.B. No. 2913, SD 1, HD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTRACTORS." (ACT 274)

Gov. Msg. No. 543, informing the House that on July 5, 2006, the following bill was signed into law:

H.B. No. 3100, HD 1, SD 1, entitled: "A BILL FOR AN ACT RELATING TO MORTGAGE FORECLOSURES." (ACT 275)

Gov. Msg. No. 544, informing the House that on July 5, 2006, the following bill was signed into law:

H.B. No. 1935, HD 1, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PLANNED COMMUNITY ASSOCIATIONS." (ACT 276)

Gov. Msg. No. 545, informing the House that on July 5, 2006, the following bill was signed into law:

S.B. No. 2545, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONDOMINIUMS." (ACT 277)

Gov. Msg. No. 546, informing the House that on July 5, 2006, the following bill was signed into law:

S.B. No. 2454, SD 1, HD 2, entitled: "A BILL FOR AN ACT RELATING TO OUT-OF-STATE SALES OF TIME SHARE INTERESTS." (ACT 278)

Gov. Msg. No. 547, informing the House that on July 6, 2006, the following bill was signed into law:

H.B. No. 1706, HD 3, SD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE UNIFORM ENVIRONMENTAL COVENANTS ACT." (ACT 279)

Gov. Msg. No. 548, informing the House that on July 6, 2006, the following bill was signed into law:

S.B. No. 2909, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PERMIT APPROVALS." (ACT 280)

Gov. Msg. No. 549, informing the House that on July 6, 2006, the following bill was signed into law:

S.B. No. 486, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CHILDREN AND YOUTH." (ACT 281)

Gov. Msg. No. 550, informing the House that on July 6, 2006, the following bill was signed into law:

H.B. No. 3060, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HIGH TECHNOLOGY." (ACT 282)

Gov. Msg. No. 551, dated July 7, 2006, transmitting the STATISTICS OF HAWAII AGRICULTURE 2004 Report.

Gov. Msg. No. 552, informing the House that on July 7, 2006, the following bill was signed into law:

S.B. No. 2898, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PROCUREMENT." (ACT 283)

Gov. Msg. No. 553, informing the House that on July 7, 2006, the following bill was signed into law:

S.B. No. 2600, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO ELECTRONIC COURT RECORDS, DOCUMENTS, PROCESSES, AND CERTIFICATES." (ACT 284)

Gov. Msg. No. 554, informing the House that on July 7, 2006, the following bill was signed into law:

S.B. No. 3253, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CAREGIVING." (ACT 285)

Gov. Msg. No. 555, informing the House that on July 7, 2006, the following bill was signed into law:

H.B. No. 1862, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO EDUCATION." (ACT 286)

Gov. Msg. No. 556, informing the House that on July 7, 2006, the following bill was signed into law:

S.B. No. 475, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PUBLIC ASSISTANCE." (ACT 287)

Gov. Msg. No. 557, informing the House that on July 7, 2006, the following bill was signed into law:

H.B. No. 2239, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO LAND ACQUISITION." (ACT 288)

Gov. Msg. No. 558, informing the House that on July 7, 2006, the following bill was signed into law:

S.B. No. 2162, SD 2, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO FOSTER CHILDREN." (ACT 289)

Gov. Msg. No. 559, informing the House that on July 10, 2006, the following bill was signed into law:

H.B. No. 2778, HD 2, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO LANGUAGE ACCESS." (ACT 290)

Gov. Msg. No. 560, informing the House that on July 10, 2006, the following bill was signed into law:

H.B. No. 3036, HD 1, SD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO CONTRACTS." (ACT 291)

Gov. Msg. No. 561, informing the House that on July 10, 2006, the following bill was signed into law:

S.B. No. 2897, SD 2, HD 3, CD 1, entitled: "A BILL FOR AN ACT RELATING TO PROCUREMENT." (ACT 292)

Gov. Msg. No. 562, informing the House that on July 10, 2006, the following bill was signed into law:

S.B. No. 895, SD 1, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO LIMU MANAGEMENT AREA." (ACT 293)

Gov. Msg. No. 563, informing the House that on July 10, 2006, the following bill was signed into law:

S.B. No. 2145, SD 2, HD 2, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE ENVIRONMENT." (ACT 294)

Gov. Msg. No. 564, informing the House that on July 10, 2006, the following bill was signed into law:

S.B. No. 3262, SD 1, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO HEALTH." (ACT 295)

Gov. Msg. No. 565, informing the House that on July 10, 2006, the following bill was signed into law:

S.B. No. 2929, HD 1, CD 1, entitled: "A BILL FOR AN ACT RELATING TO THE LAND USE COMMISSION." (ACT 296)

Gov. Msg. No. 566, transmitting H.B. No. 266, HD 1, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 266

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 266, entitled "A Bill for an Act Relating to Labor."

The stated purpose of House Bill No. 266 is to establish clear distinctions between mandatory, excluded, and permissive subjects of collective bargaining. However, the bill would not achieve the stated purpose and would blur the delineations that have historically existed in statute.

This bill is objectionable because it constitutes an unacceptable infringement upon management rights currently protected under section 89-9(d), Hawaii Revised Statutes. It attempts to overturn the case of United Public Workers, AFSCME, Local 646, AFL-CIO v. Hannemann, 106 Hawaii 359 (2005), the Supreme Court of Hawaii case that held the City and County of Honolulu's transfer of refuse workers from the Pearl City baseyard to the Honolulu baseyard was not subject to collective bargaining. The Hannemann case reaffirmed management rights as set forth in section 89-9(d). Historically, section 89-9, Hawaii Revised Statutes, has been recognized as the provision that sets into law protections that do not allow management to bargain away the right to direct its workforce and oversee governmental operations. This ensures that Public Employers are able to manage their operations efficiently and effectively to serve the public.

This bill erodes management rights by permitting negotiations over criteria governing promotions, transfers, assignments, demotions, layoffs, suspensions, terminations, discharges, and other disciplinary actions. Allowing negotiations on the criteria management uses to act on matters such as layoffs, transfers, and assignments involves labor in the fundamental decision-making process of management. Whereas negotiating procedures may impact the means used to reach an outcome, negotiating the criteria could impact the nature of the outcome itself, thus interfering with the primary rights and obligations of public employers.

In permitting negotiations over assignments, this bill would adversely impact the delivery of services to the public, particularly in emergency situations. The bill provides for collective bargaining over a supplemental agreement or a memorandum of understanding and such mutual agreements cover individual employees and specific situations. Therefore, this bill would adversely impact the employer's ability to make assignments of specific employees and groups of employees.

The other Public Employer jurisdictions have advised me that this bill would critically impede their ability to manage their workforce and protect the health and safety of the public. State and county governments would face serious difficulties in carrying out civil defense, public safety, health, welfare, and other public service functions. For example, if this bill became law, it could result in restrictions on the deployment of lifeguards, emergency medical services personnel, and other health and safety staff who are expected to respond to and adjust their work locations and hours as emergencies and unanticipated events may dictate. Such restrictions could result in a lowering of services to the public and possibly delay response time in cases where immediate action by government is required.

Furthermore, this bill added a provision to section 89-9(d) stating that section 89-9(d) shall not be used to invalidate provisions of

collective bargaining agreements in effect on and after June 30, 2007. However, this provision is confusing and contradictory because it does not address issues covered in the collective bargaining agreements addressed in this bill, but attempts to cover issues which may or may not arise in the future.

For the foregoing reasons, I am returning House Bill No. 266 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 567, transmitting H.B. No. 439, HD 1, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 439

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 439, entitled "A Bill for an Act Relating to the Office of the Ombudsman."

House Bill No. 439 provides the Ombudsman with access to taxpayers' confidential tax returns and return information, ostensibly to allow the Ombudsman to investigate complaints from taxpayers concerning the processing of their tax returns.

The statutory guarantee that taxpayers' returns will remain confidential promotes full compliance with Hawaii's tax laws and encourages taxpayers to voluntarily report their income from all sources. This bill unnecessarily erodes the strong statutory assurance of confidentiality that attaches to each taxpayer's tax returns.

The Department of Taxation is authorized to disclose, and routinely discloses, confidential tax returns upon the express written authorization of the taxpayer affected. Where it is necessary for the Ombudsman to investigate a complaint regarding the processing of a tax return, the Ombudsman should reasonably be able to obtain the written authorization of the complaining party.

Furthermore, the Department of Taxation Taxpayer Advocate is responsible for helping resolve tax disputes. Thus, it is possible to resolve a majority of concerns without violating the confidential arrangements for protecting taxpayer data that already exists within the Executive Branch.

For the foregoing reasons, I am returning House Bill No. 439 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 568, transmitting H.B. No. 1800, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU

July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1800

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1800, entitled "A Bill for an Act Relating to Sale of Real Property."

This measure increases the income tax withheld on the sale of real property in Hawaii by a nonresident seller from five percent to eight and a quarter percent of the amount realized from the sale.

This bill unnecessarily increases the income tax withholding on the sale of real property by nonresident sellers to ensure proper payment of taxes owed to the State are paid. The Department of Taxation reported that the current withholding of five percent is already excessive and large refunds are being issued because the five percent withholding is almost always larger than the tax on the gains on the sale of the property. Further, this bill fails to recognize that many land transactions involve 1031 exchanges wherein the seller is not liable for taxes if they purchase a property of the same or higher value within 18 months.

Moreover, this bill does not increase tax revenue or affect the proper assessment of tax because the capital gains tax remains unchanged at seven and a quarter percent. Instead, this bill will increase the burden on the Department of Taxation to process more claims and issue more refunds to taxpayers.

It should be noted that when the withholding tax rate was previously increased, the Legislature had to reverse their decision within a short period of time. In 1990, Act 213 required a buyer to withhold nine percent of the amount realized on the sale of Hawaii real property from a nonresident seller. Due to the overwhelming dissatisfaction expressed by the public, the Legislature in the very next session reduced the withholding amount to the current five percent by Act 279, Session Laws of Hawaii 1991. In effect, Act 213 of 1990 was operative for only seven months (i.e., January 1, 1991, through July 31, 1991).

For the foregoing reasons, I am returning House Bill No. 1800 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 569, transmitting H.B. No. 1867, HD 1, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 1867

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 1867, entitled "A Bill for an Act Relating to Workers' Compensation."

This bill would extend medical services when a dispute exists between the injured employee and the employer or employer's insurer, until the Director of Labor and Industrial Relations (Director) issues a decision on whether medical care should continue. It allows the employer or employer's insurer to recover from the injured employee's personal health-care provider or other appropriate occupational or non-occupational insurer all sums paid for the disputed medical services after a designated date.

This bill is objectionable because it requires that an employer or employer's insurer continue to pay for medical treatments where the employer or employer's insurer considers the treatments proposed by the plan to be inappropriate, excessive, or for a non-compensable condition. In most cases these determinations are made after an independent medical examiner concludes the individual is ready to return to work.

This bill does not limit the type of medical service covered; thus, it could conceivably apply to all medical procedures, up to and including surgery. Further, it allows the medical treatments to continue solely on the decision of the medical provider who may not be a licensed physician.

Responsibility for paying for these extra treatments would rest with either the provider or the insurer if the Department of Labor and Industrial Relations subsequently decided they were not needed. This could result in a situation where the insurer has to pay for medical services that were determined unwarranted and unnecessary, likely resulting in higher workers' compensation premiums since this adds to the workers' compensation risk exposure of all businesses in Hawaii. Alternatively, if providers are left with the bill, they may decide not to offer the treatment, which defeats the purpose of this measure.

The Department of Labor and Industrial Relations issued rules in May 2005 that improved the hearings process and mandated the use of evidence-based clinically tested, medical treatment guidelines and allowed for an alternative dispute resolution process in lieu of a Department of Labor and Industrial Relations hearing. These rules could have decreased the number of denials. Ironically, these are the rules the Legislature suspended last year when they denied the Director of the Department of Labor and Industrial Relations rulemaking authority in this area.

Finally, this bill fundamentally changes the balance between employer and employee regarding the method by which medical care can be terminated. It essentially overrides the workers' compensation medical fee schedule and negates the "reasonable and necessary" language in current Hawaii workers' compensation law, thereby placing in jeopardy the fiscal integrity of the State's workers' compensation system.

For the foregoing reasons, I am returning House Bill No. 1867 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 570, transmitting H.B. No. 2199, HD 2, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2199

Honorable Members
Twenty-Third Legislature

State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2199, entitled "A Bill for an Act Relating to International Trade Agreement."

The purpose of this bill is to provide that procurement provisions in international trade agreements shall not be valid as applied to the State unless the Legislature votes to approve those procurement provisions. Certain existing international trade agreements that contain procurement provisions requested the individual states to consent to be bound to the agreements. In the past, governors of Hawaii had given the State's consent. This bill henceforth requires legislative action to give that consent.

This bill is objectionable for the following reasons. First, the federal government's requests to the states to consent to be bound to international trade agreements frequently come with short notices and specific deadlines. House Bill No. 2199 does not address how the State will timely respond to these deadlines when the Legislature is not in session.

Second, the timing of this bill raises the question why the Legislature did not object to the ability of prior governors to bind the State to such international trade agreements but does not support this authority for the existing Governor.

Third, the procurement provisions of these international trade agreements are usually reciprocal. If the Legislature cannot or does not act in time to commit the State to these reciprocal agreements, there may be serious consequences for the conduct of business in Hawaii. The Department of Accounting and General Services believes, and I agree, that the Legislature's involvement in the review of these international trade agreements could result in foreign companies not conducting business in Hawaii and Hawaii companies being prevented from conducting business in other countries.

For the foregoing reasons, I am returning House Bill No. 2199 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 571, transmitting H.B. No. 2265, HD 2, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2265

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2265, entitled "A Bill for an Act Relating to Corrections."

This bill would transfer the supervisory and counseling functions of paroled individuals along with positions and employees from the field service branch of the Hawaii Paroling Authority to the Department of Public Safety.

This bill is objectionable because it creates a conflict of interest on the part of the Department of Public Safety in rendering services to be relied upon by the Hawaii Paroling Authority. The Hawaii

Paroling Authority utilizes the reports and recommendations of its independent supervisory and counseling staff in its field service branch in rendering its decisions on whether to re-incarcerate parole violators. To the extent that the Department of Public Safety's interest is in the operation and management of jails and prisons and accommodating those committed to incarceration, its recommendations to the Hawaii Paroling Authority against re-incarceration could be called into question creating an undue conflict between the two governmental bodies.

This bill erodes the independence and objectivity the Hawaii Paroling Authority must exercise when making decisions about recommitting convicted felons and also protecting the safety of the community.

The bill fails to note that the populations the Department of Public Safety supervises in its Intake Services Center are different from the populations the Hawaii Paroling Authority is responsible for supervising. It should be noted that the proposed transfer is opposed by those respected in the law enforcement community, including the Honolulu Prosecuting Attorney, Attorney General, members of the Judiciary, and the senior management of the Department of Public Safety.

For the foregoing reasons, I am returning House Bill No. 2265 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 572, transmitting H.B. No. 2299, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2299

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2299, entitled "A Bill for an Act Relating to Chapter 803."

The purpose of this bill is to specify the exact procedure and the exact words to be stated by police before entering homes to arrest persons suspected of having committed crimes.

On **June 15, 2006**, the United States Supreme Court decided Hudson v. Michigan, a case that has re-written the entire federal jurisprudence of "knock and announce" and has determined that there is no constitutional requirement to suppress evidence based on a "knock and announce" violation. I believe that any bill that addresses "knock and announce" ought to reflect this decision, and thus it would be prudent to wait until the 2007 regular session of the Legislature to revisit this matter.

The original purpose of this bill was to restore the standards required by the United States Constitution, rather than the higher standard imposed by section 803-11, Hawaii Revised Statutes, that dictates police procedure when entering a house to arrest a person suspected of a crime. This bill was proposed in response to a case decided by the Hawaii Supreme Court. In State v. Maldonado, 108 Haw. 436, 121 P.3d 901 (2005), the Court held that section 803-11, Hawaii Revised Statutes, requires strict compliance and that, if a law enforcement officer does not strictly comply with the exact language

of section 803-11 when executing a warrant of arrest, all evidence gained during the execution of the warrant must be suppressed. (As noted above, such suppression is now no longer required by the United States Constitution).

It is well-settled law that both the Fourth Amendment to the United States Constitution and section 7 of article I of the Constitution of the State of Hawaii require only that a search must be reasonable. The United States Court of Appeals for the Ninth Circuit, in United States v. Combs, 379 F.3d 564 (9th Cir. 2004), citing the United States Supreme Court decision in Wilson v. Arkansas, 514 U.S. 927, 934 (1995), stated that "The common-law principle that law enforcement officers should 'knock and announce' their presence and authority before entering a dwelling is part of the reasonableness inquiry under the United States Constitution's Fourth Amendment guarantee against unreasonable searches and seizure" and that "[t]he Fourth Amendment's flexible requirement of reasonableness should not be read to mandate a rigid rule of announcement that ignores countervailing law enforcement interests." The Combs decision further stated, "Since Wilson, the Court has reiterated that the knock and announce principle is a part of the reasonableness inquiry rather than a prerequisite for constitutional entry." Thus, in a case where the police shout "Police -- search warrant," the police have substantially complied with the constitutional "knock and announce" requirement.

However, in Hawaii, because of the wording of section 803-11, it is insufficient to shout "police -- search warrant." The Hawaii Supreme Court has held that, even though it would be reasonable to infer that police officers standing at a door shouting "police -- search warrant" are demanding entry to a house, the entry is invalidated by section 803-11 unless the police explicitly demand entry. State v. Harada, 98 Haw. 18, 41 P.3d 174 (2002).

In the Maldonado case, a law enforcement officer received a tip that one of Hawaii's most wanted criminals, Robert Maldonado, was at a given location and that this wanted criminal might be in possession of firearms and drugs. This officer, along with others, donned body armor and went to the location, bearing a valid warrant for the arrest of this "most wanted" fugitive. One can scarcely imagine a more dangerous assignment for a law enforcement officer. The search of the house resulted in the discovery of contraband and the arrest of Jobert Maldonado, the fugitive's brother. Jobert Maldonado was arrested and convicted, but the conviction was reversed because the officers, while conducting a potentially dangerous operation, did not "strictly comply" with section 803-11.

The law enforcement officers in this case had knocked and then shouted "Sheriffs Office -- Police" while simultaneously opening an unlocked screen door. Although the screen door was closed, the wooden door was open when the officers arrived and was not broken by the law enforcement officers. The officers received oral permission to enter the house and entered the house, where they observed what appeared to be evidence of a "clandestine lab" used for the production of methamphetamine. However, the officers did not announce that they were the bearers of an arrest warrant and did not wait a reasonable time after demanding entry before opening the unlocked screen door. While it is true that the officers had not strictly complied with section 803-11, permission to enter was given and not refused, so most citizens, as well as the United States Congress and the United States Supreme Court, would have deemed the entry lawful.

Under the United States Constitution and under the Constitution of the State of Hawaii, the arrest of this "most wanted" fugitive would not have been subject to strict compliance, but rather a more appropriate standard of reasonableness. But because of section 803-11, the "strict compliance" standard applies, even under very dangerous circumstances, so the conviction was reversed.

The intent of the Legislature was not to change the rule that exigent circumstances can excuse the use of the "knock and announce" procedure. However, the phrase "absent exigent circumstances" was placed in a portion of the bill where it will not

have the intended effect and will likely create some serious interpretational problems and unintended consequences. This phrase was placed in the bill very late in the drafting process at the request of the Department of the Attorney General, but unfortunately the phrase was not inserted in the proper place.

In addition, as drafted, House Bill No. 2299 will not resolve the problem demonstrated by the Maldonado case. The first part of the bill specifically requires a knock on the door and specific words to be used. This is not flexible enough, given the varied and unpredictable situations law enforcement officers encounter, and could lead to other unjust outcomes like the one reached in the Maldonado case.

The bill also rewrites the statute and redefines reasonable time. There is a potential problem with this amendment. First, the amendment is apparently based upon 18 U.S.C. § 3109 (the Federal Knock and Announce Rule) and the federal case law interpreting that section. That section reads, with regard to search warrant execution:

The officer may break open any outer or inner door or any window of a house, or any part of the house, or anything therein, to execute a search warrant, if, after notice of his authority and purpose, he is refused admittance or when necessary to liberate himself or a person aiding him in the execution of the warrant.

18 U.S.C. § 3109.

As noted in the Senate Judiciary and Hawaiian Affairs Committee report, the United States Court of Appeals for the Ninth Circuit in United States v. Chavez-Miranda, 306 F.3d 973 (9th Cir. 2002), spelled out what should be taken into account when deciding a reasonable length of time, and that has been essentially incorporated into this bill. However, by incorporating only part of the federal law, this amendment fails to restore the more reasonable standards created by the United States Constitution and conversely will serve only to further complicate state arrest procedures by mandating strict compliance with additional statutory standards.

For the foregoing reasons, I am returning House Bill No. 2299 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 573, transmitting H.B. No. 2558, HD 1, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2558

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2558, entitled "A Bill for an Act Relating to Vocational Rehabilitation."

The purported intent of this bill is to authorize the Director of Labor and Industrial Relations to refer injured employees who may not have suffered permanent disabilities as a result of their work injuries for vocational rehabilitation when the injured employees are unable to return to their regular jobs after their injuries may have stabilized and when employers have made no offer of "permanent"

suitable work that is comparable in earnings to that of the employees' former jobs.

My Administration believes that returning injured employees to work is medically and economically beneficial to the employees, is economically beneficial to the employers, and is beneficial to the workers' compensation system. Thus, my Administration has supported efforts to encourage employers to provide alternative work and efforts to vocationally rehabilitate injured employees.

This bill, however, is objectionable because the requirement that employers offer "permanent" suitable work could be interpreted to imply that employers must offer guaranteed lifelong employment and that employers cannot later terminate the employee for economic reasons or employee misconduct. To the extent that employers will not be able to offer such permanent work, more employees would seek vocational rehabilitation services, thus increasing the cost of the system.

It should be pointed out that vocational rehabilitation services are intended for those injured employees who have become permanently disabled from performing their usual and customary work and the employer has no other work available to accommodate the person's permanent limitations. Allowing all injured employees, even those with minor injuries, the ability to be considered for vocational rehabilitation services could significantly increase the number of injured workers flowing into the vocational rehabilitation system. It would increase temporary disability costs, increase workers compensation premiums, and preclude availability of the system for those who most need it--the permanently disabled.

For the foregoing reasons, I am returning House Bill No. 2558 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 574, transmitting H.B. No. 2641, HD 1, SD 2, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2641

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2641, entitled "A Bill for an Act Relating to Public Work Projects."

The purported intent of this bill is to mandate that a private construction project will be considered a public works project subject to chapter 104, Hawaii Revised Statutes, Hawaii's Wages and Hours of Employees on Public Works law, if the State or a political subdivision leases or is assigned more than fifty percent of the project. Copies of the lease agreement must be filed with the Department of Accounting and General Services and the construction project owner must submit weekly certified payrolls to the leasing governmental agency or the governmental agency using the leased or assigned space.

This bill also requires, prior to the start of construction, that the construction project owner sign an agreement with the leasing governmental entity agreeing to pay the prevailing wage to the

laborers and mechanics working on this project and to otherwise comply with the requirements of chapter 104.

This bill is objectionable because it is an unwarranted expansion of the types of projects that could be subject to public works projects rules and statutes. Currently, section 12-22-1 of the Hawaii Administrative Rules defines a public work to encompass a private construction project when the State or a political subdivision leases the entire building or structure and where: (1) the lease was entered into prior to construction of the structure or building; and (2) the construction work was performed according to plans, specifications, or criteria of the leasing governmental entity.

Expanding public works coverage to mixed public-private structures may inject confusion and needlessly increase the associated building costs of the project. Smaller owners in particular may not want to develop commercial space for lease to the government because of the additional burden of complying with unfamiliar labor laws. It is anticipated that this bill will limit or reduce the number of office buildings that will be available for lease to government agencies. Finally, this bill could impede the development of mixed use housing projects, wherein some of the units were for market sale or rental and others were leased to a public housing corporation for elderly, Section 8, or transitional housing.

Additionally, because this bill directs that certified payroll data shall be submitted to the government leasing agency, rather than the Department of Labor and Industrial Relations, this data will go to entities that have no authority to audit or enforce these payrolls, thereby inhibiting the enforcement of wage laws this bill attempts to impose on private projects.

For the foregoing reasons, I am returning House Bill No. 2641 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 575, transmitting H.B. No. 2691, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2691

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2691, entitled "A Bill for an Act Relating to Prevailing Wages."

The purpose of this bill is to allow a joint labor-management committee established under the federal Labor Management Cooperation Act of 1978 to file a lawsuit against an employer who fails to pay the prevailing wage required by chapter 104, Hawaii Revised Statutes, Hawaii's Wages and Hours of Employees on Public Works law, to its laborers and mechanics working on a governmental construction project.

This bill is objectionable because the Department of Labor and Industrial Relations currently conducts both complaint-generated and random routine investigations of public works projects for compliance with chapter 104. The Department's improved educational and outreach programs have focused in a positive manner in ensuring employers understand their obligations under the

law. There is no demonstrated need to allow for the enforcement of chapter 104 by labor-management committees that may have personal interests in singling out certain contractors. Lawsuits against these contractors may also deter other contractors from bidding on public works projects, limiting the competition for these types of projects.

Moreover, this bill may require the Department to devote more resources to litigation, since the Department may have to intervene as an interested party to ensure that chapter 104 is being interpreted correctly. This will divert attention from what should be the primary focus, which is consistent, vigilant enforcement by the responsible government agency of the existing statute.

For the foregoing reasons, I am returning House Bill No. 2691 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 576, transmitting H.B. No. 2692, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2692

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2692, entitled "A Bill for an Act Relating to Public Works."

The purpose of this bill is to make projects financed by special purpose revenue bonds and housing projects financed through Section 201(H) subject to Chapter 104, Hawaii Revised Statutes, Hawaii's Wages and Hours of Employees on Public Works Law.

This bill is objectionable because it is likely to increase the actual costs of constructing projects using special purpose revenue bonds. Special purpose revenue bonds are used to build hospitals, schools, early childhood education centers, county pollution control projects and related works deemed to be in the best interests of the general public. Often it is non-profit organizations that seek special purpose revenue bonds to finance a new structure. This funding tool is used to lower interest costs of the financing for such projects. No taxpayer funds are used and taxpayers are not responsible for a default on the bonds.

While these projects may meet the narrow definition of public works projects, they do not meet the test of having a governmental organization responsible for the monitoring required to meet Chapter 104 applicability.

Subjecting these projects to Chapter 104 runs counter to the intent and spirit of using special purpose revenue bonds to help reduce expenses incurred by strictly private and non-profit entities and may actually act as a deterrent to using this financing mechanism and decrease the number of projects on behalf of the general community.

Additionally, this bill would place enforcement and monitoring functions on the Department of Labor and Industrial Relations without the commensurate resources to carry out these duties.

For the foregoing reasons, I am returning House Bill No. 2692 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 577, transmitting H.B. No. 2878, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2878

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2878, entitled "A Bill for an Act Relating to Special Purpose Revenue Bonds to Assist Tradewinds Forest Products, LLC."

The purpose of this bill is to authorize the issuance of up to \$25,000,000 in special purpose revenue bonds to assist Tradewinds Forest Products, LLC ("Tradewinds"), a Delaware limited liability company, in the establishment of a veneer mill and associated cogeneration plant (the "project").

This bill is objectionable because there are serious questions as to whether issuance of the contemplated special purpose revenue bonds would serve a public purpose and whether financing of the project is an appropriate use of such bonds. First, based on an initial review, it is doubtful that special purpose revenue bonds could be issued for this project since most of the \$30,000,000 project does not appear to qualify for special purpose revenue bond financing on a federal tax-exempt basis. Absent a detailed legal analysis of the engineering schematics and components of the project by bond counsel, federal tax-exempt financing for the project likely would be limited to \$10,000,000 under section 144 of the Internal Revenue Code.

Generally, special purpose revenue bonds are marketable only if they can be issued on a federal tax-exempt basis. Absent sufficient special purpose revenue bond financing, it is unclear whether the project would produce the local products and jobs anticipated in the bill. Tradewinds has had an agreement for the past five years with the State to build a timber processing plant and to harvest eucalyptus and maple planted in the Waikea Forest Reserve. However, due to difficulties in securing financing, the project has been delayed and has not produced the local products and jobs initially anticipated.

Unfortunately, it appears the proposed project has not been adequately explained to the community such that residents of the area have raised questions and concerns about the potential impacts. Additionally, questions have been raised as to the appropriateness of using publicly issued financing for a project that proposes to use the public's resources for private gain. Until these concerns are fully and fairly addressed, the State should not be asked to issue bonds for this proposal.

For the foregoing reasons, I am returning House Bill No. 2878 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 578, transmitting H.B. No. 3116, HD 2, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3116

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3116, entitled "A Bill for an Act Relating to the Hawaii Children's Health Care Program."

The purposes of this bill are to establish the "Hawaii Children's Health Care Program" (HCHCP), a temporary three-year pilot program that will provide free health insurance for qualified uninsured children, and to appropriate \$600,000 for fiscal year 2006-2007 to the Department of Human Services for the HCHCP.

This bill is objectionable because it will fail to achieve its intended purpose of providing health insurance to "uninsured children" who are "ineligible for any state or federal health care coverage."

First, the limited number of spots available in the free HCHCP may go to children who were insured, but whose parents opted to keep uninsured for six months in order to qualify for the free HCHCP insurance. The bill provides that "individuals between two hundred fifty and three hundred per cent of the federal poverty level who would otherwise be qualified for QUEST-net coverage may choose to receive coverage through QUEST-net and pay a prorated premium rate or to receive coverage through the [HCHCP] at no charge." Allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance would clearly defeat the intent of this bill to provide healthcare coverage to uninsured children.

Second, the measure states, "All children currently enrolled in a mutual benefit society's children's plan shall be eligible for enrollment into the Hawaii children's health care program." This means that approximately \$300,000 of the \$600,000 appropriation contained in House Bill 3116 will be used to cover children who are currently enrolled in HMSA's children's health plan, whose parents currently pay the fifty dollar co-pay for coverage. Consequently, a child who was already insured may take the spot of a child who was truly uninsured. Again, allowing children who qualify for coverage under an existing program to be eligible for the free HCHCP insurance clearly defeats the intent of this bill to provide healthcare coverage to uninsured children.

Third, requiring that children be uninsured continually for at least six months in order to qualify for the program may result in the unintended consequence of parents disenrolling their children from private health insurance to go without health insurance for the six months required to access the program.

Fourth, with the recent approval of the Department of Human Services' Section 1115 waiver, any child with a household income up to three hundred per cent of the Federal Poverty Level (FPL) will now have easier access to the full benefit packages offered in Medicaid health insurance, QUEST, and QUEST-Net programs. It is important to note that these programs are able to utilize federal funds as well as State funds, providing an enhanced package of benefits at a lower cost. By contrast, this measure appropriates \$600,000 in State funds, without any federal contribution, for a limited health benefit package that can only serve a portion of the children that are served through the State's existing programs.

For the foregoing reasons, I am returning House Bill No. 3116 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 579, transmitting H.B. No. 3118, HD 1, SD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3118

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3118, entitled "A Bill for an Act Relating to Corporations."

The purpose of this bill is to establish a task force to determine how to authorize the establishment of corporations structured to incorporate and protect the interests of employees and the public, and provide incentives for the creation of "responsible" companies that not only consider the public interest, but integrate the public interest into the structure and duties of the corporation.

This bill is objectionable because it assumes that shareholder and community interests are at odds. This presupposes that corporations are so driven by their bottom lines that they do not care about their employees, their customers, the environment, public health and safety, or their communities. The bill's preamble is especially objectionable because it contends that corporations are incentivized and, thus, move deliberately to cause harm to those community interests. This assumes that corporations ignore their greatest asset (i.e., their employees) and their target audience (i.e., their customers). Nothing could be further from reality.

In the real world, a business must be responsive to its employees and its customers, for without them, the business will fail. Corporations are comprised of our neighbors; they are active at community events; and they are some of the most generous givers to charities in our community. To suggest that corporations would choose profit over the communities they operate in draws a false distinction and does a disservice to all of the hard working private-sector people who contribute to the betterment of our community.

Second, this bill is objectionable because it is inconsistent with other states' laws and, therefore, moves us in the wrong direction. It is flatly inconsistent with the recent progress that the State has made in becoming more business-friendly, and would move us back, once again, into the business-unfriendly column. My Administration has worked hard to make it easier for new businesses to come to Hawaii and increase competition in the marketplace. One way that we do this is to adopt model business laws and uniform legislation that have been adopted in other states across the nation. Adopting model laws means that businesses are familiar with the regulatory scheme and do not have to invest large amounts of capital to comply with regulatory laws that are unique to one location. As this bill is not based upon uniform legislation, it will not have the effect of enhancing Hawaii's business-friendly reputation. Instead, this bill will likely have the opposite effect, perpetuating the impression that Hawaii is anti-business.

Third, this bill is objectionable because it takes a myopic view of corporate governance. Rather than exploring other approaches to

improving corporate governance and then determining which approach is appropriate for Hawaii, this bill refers to the Senate Draft as the basis for discussion and thereby rushes into an approach that will likely perpetuate Hawaii's anti-business reputation. If the intent were to improve corporate governance, it would have been more appropriate to charge the task force with examining a variety of approaches and then recommending the most appropriate approach for Hawaii, rather than requiring that the task force begin by considering how to disempower corporate shareholders.

Finally, I am concerned with the bill's potential impact on tax revenues. Both the House and the original Senate version of this bill reflected what I believe to be the obvious fact that shifting control of corporations from shareholder investors to those representing community interests will not happen without financial incentives. As a result, those versions included tax breaks for those investing in "responsible" corporations. The Senate Committee on Ways and Means wisely removed the tax break provisions from the bill, but the task force will surely have to consider whether tax breaks are necessary to make this new corporate form feasible. Giving tax breaks to encourage the creation of alternative corporate forms is bad public policy. If those corporations cannot succeed in the marketplace, their good intentions notwithstanding, I am not willing to force taxpayers to subsidize an experiment of this sort.

It is unusual for me to object to the creation of a task force, as a task force usually reflects an honest attempt to thoroughly consider an issue and, as a result, incorporates concepts of intellectual exploration, openness, and transparency that I frequently champion. In this case, though, I believe that the deck is stacked in favor of a demonstrably flawed concept. If the task force was not directed to start from the Conference Draft version of the bill, and if the Conference Draft itself did not reflect such hostility toward local business, it would be less problematic. Hostility toward business, though, is the essence of the proposal, and for that reason I cannot support it.

For the foregoing reasons, I am returning House Bill No. 3118 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 580, transmitting H.B. No. 3261, HD 1, SD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 3261

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 3261, entitled "A Bill for an Act Relating to Ingenuity Corporation Charter."

The purpose of this bill is to establish the Hawaii Ingenuity Corporation to create a business entity that owns and licenses intellectual and other property.

This bill is objectionable for a number of reasons. First, there are concerns regarding the creation of a private, for-profit organization within Hawaii Revised Statutes that would have no attachment or oversight from a government department. This arrangement may

result in a challenge under the equal protection clause of the Constitution since this entity would not be required to comply with the incorporation laws that other corporations are required to follow before being authorized to do business in the State.

Second, there is a lack of clarity relating to the State's responsibility, if any, in the event the Corporation is sued or for any other legal matters the Corporation may face. This ambiguity also creates confusion as to whether this Corporation is covered by Chapters 91 and 92 of the Hawaii Revised Statutes covering public rulemaking and sunshine laws.

Third, there would be difficulties in making any changes to the Corporation's charter because amendments to the charter of the Corporation would require the passage of a legislative act and rescission of the charter would require a two-thirds vote of both houses of the Legislature.

Fourth, it is inappropriate and outside the scope of law to give a for-profit corporation the ability to declare that exercising the power to collectively bargain on behalf of inventors and labor organizations is an exception to all state antitrust and federal anti-competitive practice rules and statutes.

Fifth, and most importantly, the bill may actually hurt the very entity it is intended to help--the inventor. Inventors would have no direct representation on the Corporate Board. The bill further limits the inventor's return on investment and only allows the inventor to sue the corporation after going through an elaborate and unnecessary grievance process structured to the benefit of the corporation and not the inventor. The legislation fails to increase an investor's ability to compete in a global marketplace or protect his patents beyond what is already available through federal statutes. Hawaii inventors expressed specific reservations about Mainland entities pushing this bill and attempting to organize Hawaii inventors.

For the foregoing reasons, I am returning House Bill No. 3261 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 581, transmitting S.B. No. 2004, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2004

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2004, entitled "A Bill for an Act Relating to Historic Preservation."

The purpose of this bill is to designate a sandbar in Kaneohe Bay as the "Ahu o Laka State Monument" and to regulate the use of the sandbar pursuant to rules to be adopted by the Department of Land and Natural Resources.

This bill is objectionable because it provides unnecessary regulation of an active recreational and historical site in Kaneohe Bay. The bill was introduced in response to an incident that occurred in 2005. There exist sufficient laws to govern activities on the

sandbar without converting it to State monument status. The Division of Conservation and Resources Enforcement and the United States Coast Guard have the authority to monitor activities that address safety, security, and sanitation concerns.

Secondly, the ability to define the actual State monument area may be difficult, if not impossible, given the shifting sands and movements during tides. Creating a specific perimeter for the State monument might lead to administrative and legal challenges as to where the monument rules do and do not apply.

The cultural and historic nature of the area continue to be researched by the Department of Land and Natural Resources and others. However, long-standing members of the community, locally elected officials, and community leaders stated that there has not been any discussion prior to this bill to suggest that the sandbar should be treated as a State monument. There is community concern that a monument designation may act to the detriment of the area, encouraging visitor guidebooks, websites, and tourist literature to highlight an area that has traditionally been used by residents and those familiar with the Windward Oahu topography.

For the foregoing reasons, I am returning Senate Bill No. 2004 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 582, transmitting S.B. No. 2006, SD 3, HD 2, CD 2, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2006

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2006, entitled "A Bill for an Act Prohibiting Sales of Opihi."

The purpose of this bill is to prohibit the sale of all Hawaii species of edible opihi, subject to an exemption for certain opihi shells used to make jewelry.

Currently opihi can be collected year round throughout the Hawaiian Islands. The shells must be at least one and one-fourth inches wide or the meat, without the shell, must be at least one-half inch wide to be legally harvested. Under current Hawaii Administrative Rules, there is no limitation on the amount of opihi that may be legally harvested. However, this bill will create a presumption that the taking of more than one-half gallon per person per day of opihi, as measured with its shell on, from the waters within the jurisdiction of the State, is for the purpose of selling or offering to sell the opihi. The Department of Land and Natural Resources has taken the position that it will be difficult, if not impossible, to enforce this bill, because its officers will not be able to determine if the opihi someone possessed was legally harvested within the personal limits established in this bill.

Residents of Niuhau requested an exemption to a statewide prohibition, indicating that the sale of opihi makes up a portion of their local economy, but their request was rejected by the Legislature. Furthermore, those familiar with the industry believe that this bill will create a black market for opihi that will likely promote illegal

harvesting and hurt legal collectors and, thus, will disproportionately impact those who gather nature's products as has been traditionally practiced for centuries in our islands.

I intend to call upon the Department of Land and Natural Resources to conduct a scientific, fact-based study of opihi to determine whether harvesting limits should be imposed. If the Department of Land and Natural Resources' study determines that harvesting limits are needed to protect the species, then my Administration will take the necessary steps to address this matter.

For the foregoing reasons, I am returning Senate Bill No. 2006 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 583, transmitting S.B. No. 2076, SD 2, HD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2076

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2076, entitled "A Bill for an Act Relating to Leasehold Conversion."

The purpose of Senate Bill No. 2076 is to allow, for a limited time, a fee owner to exclude from taxable income one hundred percent of the gain realized from: (1) the sale of the leased fee interest in a residential house lot or multi-family residential leasehold unit to the lessee of the house lot or unit; or (2) the sale of the leased fee interest in a multi-family residential leasehold property to the association of apartment owners or the residential cooperative corporation of the multi-family residential leasehold property. The total exclusion may not exceed an aggregate cap of \$800,000 for "all taxpayers in the State in any tax year."

Although the provision of an incentive for fee owners to sell the fee interest in their residential real property is an idea that has merit, this bill is objectionable because it provides an inadequate incentive for a significant number of owners to sell their leased fee interest. Moreover, the cost and time necessary to implement the bill for two years far outweigh the benefits. This bill will provide an incentive for only a few fee owners to sell their leased fee interest since the maximum tax savings available under the cap would be \$58,000 per year. On the other hand, to implement the bill, the Department of Taxation will be faced with the administrative burdens of establishing guidelines, training personnel, gearing up for a public information campaign, creating and printing the exemption form, and reviewing an unknown number of claims.

The aggregate cap frustrates the laudable purpose to promote widespread leasehold conversion. The aggregate cap of \$800,000 is very low and will easily be exceeded by the sale of just one or two single-family homes, or maybe three or four condominium units. This bill provides no criteria or guidelines for the Department of Taxation to determine which of the fee owners would qualify for the exclusion from income of up to \$800,000 "in the aggregate for all taxpayers in the State in any tax year." Consequently, the Department

of Taxation will also be faced with tax appeals and litigation regarding this bill.

For the foregoing reasons, I am returning Senate Bill No. 2076 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 584, transmitting S.B. No. 2133, SD 2, HD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2133

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2133, entitled "A Bill for an Act Relating to Health."

The purposes of this bill are to establish a Hawaii health commission within the Department of Commerce and Consumer Affairs that would develop a comprehensive health plan for people in Hawaii and to restrict the use in Hawaii of vaccines that contain mercury.

This bill is objectionable because it restricts the use of FDA-approved vaccines for no scientifically sound reason. This restriction will put the health and well-being of Hawaii residents at risk, particularly in the event of an influenza pandemic.

Thimerosal, an organic mercury compound, has been used as a preservative in some vaccines for many years. The FDA requires that vials of vaccines that provide multiple doses, such as many flu vaccines, contain preservatives to prevent contamination as individual doses are withdrawn from the vial. When thimerosal is processed by the body, it breaks down into ethyl mercury, one form of mercury. Others are pure mercury, such as that formerly used in thermometers, and methyl mercury, which is produced by microorganisms in water and soil and can accumulate in fish. Exposure to high levels of methyl mercury is toxic.

In 1999, the FDA determined that on a regular vaccination schedule some infants might be exposed to accumulated doses of *ethyl mercury* that would exceed some guidelines for *methyl mercury*. These forms of mercury are different and are processed differently by the body. Ethyl mercury breaks down much more rapidly and is eliminated more quickly than methyl mercury. But as a precaution, the United States Department of Health and Human Services, the American Academy of Pediatrics, and vaccine manufacturers decided that thimerosal should be reduced or eliminated in vaccines. As a result, the vaccines routinely recommended for childhood immunization no longer contain thimerosal. However, some immunizations for adolescents and adults still do. Further, much of the flu vaccine supply does as well.

Two years after that precautionary decision, the Immunization Safety Review Committee of the Institute of Medicine in the National Academies of Science reported that there was not enough evidence to say that vaccines with thimerosal either do or do not cause various disorders in children such as autism, hyperactivity, and delayed speech. By 2004 enough additional studies had been done

for the committee to conclude that there is no causal relationship between thimerosal-containing vaccines and autism.

This bill ignores the body of current scientific evidence on thimerosal-containing vaccines. It also ignores the American Academy of Pediatrics, the Hawaii Academy of Family Practice, the Hawaii Medical Association, the Hawaii Chapter of the American College of Obstetrics and Gynecology, and numerous physicians who are on record opposing this legislation. Its enactment could cause some parents to doubt the general safety of vaccines and to decline vaccinations for their children, a step backward in our efforts to encourage families to participate in vaccination and to reduce or eliminate preventable illness and deaths from communicable diseases.

Any action that potentially lowers the immunization rate is of concern to me, particularly since Hawaii is a natural gateway for a flu pandemic. Reducing our population's health protection is a risk I am not willing to take.

For the foregoing reasons, I am returning Senate Bill No. 2133 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 585, transmitting S.B. No. 2150, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2150

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2150, entitled "A Bill for an Act Relating to Boating."

The purpose of this bill is to prohibit the State from transferring small boat harbors to any county unless provided by statute.

This bill is objectionable because the proposed statute prohibiting the transfer of the small boat harbors to the counties is more restrictive than the already existing statute (section 200-2.5, Hawaii Revised Statutes). The statute already authorizes the Board of Land and Natural Resources to lease fast lands within an existing state boating facility for private development, management, and operation without legislative approval.

Senate Bill No. 2150 provides that a similar transfer to a county would be prohibited. To the extent that the Legislature has already authorized the board to lease fast lands to private parties, the prohibition of leases to the counties, which are public bodies that are directly responsible to their citizens, is contrary to public policy because it places the counties at a disadvantage when compared with private parties if the counties desire to seek authority to operate a State-owned small boat harbor.

For the foregoing reasons, I am returning Senate Bill No. 2150 without my approval.

Respectfully,
/s/
LINDA LINGLE

Governor of Hawaii"

Gov. Msg. No. 586, transmitting S.B. No. 2166, SD 2, HD 3, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2166

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2166, entitled "A Bill for an Act Relating to Minors."

The purposes of this bill are to (1) allow minors without guardians to consent to the provision of primary or preventive medical care and services if a licensed healthcare practitioner makes certain determinations; (2) provide immunity from civil and criminal liability to a practitioner who provides primary care to a minor without a guardian in certain circumstances; (3) allow a minor to request that a managed care or health insurance plan billed for the minor's care not disclose information to certain individuals; and (4) deletes current statutory language that would have required parental consent for a minor (14 to 17 years of age) to terminate a pregnancy.

Although it is certainly important for minors without guardians, including homeless, runaway, and immigrant minors, to be able to consent to medical services, this bill is objectionable because it goes beyond that goal. In addition to allowing minors without guardians to consent to primary and preventive medical care and services, the bill would expressly allow some minors as young as fourteen years of age to consent to complex medical procedures including surgery. These types of medical procedures are serious and have long-term consequences for the health and well-being of the child. Yet, this bill would allow young people to make their decisions who may not have the maturity or judgment to understand the full consequences of this decision.

First, the purpose section of this measure indicates the target population is homeless, runaway, and immigrant minors who find themselves unable to obtain medical services. While this is referenced in the preamble to this bill, the actual statutory language contains no phraseology specifying this target population. The law, as drafted, applies to any minor over age 14. Further, the stipulation that it "not be practicable" to obtain legal consent from an adult, is overly broad.

Second, Senate Bill No. 2166 provides immunity to licensed or certified health practitioners who provide care and treatment to minors. However, the bill expands the type of person who can perform medical treatments on a minor beyond the current statutory limit of licensed practicing physicians. Further, while it is likely the medical practitioner could be held liable for improper medical care, the practitioner could not be held liable for any errors in determining that the minor had no adult supervision and understood the nature and consequence of the medical procedure performed.

The bill also contains a confidentiality provision that may prevent parents from being informed about the medical care and treatment that their children receive. There is merit in the concern that parent rights as well as obligations are being undermined when the State sanctions in laws the ability of a child to avoid, for whatever valid reason may exist, the involvement of a parent or responsible adult.

Further, this measure requires a health insurer to not disclose payment information to the adult who owns an insurance policy

covering the minor, if the minor asks that the information be withheld. Homeless, runaway, and immigrant minors are usually not covered by a parent's insurance policy, leaving the intent of this provision questionable while requiring insurance firms to participate in this concealment.

For the foregoing reasons, I am returning Senate Bill No. 2166 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 587, transmitting S.B. No. 2190, SD 1, HD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2190

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2190, entitled "A Bill for an Act Relating to Employment Security."

The purposes of this bill are to provide temporary tax relief to employers by lowering the maximum taxable wage base for calendar years 2007 and 2008, to increase unemployment benefits for eligible individuals, to increase the amount an individual may earn while collecting his full unemployment benefit amount, and to exclude the payment of benefits to individuals who are terminated for willful or wanton misconduct.

This bill is objectionable because the increases in benefits to unemployment insurance claimants provided by this bill will have an adverse impact on the unemployment insurance trust fund and are projected to increase unemployment compensation benefits by approximately 18 percent per year.

This bill amends section 383-22, HRS, to increase the maximum weekly benefit amount an eligible individual may collect from seventy percent of the average weekly wage to eighty percent of the average weekly wage for benefits years beginning January 1, 2007. This permanent increase in the benefit amount will affect the balance of the unemployment trust fund.

In addition to the higher benefits amount, this bill also amends section 383-24, HRS, to increase the number of weeks that an eligible individual may obtain unemployment benefits from twenty-six weeks to thirty weeks. This section is effective for claims filed on or after January 1, 2006.

This bill also amends section 383-23, HRS, to increase the amount of wages an employee may earn from \$50 to \$150 while collecting the full unemployment benefit amount.

As a consequence, the amount of taxes employers will pay in the future will permanently increase.

The bill's proponents failed to provide convincing data that these changes are merited given the current unemployment climate in Hawaii. Our State has benefitted from the lowest national unemployment rates. There is no demonstrable basis that indicates employees who are temporarily out of work need extended

unemployment insurance benefits nor higher payments. The job climate is such that those out of work should be encouraged to seek new employment in a timely fashion. This bill would tend to discourage timely re-entry into the workforce.

This bill will increase the cost of doing business in Hawaii, perpetuating Hawaii's reputation as anti-business, which my administration has worked hard to reform. Had this bill provided for temporary tax relief for employers only, the cost of doing business would have been reduced and the trust fund would have remained healthy.

Finally, this bill amends section 383-30(2), Hawaii Revised Statutes, to disqualify individuals terminated from employment for willful or wanton misconduct connected with work, and defines "willful or wanton misconduct." Currently, section 383-30(2), HRS, disqualifies individuals who are discharged for misconduct connected with work.

As defined by this bill, "mere inefficiency, unsatisfactory conduct, poor performance, isolated instances, or good faith errors in judgment or discretion shall not constitute willful or wanton misconduct." Given this language, a single act, no matter how egregious, would not constitute misconduct.

My administration believes it would be bad public policy to allow employees to collect unemployment insurance benefits who are terminated for acts that endanger the safety of others in the workplace as well as misconduct and failure to follow proper company rules.

For the foregoing reasons, I am returning Senate Bill No. 2190 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 588, transmitting S.B. No. 2244, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2244

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2244, entitled "A Bill for an Act Relating to Expungements."

This bill permits the expungement of convictions for violations upon written application to the Attorney General. This bill will require the deletion of digitized arrest records rather than the return of hard copy materials, if applicable. This bill would also require the return of fingerprints and photographs, or the deletion of digitized images to a person entitled to an expungement, except when the person is a fugitive from justice.

This bill is objectionable because it will allow for the expungement of convictions of violations, including simple trespass, disorderly conduct, and loitering for prostitution. If the expungement of violations is permitted, charges such as these would be unavailable to criminal justice agencies, such as the state and county prosecuting agencies, as they are not "law enforcement agencies" that are authorized to have access to these records if acting in the scope of

their duties. This information would also be unavailable to employers or agencies authorized by the Legislature to conduct suitability determinations on prospective employees who have direct contact with Hawaii's designated vulnerable population, namely children, the elderly, and the developmentally challenged.

This bill will also lead to court challenges as there are no guidelines or standards that can be used to determine when the Department of the Attorney General should deny or process an application to expunge the record of a conviction for a violation. As a result, any denial of an application will be open to a challenge that the decision was arbitrarily made. Therefore, the Department will be unable to deny any application for expungement of a conviction for a violation, even in cases where an individual continues to be convicted of violations such as simple trespass, disorderly conduct, and loitering for prostitution. An individual could be convicted for committing a violation every single day and still be entitled to file for an expungement of the conviction for the violation and have it granted each time.

If this bill becomes law, the Department of the Attorney General anticipates that there would be an additional 3,000 - 100,000 offenders that would become eligible for an expungement. The Hawaii Criminal Justice Data Center would require additional positions to process these requests. The police departments and Sheriff's Office would also require additional personnel to expunge the requested charges from their files. However, this bill does not provide any additional funding or resources to the affected agencies to handle the additional workload.

This bill will also mandate the return of all fingerprint cards and photographs of a person entitled to an expungement order unless the applicant is a fugitive from justice. This will erode the accountability and integrity of our fingerprint records in the State Automated Fingerprint Identification System. This is especially true in the case of an arrest with two or more charges. If one of the charges is expunged, the fingerprints and photographs would have to be returned to the eligible applicant. Law enforcement agencies would then have no fingerprints or photographs associated with the charges remaining from that arrest. This could lead to a problem in the future, as law enforcement agencies would be unable to correctly identify the convicted individual.

For the foregoing reasons, I am returning Senate Bill No. 2244 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 589, transmitting S.B. No. 2727, SD 1, HD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2727

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2727, entitled "A Bill for an Act Relating to Neurotrauma."

The purpose of this bill is to require the Neurotrauma Special Fund, established by section 321H-4, Hawaii Revised Statutes, to be used to pay for services to assist individuals with neurotraumatic

injuries, in addition to its existing purposes of education, access assistance, and creation of a neurotrauma registry. The bill also requires the Department of Human Services to apply by December 31, 2007, to the Centers for Medicare and Medicaid Services for a medicaid home and community-based waiver for traumatic brain injuries ("TBI").

This bill is objectionable because, first, the limited amount of moneys currently in the fund (approximately \$1,000,000), combined with expected deposits into the fund, are not sufficient to provide the direct services listed in this bill to the estimated number of persons who might need services per year in Hawaii. Each year there are approximately 1,500 individuals hospitalized in Hawaii with TBI. A survivor of TBI typically faces five to ten years of intensive treatment, with estimated lifetime costs exceeding \$4,000,000 per survivor. A mandate to provide similar services to clients of the Developmental Disabilities Division costs the State \$38,000 per client per year. Applying those figures, the estimated annual cost to the State to provide these direct services to all individuals with TBI would exceed \$57,000,000.

Second, the Departments of Human Services and of Health do not have the detailed data necessary to determine the identification and needs of target populations; which services to include in the waiver that will provide cognitive therapy, personal assistance, respite care, and day health programs as mandated by the bill; the number of people to be served; the availability of service providers in the community; or differentiation among varying levels of TBI. More time is needed to collect and analyze this data, because without it, the departments cannot meaningfully develop and select the services to be included in a TBI waiver application.

Third, while the amendments do not direct the State how to apportion the moneys in the Neurotrauma Special Fund among the purposes specified in the bill, they do add a mandate that moneys in the fund "shall be used for the purpose of funding and contracting for services . . . that assist individuals with neurotraumatic injuries, including but not limited to cognitive therapy, personal assistance, respite care, and day health programs." Because this mandate is estimated to cost much more than the total amount of money available in the Neurotrauma Special Fund, this bill may subject the State to adverse legal action and liability for failure to provide direct services to individuals with TBI.

Fourth, the moneys in the Neurotrauma Special Fund are designated to assist individuals with a spectrum of neurotraumatic injuries, not just traumatic brain injuries. However, this measure intends to use most of the funds only for services to the Medicaid-eligible traumatic brain injury waiver clients. The potential adverse impact of denying services to other neurotrauma patients is inappropriate and unfortunate.

For the foregoing reasons, I am returning Senate Bill No. 2727 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 590, transmitting S.B. No. 2997, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 2997

Honorable Members
Twenty-Third Legislature

State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 2997, entitled "A Bill for an Act Relating to Procurement."

This bill would provide exemptions from the Hawaii Public Procurement Code for the High Technology Development Corporation, the Hawaii Strategic Development Corporation, and the Natural Energy Laboratory of Hawaii Authority. This bill also exempts from the Procurement Code contracts for services by a legislative agency for the purpose of preparing a study or report for submission to the Legislature.

This bill is objectionable because the Procurement Code promotes transparency, fair treatment, competition, and public confidence in the government's procurement of goods, services, and construction. It is intended to protect against waste, fraud, and abuse. Absent compelling reasons, any governmental agency with the authority to expend public funds should be in compliance with the Procurement Code.

The ostensible reason for exempting the above-mentioned agencies from the Procurement Code is that they are involved in cutting-edge technology in a time-sensitive, market-driven, volatile investment environment, thus requiring the agencies to have the flexibility to make procurements in an expeditious manner. The reason for exempting contracts for legislative reports is that the procurement process impinges on the agencies' ability to timely comply with their reporting requirements to the Legislature.

The Procurement Code, however, already allows various source selection methods. In addition to invitations for bids and requests for proposals, the Procurement Code allows an informal process for small purchases, sole source selections, emergency purchases, and exemptions from the Procurement Code by law, by rules, or by written determinations of the Chief Procurement Officer. Given the existing flexibility, there is no basis for exempting these agencies from the Procurement Code. Moreover, the purposes of the Procurement Code -- the promotion of transparency, fairness, competition, and public-confidence and the protection against waste, fraud, and abuse -- should not be sacrificed absent compelling reasons or for the convenience of the agencies.

For the foregoing reasons, I am returning Senate Bill No. 2997 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 591, transmitting S.B. No. 3035, SD 1, HD 1, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 3035

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 3035, entitled "A Bill for an Act Relating to Continued Temporary Total Disability Benefits to Injured Employees."

This bill prevents the termination of temporary total disability (TTD) benefits although an injured worker is deemed ready to return to work. Currently, pursuant to section 386-31(b), Hawaii Revised Statutes, an employer/insurance carrier (employer) may terminate TTD benefits if a claimant is able to return to work. The existing law provides that an employer must notify the claimant and the Director of Labor and Industrial Relations of its intent to terminate TTD benefits at least two weeks prior to the date when the last payment is to be made. Section 386-31(b) also requires the notice to inform the claimant that the claimant may make a written request to the Director for a hearing if the claimant disagrees with the employer's decision to terminate TTD benefits.

Upon receipt of the request for hearing, the Director is required to conduct a hearing as expeditiously as possible and render a decision. The current law protects claimants from unwarranted premature termination of TTD benefits by allowing the Director to award a penalty of twenty percent of the unpaid compensation against the employer, payable to the claimant.

This bill is objectionable because it does not recognize that the twenty percent penalty already deters employers from terminating TTD benefits unless there is a valid and good faith basis to do so.

This bill is not clear whether an employer would be entitled to a credit if the employer continues to pay a claimant TTD benefits pursuant to this bill, but a decision of the Director determines that TTD benefits should have been terminated. If a court or other tribunal determines that an employer is not entitled to a credit against permanent disability benefits, the claimant would receive a windfall because the claimant would be allowed to retain the overpaid TTD benefits, which would ultimately raise the costs of workers' compensation. Moreover, even if it is determined that an employer would be entitled to a credit, if the work injury does not result in a permanent disability award, it may be difficult for an employer to collect the overpaid benefits, if any, again resulting in higher workers' compensation costs.

This bill is also objectionable because it provides a process for a claimant, but not an employer, to request a hearing. Pursuant to this bill, an employer cannot terminate TTD benefits unless the claimant has returned to work or the Director orders the termination of benefits. The bill, however, does not provide a specific process for the employer to request a hearing.

This bill also states that the Director must conduct a hearing as expeditiously as possible and render a prompt decision if a claimant requests a hearing, but this requirement does not apply if an employer requests a hearing. Thus, on its face, the bill treats requests from a claimant differently than requests from an employer.

Furthermore, this bill is objectionable because it allows a claimant to choose not to return to work, without penalty, thereby delaying a decision even if the attending physician indicates the claimant is able to return to work. The employer would then be required to continue paying TTD benefits until the Director unilaterally schedules a hearing and issues a decision terminating the benefits. As a result, this bill creates a disincentive for a claimant to return to work because the claimant will suffer no penalty should the claimant refuse to return to work in spite of a doctor's indication that the claimant is able to do so.

Finally, it should be pointed out this bill would take disability determinations out of the hands of the health care profession. This runs counter to good medical and administrative practices and is not in the best interests of the employees themselves and the well-being of the workers compensation system.

For the foregoing reasons, I am returning Senate Bill No. 3035 without my approval.

Respectfully,
/s/

LINDA LINGLE
Governor of Hawaii"

For the foregoing reasons, I am returning Senate Bill No. 3181 without my approval.

Respectfully,
/s/
LINDA LINGLE
Governor of Hawaii"

Gov. Msg. No. 592, transmitting S.B. No. 3181, SD 2, HD 2, CD 1, without her approval and statement of objections relating to the measure as follows:

"EXECUTIVE CHAMBERS
HONOLULU
July 10, 2006

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 3181

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 3181, entitled "A Bill for an Act Relating to Solid Waste."

The purpose of this bill is to make several changes in Hawaii's deposit beverage container program. Among those changes are including in the program containers with a capacity of up to sixty-eight fluid ounces, allowing consumers to choose to have the refund value of their deposit beverage containers computed by container count for loads of up to 200 containers, and permitting redemption centers to refuse payment for deposit beverage containers that appear to have been previously processed or baled.

This bill is objectionable because the inclusion of sixty-eight-fluid-ounce bottles will make it difficult to recycle these containers; will have little impact on beach or roadside litter; will be difficult, if not impossible, to implement by the bill's effective date; and will have a disproportionate impact on families.

Redeeming the refund value of larger containers will be inconvenient because reverse vending machines do not accommodate containers of this size and they are bulky to haul to recycling centers. These larger containers do not make up a significant portion of beach and roadside litter. The original scope of the beverage container redemption program was single-size servings based on limited data indicating these size containers are a portion, albeit small, of the litter and solid waste stream. This is not true for larger containers up to sixty-eight fluid ounces in size.

This bill would include the larger containers in the deposit beverage container program as soon as the bill becomes effective. There is no phase-in period, as there was when the original program began, and the industry will not be able to comply with the bill's requirements since the regulation is law at the moment I sign the bill.

Containers this large move off the grocery store shelves more slowly; those currently in stock may take three to five months to sell. New labels take six months to prepare. The combination of a slow-moving product with the required six-month lead time to change labels presents difficult hurdles to implementing this measure that need to be rethought by the Legislature.

It should be noted that containers greater than 1.5 liters are purchased more often by families and those seeking to buy in bulk to conserve funds. Including larger size containers within the fee and deposit requirements of the beverage container program subjects these buyers to the higher costs imposed by this program.

Finally, most of the other changes to the deposit beverage container program included in Senate Bill No. 3181 can be addressed by the Department of Health through the rulemaking process and the Department has signaled its intent to make these changes via administrative rules.

Gov. Msg. No. 593, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill 3270 SD2 HD1 CD1:

On July 11, 2006, Senate Bill No. 3270, entitled "A Bill for an Act Relating to Public Health" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

Senate Bill No. 3270 guarantees a payment methodology to federally qualified health centers and rural health clinics in accordance with the Social Security Act and appropriates \$2,000,000 for the Department of Health to provide resources to nonprofit, community-based health care providers for direct medical care for the uninsured.

The Department of Human Services' Med-QUEST Division has been working with the federally qualified health centers (FQHCs), rural health clinics, and the Hawaii Primary Care Association in good faith to review the current rules regarding the Prospective Payment System (PPS) methodology, which gives the highest cost reimbursement payments to these particular Medicaid providers. This bill is similar to a bill that was vetoed last year that would have required continued payment under PPS cost reimbursement.

The Administration has concerns that if the federal law which requires the PPS reimbursement methodology is changed or eliminated, or if there is a change or reduction in the federal matching funds Hawaii receives for PPS, codifying the payment into State statute will obligate the State to future funding commitments.

This bill also provides a one-time payment to FQHCs and rural health clinics of \$2 million. However, the bill fails to identify what will happen to FQHCs and clinics after the fiscal year is over.

FQHCs are an important component to Hawaii's health care safety net of service providers, especially in our rural communities. The majority of patients served at FQHCs are patients covered by federal or State health insurance programs or who may not have current health insurance.

For the foregoing reasons, I allowed Senate Bill SB3270 to become law as Act 297 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 594, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2719 SD2 HD1 CD1

On July 11, 2006, Senate Bill No. 2719, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

Senate Bill 2719 makes various changes to the charter school law. My Administration supports charter schools and for the past two years we have introduced comprehensive legislation that would improve the environment for charter schools in Hawaii and empower charter schools with the tools they need for success. While well intentioned, Senate Bill 2719 falls short of implementing significant changes for charter schools.

This measure creates a charter school review panel to review charter applications and make recommendations to the State Board of Education but gives no significant authority to the panel. The Board would continue to serve as the charter authorizer with the ability to issue and revoke charters. In contrast, I believe a strong charter school law would allow for multiple chartering authorities, including the University of Hawaii Board of Regents, other public entities, and non-profit agencies. Allowing multiple charter authorizers permits a broader range of paths to obtaining a charter and brings outside resources, expertise, and attention to help shepherd and oversee the charter school movement in the State. Along with oversight and management responsibilities, the panel should be recognized as a Local Education Agency and be allowed to receive federal funds on behalf of charter schools. Unfortunately, Senate Bill 2719 does not give the panel this status.

Second, this bill caps the number of conversion charter schools at 25 and provides restrictive criteria for the establishment of new start-up charter schools. I support a more flexible system that encourages new and conversion start up charter schools. As an alternative to completely removing any caps on charter schools, I proposed targeted expansion for the charter school community by allowing new charter start-ups for schools with an environmental curriculum. Neither of these proposals were considered or included by the Legislature in SB 2719.

Senate Bill No. 2719 states that the Executive Director of the Charter School Administrative Office (CSAO) operates under the direction of the Board of Education (BOE), and in consultation with the charter schools. This continues the confusion and current challenge for the CSAO in determining whom they are accountable to—the BOE, or the charter schools. Further, it places the CSAO Executive Director in a conflicted position since this bill directs the Executive Director to work under the direction of the BOE, provide "...independent analysis and recommendation on charter school issues," and represent charter schools and the charter school system in communications with the BOE, Governor, and Legislature.

This bill clarifies that the local school board shall be responsible for the financial and academic viability of the charter school, implementation of the charter, and the independent authority to determine the organization and management of the school, the curriculum, virtual education, and compliance with applicable federal and State laws. However, I have repeatedly proposed that local school boards be allowed to negotiate master collective bargaining agreements. The Task Force on Charter School Governance Final Report (December 21, 2005) documents that a majority of task force members voted to remove charters from collective bargaining. This measure ignores these recommendations.

As a matter of policy, I believe in giving charter schools the choice to bargain collectively under Chapter 377 (Hawaii Labor Relations Act), Hawaii Revised Statutes. I am concerned that local school boards are not included in the definitions established in our collective bargaining laws, 89-6(d), HRS, as an "employer." New century charter schools employees will be bound to collective bargaining agreements which they did not negotiate and which were not negotiated with the charter school's interests in mind.

For two years, I have proposed including facilities maintenance costs in the per-pupil funding amount and basing the entire per pupil funding on the most recently enacted Department of Education budget, not the Consolidated Annual Financial Report (CAFR). Data from the CAFR is two years old. Neither of these changes is included

in Senate Bill 2719. While this measure allows the Legislature to appropriate additional funds for facility costs, by not including the dollars in a per pupil formula, Hawaii cannot access federal monies that would provide an \$8 to \$1 match in facilities funding.

This measure requires charter schools to be eligible for all federal financial support to the same extent as all other public schools. The Attorney General has pointed out that State law cannot unilaterally make charter schools eligible for federal funding. As stated earlier, a charter Local Education Agency needs to be designated to make this provision viable.

I have proposed for the last two years that extra-curricular activities such as debate, clubs, theatre, and dance should be included as activities that charter school students are entitled to participate in. Senate Bill 2719 only allows charter school students to participate in sports within their school complex.

This bill alone will not accomplish the goal of improving the charter school system in Hawaii. It will be incumbent upon the Legislature to remedy the aforementioned shortcomings of this measure with legislation that further empowers, expands, and supports the charter school system.

For the foregoing reasons, I allowed Senate Bill No. 2719 to become law as Act 298 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 595, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 1918 HD1 SD2 CD1

On July 11, 2006, House Bill No. 1918, entitled "A Bill for an Act Relating to Commission on Salaries" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill establishes a seven-member salary commission to review the salaries of appointed managerial positions within the Executive, Judicial, and Legislative branches of government, but excludes positions within the Department of Education and University of Hawaii. Establishment of the commission is predicated upon ratification of an amendment changing Article III, Section 9 and Article XVIII, Section 3 of the State Constitution governing the salaries of the Legislature.

This bill poses a number of concerns that could adversely impact the separation of powers within the Executive, Legislative, and Judicial branches of government.

First, the composition of the proposed seven-member salary commission will be such that there will be a majority of members selected by the Legislature. Such a composition may favor one branch of government over another.

Second, a very real concern exists as to whether it is appropriate and proper to have the salaries of the Chief Justices of the Supreme Court and sitting judges set by a commission that contains members of the other two branches of government. This raises questions as to whether this commission violates the basic tenets of the separation between the branches of government as recognized by our founding fathers.

Third, the timetable for the Commission is unrealistic and will be difficult to meet. The Commission cannot be established until after

the November elections are held. Yet, the Commissioners must be selected, convene, establish criteria, conduct proceedings, make recommendations, and report to the 2007 Legislature that convenes the following January. Since the bill lacks guidance and fails to establish criteria for the commissioners to follow, this will make it even more challenging for the Commission to meet this deadline.

Fourth, House Bill No. 1918 exempts the Department of Education and the University of Hawaii from the purview of the salary commission but fails to provide any rationale as to why these two executive branch agencies should not be subjected to the same process of determining the appropriate salaries of its senior management. In fact, one could argue that these bodies need the transparency and accountability a public salary commission might offer.

For the foregoing reasons, I allowed House Bill No. 1918 to become *[sic]* law as Act 299 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 596, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 3009 SD2 HD2 CD1

On July 11, 2006, Senate Bill No. 3009 SD2 HD2 CD1, entitled "A Bill for an Act Relating to Civil Service Exempt Employees," became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill allows statutorily exempt positions within the Executive Branch to be converted to civil service. This bill also directs the Department of Human Resources Development and the Hawaii Government Employees Association to work collaboratively to establish a process for converting positions in various departments and appropriates \$110,064 for two positions in the Department.

The Legislature recognized that many positions within the State require people with specialized skills and expertise not found within the ranks of civil service personnel. As such, the Legislature specifically identified positions in law that should be exempt because of the nature of the programs they are managing. To now require a wholesale conversion of those positions to civil service ignores the original rationale of the Legislature when the positions were created and significantly reduces the ability of the Executive Branch to effectively manage and operate these programs.

Further, this bill may involve the conversion to civil service of positions attached to programs that are themselves temporary in nature. It is important to the integrity of the civil service program that positions within this system be used for programs that are ongoing in nature and reflect the permanency of a civil service appointment. Otherwise, there is the possibility that civil service personnel will have to be terminated once the temporary program they are working on is completed.

Finally, it should be noted there is no empirical evidence that the exempt employees currently in various statutorily exempt positions are not carrying out their jobs satisfactorily. In fact, the opposite seems to be the case. Departments with the ability to hire exempt personnel have been able to demonstrate a responsiveness and flexibility that has resulted in a satisfied client base and taxpayers who believe that government services are being handled well.

For the foregoing reasons, I allowed Senate Bill No. 3009 to become law as Act 300 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 597, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 3059 SD2 HD1 CD1

On July 11, 2006, Senate Bill No. 3059, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The original purpose of Senate Bill 3059 was to mandate the establishment of a model curriculum for use by teachers statewide to meet the Hawaii Content and Performance Standards. Unfortunately, in its final form Senate Bill No. 3059 does not require the Department of Education to develop and implement a standards-based curriculum statewide. Rather, this measure appropriates a total of \$2,008,000 for software implementation to align school course material with Hawaii Content and Performance Standards and federal education standards, for the adaptation of a curriculum in one pilot school complex, and for the contractual services of programmers, data analysts, and clerical support to generate reports for the Department of Education's study on the curriculum implementation process.

This bill raises a number of concerns.

First, this bill does not require the Department of Education to develop and provide a statewide curriculum. Instead, a school or a school complex is left to take the initiative to choose to adopt a curriculum. One of the main purposes of having a curriculum is to ensure all students receive adequate instruction, regardless of exogenous forces such as the school district's funding or a teacher's natural abilities. With a curriculum as a guide, teachers and students can have a reasonable sense of what to expect and how to prepare for each school year, creating continuity within the statewide system. Senate Bill No. 3059 affords single schools and school complexes the choice to implement or not implement a curriculum. Therefore, the goal of a statewide curriculum that is aligned with the Hawaii Content and Performance Standards to increase student achievement will not be reached.

Second, this measure appropriates \$900,000 for the development and implementation of a curriculum in one "pilot" school complex, according to the DOE. Therefore, the burden of curriculum development and implementation in all the other complexes is placed upon teachers, principals, school community council members, and complex area staff.

Third, while assessments of "progress" and "performance" are mandated in the bill, nothing exists to assure teachers can address the shortcomings these assessments demonstrate. The introduction paragraph of the bill states, "Although the State has established statewide standards and benchmarks, learner outcomes, (and) assessments, the legislature finds that Hawaii's public school system does not have an articulated and aligned standards-based curriculum to meet its goals." Despite recognizing this deficiency in the public education system, the Legislature, by passing Senate Bill No. 3059, is accepting the status quo.

Fourth, the Department must also report to the Legislature on the implementation of curricula in schools and complexes and indicators of student achievement to help evaluate the implementation of the curricula (not the curricula itself). Further, the bill says the reports

must have a plan for the complex-by-complex development and implementation of a standards-based curriculum, as well as a timeline to implement specific portions of the curriculum for possible statewide application. The plan for the complex-by-complex implementation is problematic because it is not mandatory for schools to adopt a curriculum. This method of planning does not ensure that the different curricula developed by the different school complexes will be of equal caliber.

It is unfortunate that the final draft of Senate Bill No. 3059 is so significantly different from the original proposal that the major supporter of the bill, the Hawaii Automobile Dealers Association, revoked their support of the bill and requested its veto.

For the foregoing reasons, I allowed Senate Bill No. 3059 to become law as Act 301 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 598, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 2258 HD1 SD2 CD1

On July 11, 2006, House Bill No. 2258, entitled "A Bill for an Act Relating to Human Services" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

House Bill No. 2258 requires legislative appropriation for the expenditure of Temporary Assistance to Needy Families program (TANF) funds received by the State before the Department of Human Services can expend the funds. The measure also appropriates monies for the Department of Human Services' Chore Services Program and the Department of Education's Even Start Program.

This measure is objectionable because it restricts the Executive Branch's flexibility in managing human services programs funded under the temporary assistance to needy families program and appropriates TANF funds in a manner that is illegal under federal law.

Although State departments can only expend funds appropriated by the Legislature, for many years the Legislature has felt comfortable appropriating TANF money as a lump sum. However, the Legislature now intends to interject itself into the Executive Branch decisions regarding the use of these funds. This will restrict the Executive Branch's flexibility in setting priorities for human services programs and could adversely impact the neediest citizens of Hawaii these funds are meant to help.

House Bill No. 2258 also appropriates \$1,191,058 in general funds in fiscal year 2006-2007 for the Department of Human Services' Chore Services Program and \$600,000 in temporary assistance to needy families funds in fiscal year 2006-2007 for the Department of Education's Hawaii Even Start Family Literacy Program. Even Start is an educational program funded by the United States Department of Education. As such, it cannot be funded by temporary assistance to needy families funds as these funds are prohibited by federal requirements from funding education programs.

However, it is important that the Department of Human Services receive the approximately \$1.2 million dollars in supplemental funding for the Chore Services Program to maintain services to its existing clients.

For the foregoing reasons, I allowed House Bill No. 2258 to become law as Act 302 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 599, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 2098 HD1 SD1 CD1

On July 11, 2006, House Bill No. 2098, entitled "A Bill for an Act Relating to Developmental Disabilities" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The purpose of this bill is to establish a pilot project to expand the residential options of developmentally disabled or mentally retarded individuals to allow them to live in a setting of the person's choice if it is determined that "the person can be sustained with supports, the supports are attached to the person, and adequate consideration and recognition is given to the person's safety and well-being." This bill will be repealed on June 30, 2008.

This bill is problematic because the language is unclear and may create problems in implementation.

First, this bill does not state how the person's choice of residential setting is to be made and how the Department of Health (DOH) is to support the choice. Under the current system employed by the Developmental Disabilities Division (DDD) of the DOH, DDD assists clients to locate licensed or certified homes. This bill will create uncertainty over the DOH's role in selection of these residential alternatives even though State money would be spent supporting the individual.

Second, the bill does not specify how to determine whether "adequate consideration and recognition" has been given to the person's safety and well-being. This bill does not mention licensing or certification requirements, an omission that could lead to an interpretation that this amendment to section 333F-2(c) allows placement in unlicensed or uncertified homes. Allowing placement in unlicensed or uncertified homes poses a risk for the safety and well-being of persons with developmental disabilities or mental retardation because it is only through licensing or certification requirements that safety standards such as criminal history background checks of the home operator and periodic monitoring or unannounced home visits are maintained. Any program that purports to assist the developmentally disabled under the care of the State must include a degree of accountability within the system.

This bill will likely create problems in implementation due to the fact that many parts are vague enough to be subject to more than one interpretation. My Administration will work within the confines of this law to provide the best protection possible for State clients. However, it will be necessary to amend the law in the next legislative session to clarify the problems with this bill.

For the foregoing reasons, I allowed House Bill No. 2098 to become law as Act 303 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 600, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 1891 HD2 SD2 CD1

On July 11, 2006, House Bill No. 1891, entitled "A Bill for an Act Relating to Education" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill doubles the amount of General Excise Tax (GET) revenues to be deposited into the State Educational Facilities Improvement (SEFI) special fund from \$45 million to \$90 million.

House Bill No. 1891 HD2 SD2 CD1 is problematic because the automatic, mandatory diversion of GET revenues limits the State's ability to fund priorities, thereby negatively impacting the State's general fund financial plan. In essence, this measure guarantees the diversion of up to \$90 million dollars of general revenues into the SEFI if no general obligation bonds are authorized. A financially sound approach to manage the State's funds would include providing funding for public school capital improvement requirements on the basis of need, funding ability, and the consideration of statewide priorities. House Bill No. 1891 does not take these criteria into consideration.

The State Educational Facilities Improvement special fund was created to set aside State funds for school construction and repairs. Currently, the SEFI is funded from general obligation bond sales. Consequently, in essence, projects funded by the SEFI are funded by general obligation bonds. Thus, the SEFI may no longer be needed.

One of the priorities of my Administration is to foster a proper learning environment that I believe is critical to the education of Hawaii's students. For fiscal year 2005-2006, I released \$200 million to assist the Department of Education with repair and maintenance and other capital improvement program projects for Hawaii schools. In addition, on June 26, 2006, I signed Act 246, the Fix Hawaii Schools Act, which appropriates \$235 million to repair schools statewide. There is also \$170 million in capital improvement project funds in the supplemental budget for 2007 (Act 160) and \$5 million for solar panels in schools in Act 96, Session Laws of Hawaii 2006. These amounts total \$610 million devoted to school construction.

My support for public school facilities is clear. However, the Department of Education should fund its capital improvement program needs directly with general obligation bond fund sales as do other State departments.

For the foregoing reasons, I allowed House Bill No. 1891 to become law as Act 304 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 601, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill 3142 HD2 SD2 CD1

On July 11, 2006, House Bill No. 3142, entitled "A Bill for an Act Relating to Trauma Care" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill establishes the Trauma System Special Fund to support the development of a statewide trauma system. The measure sets forth categories for reimbursement and requirements for the use of monies from the Trauma System Special Fund. This measure includes potential sources of funding, but does not appropriate funds or specify a source of funding for deposit into the special fund.

It is troubling that this Special Fund would be exempt from the State Procurement Code (Chapter 103d, HRS) and the Purchase of Health and Human Services law (Chapter 103F, HRS). These exemptions, in effect, mean that procurement and purchase actions will not be subject to the transparency, accountability, and audit requirements that taxpayer-financed expenditures deserve. Further, the Special Fund would not pay its fair share of administrative costs as other funds must do.

Additionally, the Trauma System Special Fund does not meet the requirements of Section 37-52.3, HRS, which mandates the Legislature shall ensure that a special fund: "(1) Serves the purpose for which it was originally established; 2) Reflects a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; (3) Provides an appropriate means of financing for the program or activity; and (4) Demonstrates the capacity to be financially self-sustaining." While it is important that the State of Hawai'i maintain trauma care services, there is no clear nexus between tobacco taxes and trauma care use. Further, depending on costs to develop a "comprehensive state trauma system," the ability for the fund to be self-sustaining is questionable.

For the foregoing reasons, I allowed House Bill No. 3142 to become law as Act 305 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 602, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: HB1923 HD1 SD2 CD1

On July 11, 2006, House Bill No. 1923, entitled "A Bill for an Act Relating to the Hawaii Tourism Authority" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill extends the sunset provision of Act 58 SLH 2004 relating to the Hawaii Tourism Authority (HTA) which allows HTA to appoint or retain attorneys independent of the Attorney General, exempts the Authority from audit and accounting provisions under the Department of Accounting and General Services, and allows the board of directors of the Authority to appoint a sports coordinator exempt from civil service, and pension and retirement laws until June 30, 2010.

This bill is objectionable because it allows the Hawaii Tourism Authority to operate outside the safeguards of State law, continues to micromanage the personnel decisions of the Authority, and creates potential legal difficulties for the State. The exemption from the accounting and auditing provisions of Chapter 40 allows the HTA to spend moneys without regard to transparency, controls, and accountability for funds managed by the State Comptroller.

Additionally, the authorization to hire attorneys independent of the Attorney General potentially creates legal difficulties for the State. As I stated in 2004, retention of special counsel by the HTA can result in inconsistent legal advice when adequate counsel already exists in the Attorney General's office.

Second, the bill continues in statute a provision that contradicts section 26-39 of the Hawaii Revised Statutes that provides for the establishment of positions deemed necessary to carry out the functions of agencies and departments. This bill instructs the Hawaii Tourism Authority to continue an exempt sports coordinator position without regard to personnel laws.

In 2004, the Legislature passed House Bill 2608, which I returned to the Legislature, indicating I believed the bill should not become law. The concerns I raised at that time are still applicable to this bill.

Therefore, for the foregoing reasons, I allowed House Bill No. 1923 to become law as Act 306 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 603, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 3066 SD1 HD1

On July 11, 2006, Senate Bill No. 3066, entitled "A Bill for an Act Relating to Interest and Usury" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill permits certain credit card service fees from being included in the calculation of the maximum interest rate credit card issuers can charge for firms that issue such cards and are domiciled in the State of Hawaii.

While I understand the concern of local credit card firms who want to remain competitive, I remain concerned that Hawaii's current law already permits an 18% per annum annual interest charge on credit card balances. This interest rate is significantly higher than interest charged on most other financial transactions such as non-secured loans, collateralized loans, and borrowings from a bank or lending institution. This interest rate is also considerably higher than inflation and other cost drivers, both locally and nationally.

I recognize that firms who issue credit cards need to make an adequate return on their money. However, it has not been demonstrated that they are not making such a return based on the current method of calculating the 18% interest rate.

For the foregoing reasons, I allowed Senate Bill No. 3066 to become *[sic]* law as Act 307 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 604, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 3016 HD1 SD1 CD1

On July 11, 2006, House Bill No. 3016, entitled "A Bill for an Act Relating to Unserved Arrest Warrants" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The backlog of arrest warrants is a problem that has gained attention from various sectors of the community and engendered a number of proposed solutions. The stated intent of this bill is to require due diligence in serving all traffic warrants issued against a defendant and to require the Hawaii Paroling Authority to report to the appropriate court and arresting authorities whether a parolee has any outstanding traffic warrants. However, the substance of the bill is questionable.

First, the bill adds a section to chapter 353, Hawaii Revised Statutes, to require the Hawaii Paroling Authority to inform the appropriate courts and arresting authorities of all outstanding traffic warrants issued against those whose parole has been suspended or revoked. The purpose of this is to allow such warrants to be "served on the parolee in a timely manner." This merely codifies existing practice of the Hawaii Paroling Authority. Thus, adding this section to the law will not result in any improvement of current procedures.

Second, the bill adds a section to chapter 604, Hawaii Revised Statutes, to require that "in any criminal proceeding, due diligence shall be used in serving any outstanding traffic warrants on the defendant." It is arguable whether this addition to the statutes is substantive inasmuch as the Hawaii Rules of Penal Procedure Rule 9(c)(3)(i) already requires that a "warrant shall be executed without unnecessary delay by the arrest of the defendant."

Finally, this bill instructs the Judicial Council to set up a committee to "conduct a comprehensive review of the backlog of arrest warrants waiting to be served upon persons incarcerated in the State's correctional facilities and the entire backlog of unserved arrest warrants and recommend to the Legislature action necessary so that these warrants will be served without further delay." While a comprehensive review of the warrant backlog is warranted, the bill's review is duplicative of Senate Concurrent Resolution 91 SD1 which convenes a task force to "conduct a comprehensive review of the entire backlog of unserved arrest warrants and recommend to the Legislature action necessary to permanently alleviate the backlog." Both the bill and the resolution establish review panels largely comprised of representatives from the same agencies and both require reports to be submitted to the Legislature twenty days prior to the convening of the regular session of 2007.

I support a comprehensive review of the backlogged warrants problem and subsequent meaningful action to eliminate the backlog. However, this bill is duplicative of actions already underway to address this issue.

For the foregoing reasons, I allowed House Bill No. 3016 to become law as Act 308 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 605, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2274 SD1 HD2 CD1

On July 11, 2006, Senate Bill 2274, entitled "A Bill for an Act Relating to the Employees' Retirement System" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill would allow the directors of the offices of council services within the counties of Maui and Honolulu to participate as Class A members within the State Employees' Retirement System if they were employed prior to July 1, 2006.

The intent of this bill is to place the directors of the councils of these two counties on a par with the county clerks of Hawaii and Kauai who perform similar functions. While this objective is understandable, we must point out that Class A membership in the Employees' Retirement System has traditionally been reserved for high-level officials such as judges and elected leaders. Additionally, Class A membership is extended to those with jobs that subject them to possible bodily harm, such as narcotics investigators and public safety officers. The rationale is that these positions have a level of tenuousness and difficulty not found in other public positions.

My Administration remains concerned about the precedent this bill establishes in allowing legislatively favored personnel to become Class A contributory plan retirement system members while other senior personnel in the executive agencies are not allowed to receive this higher retirement benefit.

Further, it should be noted that the directors of the council have the option to join the hybrid retirement plan which allows them to accrue higher retirement benefits if they are willing to pay a portion of their earnings into the plan. [sic]

For the foregoing reasons, I allowed Senate Bill No. 2274 to be come law as Act 309 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 606, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 3180 SD1 HD2 CD1

On July 11, 2006, Senate Bill No. 3180, entitled "A Bill for an Act Relating to the Counties" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill provides that each county shall adopt ordinances that allow the exercise of indigenous Hawaiian architectural practices, styles, techniques, and materials historically employed by Native Hawaiians. The bill recognizes that the applicability of this ordinance may not be appropriate in historical districts and explicitly exempts these districts.

However, the bill presents concerns outside of those associated with historical district structures. Most notably, this bill represents a legislative intrusion into the responsibilities of the counties and mandates that counties must adopt ordinances as prescribed in the bill. This type of legislation goes against the spirit and intent of home rule and provides legislative direction in an arena that has long been recognized as within the scope of county authority--namely building code requirements.

Further, this bill leaves unanswered questions as to how the use of indigenous building approaches will be addressed within the safety and structural requirements building codes must address. Additionally, the issue of how these structures will conform to energy conservation standards and disaster preparedness requirements is left unanswered.

For the foregoing reasons, I allowed Senate Bill No. 3180 to be come [sic] law as Act 310 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 607, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 3105 HD2 SD2 CD1

On July 11, 2006, House Bill No. 3105, entitled "A Bill for an Act Relating to Psychotropic Medication" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill is intended to provide equal access to psychotropic medication for Medicaid patients, regardless of whether the patient is covered by a fee-for-service plan or a QUEST managed-care plan.

While this portion of the bill is laudable, the measure goes too far in allowing a physician to prescribe a psychotropic medication without the required consultation with a psychiatrist. The field of psychotropic medicine is specialized and requires knowledge of the interaction of various drugs with each other as well, as with other medications a patient may be taking.

The current statute allowed for the consultation to take place by telephone, electronically, or via a face-to-face discussion and did not appear to place an undue burden on the attending physician. Further, the law now allows for the concurrent psychiatrist's opinion to be documented in the recipient's medical records, thereby allowing future medical service providers to understand the rationale used in issuing the prescription. Failure to document these decisions could cause harm to the patient in later years and does not appear to be medically prudent.

Finally, the bill eliminates the requirement that only those agents approved by the United State Food and Drug Administration for the treatment of mental and emotional disorders may be prescribed. This deletion in the governing statute raises concerns as to what medications can be prescribed and what safety considerations will be applicable to these medications.

For the foregoing reasons, I allowed House Bill No. 3105 to become law as Act 311 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 608, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2193 SD1 HD1 CD1

On July 11, 2006, Senate Bill No. 2193, entitled "A Bill for an Act Relating to Planned Community Associations" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill addresses issues of access to board meetings and association documents of planned community associations.

While the bill contains some provisions that would give homeowners in planned communities greater access to information about the management of their association, the bill also contains some provisions that might work to exclude homeowner participation in the affairs of their community.

Most notably, the bill deletes from current law the requirement that board meeting minutes include the recorded votes of board members. Deleting this provision could be construed to remove the accountability for actions of the board members. It may also make it more difficult to identify potential conflicts of interest when a board member should have abstained from voting.

Second, the bill allows for the examination of board meeting minutes but deletes language that allows for the review of the association's meeting minutes. Since association business is conducted at both types of meetings, it is unclear why the legislation allows homeowners to review one set of documents but not the other set of documents.

Third, the bill allows the Planned Community Association Board to set up committees and subcommittees at various times and places and requires that the members of the committees and subcommittees be identified by name. This seems reasonable. However, the bill also allows the Board to eliminate committees and subcommittees without regard to the fact that some committees are established as a result of requirements placed on the development by the counties as a condition of approval.

Finally, some members of planned communities have expressed concern that this bill could be interpreted to allow homeowner input on matters on a board agenda, but would preclude homeowners from commenting on important matters not on a board agenda. They believe this could lead to some boards deliberately not putting sensitive topics up for discussion.

The bill contains provisions indicating planned community meetings should be open, ensures that minutes are available to the members, and requires detailed financial information to be made available for inspection.

For the foregoing reasons, I allowed Senate Bill No. 2193 to become *[sic]* law as Act 312 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 609, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 386 HD1 SD1 CD1

On July 11, 2006, House Bill No. 386, entitled "A Bill for an Act Relating to Courts" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The purpose of this bill is to repeal jury service exemptions for an attorney at law, a head of an executive department, an elected official (except while the Legislature is in session), a minister or priest, a dentist, and an active duty member of the armed forces or militia. This bill continues the exemptions for a judge, an active practicing physician, an active member of a police or fire department, and a person who has served as a juror within one year preceding the time of filling out the juror qualification form. The bill adds jury service exemptions for active members of an emergency medical services agency, persons who live more than seventy miles from the court for which jury service is required, and persons who are eighty years of age or older.

Although the addition of the exemption category of active members of an emergency medical services agency is positive, other portions of this bill will cause difficulties for the Judicial Branch of government. The bill amends the exemption for elected officials such

that the exemption is available only while the Legislature is in session. This amendment does not consider that elected officials at the federal or county levels are not necessarily affected in their duties by the timing of the State legislative sessions. Thus, the narrowing of the exemption may negatively impact federal or county elected officials if they are summoned to jury duty during times when their political bodies are in session, but the Legislature is not.

The bill amends the current exemption for active duty members of the armed forces or militia such that the exemption is available only when those individuals are deployed out of the State. The amendment does not consider the case of reservists who have been assigned to their annual two weeks of active duty. The active duty member and his or her unit could be adversely affected if the member is unable to receive training with the member's entire unit.

The addition of the category of persons living more than seventy miles from the court for which jury service is required will have a negative impact in the Third Judicial Circuit (the Island of Hawaii), as well as the Second Judicial Circuit, which includes Maui, Molokai, and Lanai, wherein jurors frequently reside more than seventy miles from the courthouse.

The deletion of the category of attorney at law could cause a "ripple effect" on the court system by necessitating the rescheduling of motions, hearings, trials, and other court appearances if an attorney is summoned for jury duty. Negative effects on attorneys, especially sole practitioner attorneys, and their clients are anticipated.

Finally, this bill adds a person over eighty years of age to the list of people who are excused from jury duty. As pointed out by the Judiciary, chronological age should not be used as a factor in determining if a person has the physical and mental capacity to serve as a juror.

Persons who fall within a particular exemption eligible category may claim an exemption from service as a juror, but it is not guaranteed that the court will grant the exemption. Any individual can seek to be excused from jury duty, even if the individual is not within an exemption.

For the foregoing reasons, I allowed House Bill No. 386 to become law as Act 313 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 610, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2575 SD2 HD1 CD1

On July 11, 2006, Senate Bill No. 2575, entitled "A Bill for an Act Making an Appropriation for a Baseline Environmental Study of the Waianae Coast Ocean Area," became law without my signature, pursuant to Section 16 of Article III of the State Constitution.

An increase in the diversity of activities in the Waianae Coast ocean area has raised concerns over the effects such activity can have on resources, public safety, user relations, and traditional livelihoods. The purpose of this bill is to provide funding for a baseline environmental study of the Waianae Coast ocean area, which will be used to draft proposed rules for an Ocean Recreation Management Area (ORMA) designation for the Waianae Coast, as mandated by Act 6, Special Session Laws of Hawaii 2005.

I am supportive of establishing an Ocean Recreation Management Area for the Waianae Coast with pertinent administrative rules to

protect resources and regulate permitted commercial activities. However, this bill leaves some issues insufficiently resolved.

First, this law could potentially set a precedent that the Department of Land and Natural Resources (DLNR) must conduct a baseline environmental study before adopting rules to create and regulate an ORMA. The DLNR has demonstrated that it is capable of adequately making such rules and has, in this particular instance, met extensively with interested parties to resolve conflicts concerning the proposed ORMA rules in a manner that complies with the federal Marine Mammal Protection Act.

Second, this bill does not provide the public with reasonable means to express their comments and concerns. Although the baseline study proposed in this bill is not an environmental impact statement (EIS), it is modeled in much the same way. An important component of an EIS is a required public review and comment period. A comment period is not required in this study.

Furthermore, estimates from multiple parties place the cost of this study anywhere from \$250,000 to \$1,000,000, while this measure only appropriates \$120,000. A shortage of funds could force the DLNR to divert staff resources and expertise from existing projects in order to complete the study.

It is imperative that a Waianae ORMA be established and that all parties work with due diligence to properly manage this area.

Therefore, I allowed Senate Bill No. 2575 to become law as Act 314 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 611, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2708 SD2 HD1 CD1

On July 11, 2006, Senate Bill No. 2708, entitled "A Bill for an Act Relating to School Facilities" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill extends through July 30, 2007 an impact fee Working Group that will assess the impacts of new housing developments on the Department of Education and examine the current method of imposing and collecting impact fees. The Working Group was supposed to issue a report to the 2006 Legislature but will now report to the 2007 Legislature.

Impact fees are a method by which State and county departments assess developers a monetary fee, or land donation, to minimize the effects the development will have on the various public services, such as transportation, roads, public schools, and sewage/water systems.

While I continue to recognize the importance of this issue and the need to have a consistent, statewide process in place, this bill raises a number of concerns similar to Act 246 of 2005. First, the measure only addresses impact fees imposed by, or collected for, the benefit of the Department of Education. There are other State and County functions that are affected by a new development, such as roadways and sanitation systems. This measure only takes into account the effect of a development on the public school system. My Administration supports developing an impact fee assessment process that addresses the full array of potential impacts on public services.

Second, this measure continues a Working Group that does not allow input and membership from other State or county departments that may be directly affected by the outcomes of the Working Group, such as the Department of Transportation, the Hawaii Public Housing Authority, the Hawaii Housing Finance and Development Corporation, the Department of Health, the county housing and planning/permitting departments, and the Office of the Governor.

There remains an issue of the appropriateness of placing this Working Group in the Office of the Auditor. The Legislative Auditor has not had experience in dealing with developer impact fees and fair-share contributions. Apparently she has had to contract out this work. Furthermore, the Auditor did not explain how the initial \$150,000 was spent by the Working Group and why an additional \$25,000 is necessary for this effort.

The minimum criteria for the needs assessment are outlined in the measure. However, there are vital elements missing from this needs assessment evaluation. A needs assessment should provide a clear, rationale nexus between the development and the impact fee assessed; a fair share proportion to be assessed on the developer, not a disproportionate assessment; predictability in the amount of the fee or land requested; a dedication of the funds/land assessed to be used directly in the community where the development is located; and an agreement that if the funds are not used within a reasonable amount of time, the monies should be refunded to the developer. None of these items are included in the needs assessment described in the original bill not addressed in this measure.

I support the exploration of a comprehensive statewide evaluation to examine impact fees in a transparent, fair, and equitable manner. This work is being carried out by my Administration and does not require statutory authority. Regrettably, this bill is not comprehensive enough in either the membership of the Working Group or the tasks assigned to produce a meaningful product.

For the foregoing reasons, I allowed Senate Bill No. 2708 to become law as Act 315 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 612, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: Senate Bill No. 2961 SD1 HD1 CD1

On July 11, 2006, Senate Bill No. 2961, entitled "A Bill for an Act Relating to Health" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill raises the tax on cigarettes and uses the monies derived from the tax increase to fund programs that promote health. This measure creates the Hawaii Cancer Research Special Fund and the Community Health Center Special Fund and exempts these funds, as well as the Emergency Medical Services Special Fund, from transfers for central service and administrative expenses.

This bill reflects an effort to deter smoking by incrementally increasing the Hawaii cigarette tax from the current rate of \$1.40 per pack to \$2.60 per pack over a period of five years. Unfortunately, Senate Bill No. 2961 contains several drafting errors.

In the sections which distribute the cigarette tax increase into the various special funds, Senate Bill No. 2961 omits some key language. This bill only appropriates between 0.25 cents and 2.0 cents into each of the designated special funds between September

30, 2006 and September 30, 2011. Other sections of the measure convey the intent of the Legislature was to deposit the amounts on a per cigarette basis but the bill was not drafted to state this clearly and unambiguously.

Second, the bill deleted language authorizing the Director of Finance to assess and collect central administrative fees on all special funds. According to conversations we have had with the Legislative Reference Bureau, they recognize this flaw in the bill and will correct it in their annual statute correction legislation next session.

Third, the newly established special funds do not meet the requirements of Section 37-52.3, HRS, which mandates that a special fund reflect "a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program, as opposed to serve primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget." There is no clear nexus between tobacco taxes and trauma care use and, thus, this portion of the bill does not meet the requisite statutory test.

I anticipate the Legislature will return next session prepared to introduce and pass a housekeeping measure to correct the mistakes evident in this bill.

For the foregoing reasons, I allowed Senate Bill No. 2961 to become law as Act 316 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 613, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 2555 HD2 SD2 CD1

On July 11, 2006, House Bill No. 2555, entitled "A Bill for an Act Relating to the Hawaii Community Development Authority" became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

This bill prohibits the sale or transfer of fee simple interest in State-owned land in the Kaka'ako community development district. The bill also prohibits approval of plans or proposals for any residential development makai of Ala Moana Boulevard between Kewalo basin and the foreign trade zone. These restrictions are broad in their impact on the planning process for the Kaka'ako area.

First, the prohibition on the sale or transfer of State-owned land causes difficulty for the Hawaii Community Development Authority (HCDA) to achieve its directives as originally set forth by the Legislature. Land exchanges, realignments, and sale of remnant parcels further the goals of the various District plans. HCDA will be prevented from executing buybacks of reserved housing units and reselling to qualified buyers. These transactions are used to prevent excessive profits in the sale and purchase of affordable housing units. Additionally, land exchanges would be prohibited under this bill.

This restriction in this bill applies to the entire Kaka'ako community development district, not just the Makai area, and may interfere with planning in other sectors of the District. It is not good policy to restrict sale or transfer of lands with such a broad stroke.

Second, the ban on residential development in the Makai area is restrictive and could be considered a taking of private property rights. This restriction applies to all landowners in the Makai area, not just the HCDA. Kamehameha Schools had planned to propose a development of workforce housing including up to 200 residential

lofts in a life sciences research complex on its land in the Makai area. It is unclear what legal recourse Kamehameha Schools may want to pursue given the imposition of the restriction on their private property.

Further, the prohibitions of this bill are inconsistent with several provisions in HCDA's enabling legislation (Chapter 206E, Hawaii Revised Statutes) that mandate a mixed-use of industrial, commercial, residential and public uses within the entire Kaka'ako District.

At its meeting on June 7, 2006, the HCDA Board terminated an outstanding request for proposal (RFP), effectively stopping all development in the Kaka'ako Makai area. It also agreed not to transfer, in fee, any State lands in the Makai area. In an effort to address the concern that the public did not have sufficient opportunity for input in the planning process, the HCDA Board also established a Makai Area Advisory Planning Committee consisting of members of the public. Its purpose is to provide input for a new waterfront development plan.

With the formation of the Advisory Committee and in light of the Board's termination of the RFP, I believe the prohibition of residential use in the Makai Area is premature. The Advisory Planning Committee should be given the flexibility to make a recommendation that might include residential development. It is unfortunate this bill will have a chilling or limiting effect on a process specifically designed for more public participation.

For the foregoing reasons, I allowed House Bill No. 2555 to become law as Act 317 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 614, informing the House that on July 11, 2006, pursuant to Section 16 of Article III of the State Constitution, the following bill became law without her signature, stating:

"Dear Mr. Speaker and Members of the House:

Re: House Bill No. 2595 HD1 SD2 CD1

On July 11, 2006, House Bill No. 2595, entitled "A Bill for an Act Relating to Family Visits," became law without my signature, pursuant to Section 16 of Article III of the Constitution of the State of Hawaii.

The purpose of House Bill No. 2595 is to ensure family members can visit inmates at a correctional facility during official visiting hours.

This bill raises concerns because it is vague as to whether the Department of Public Safety may cancel visits by family members when emergency situations would so merit. The bill was passed as a result of isolated incidents of family visits being cancelled due to staffing shortages.

Recognizing the need to be more accommodating of special visits by family members, the Department of Public Safety has implemented changes to its visitation policies. The Department's policy now addresses the concerns giving rise to this bill. At the same time, it also reserves in the Department the needed flexibility to cancel visitations when security concerns merit.

I believe these visitation policy rules, coupled with the provisions of this bill, address the concerns family members of incarcerated persons may have had.

For the foregoing reasons, I have allowed House Bill No. 2595 to become law as Act 318 effective July 11, 2006 without my signature.

Sincerely,
/s/
LINDA LINGLE"

Gov. Msg. No. 615, dated July 12, 2006, transmitting the Department of Taxation's Annual Report 2004-2005.

Gov. Msg. No. 616, dated July 14, 2006, transmitting the Department of Human Services' Report as required by Act 178, Section 42, SLH 2005.

Gov. Msg. No. 617, dated July 14, 2006, transmitting the Department of Land and Natural Resources' report Relating to Emergence Relief Expenditures for Natural Disasters [*sic*] Occurring in February and March 2006 and Status of Dam Safety Inspections and Assessments – in response to Sections 24 and 25 of Act 118, Session Laws of Hawaii 2006.

Gov. Msg. No. 618, dated July 17, 2006, transmitting the Department of Human Services' Report as required by Act 178, Section 162, SLH 2005 for the 4th quarter of FY 06.

Gov. Msg. No. 619, dated July 18, 2006, transmitting the Department of Human Services' Report as required by Act 178, Section 159, SLH 2005 for the 4th quarter of FY 06.

Gov. Msg. No. 620, dated July 21, 2006, transmitting the Hawaii Department of Agriculture's Emergency Relief for Natural Disasters Report.

Gov. Msg. No. 621, dated July 15, 2006, transmitting the Department of Transportation's report on emergency appropriations for the damage and destruction caused by heavy rains and flooding in February and March 2006.

Gov. Msg. No. 622, dated July 1, 2006, transmitting the Department of Transportation's Monthly Progress Report on the Lahaina Bypass Project and the Motor Vehicle Use Reduction Plan.

Gov. Msg. No. 623, dated July 28, 2006, transmitting the Housing and Community Development Corporation's Annual Report for fiscal year ending June 30, 2004.

Gov. Msg. No. 624, dated July 28, 2006, transmitting the Housing and Community Development Corporations Annual Report for fiscal year ending June 30, 2005.

Gov. Msg. No. 625, dated August 1, 2006, transmitting the Department of Transportation's second Monthly [*sic*] Progress Report on the Lahaina Bypass Project and the Motor Vehicle Use Reduction Plan.

Gov. Msg. No. 626, dated August 21, 2006, transmitting the Department of Land and Natural Resources' report relating to the Division of Conservation and Resources Enforcement's monthly enforcement activities.

**SENATE COMMUNICATION RECEIVED AFTER THE ADJOURNMENT
OF THE 2006 LEGISLATURE SINE DIE**

Sen. Com. No. 876, informing the House that the following bills
have this day passed Final Reading in the Senate on May 4, 2006:

S.B. No. 2133, SD 2, HD 2, CD 1
H.B. No. 2043, HD 2, SD 3, CD 1
H.B. No. 2258, HD 1, SD 2, CD 1
H.B. No. 2878, HD 1, SD 1, CD 1
H.B. No. 2806, HD 1, SD 2, CD 1
H.B. No. 3036, HD 1, SD 2, CD 1
H.B. No. 3118, HD 1, SD 1, CD 1
H.B. No. 3261, HD 1, SD 2, CD 1
H.B. No. 3060, HD 1, SD 2, CD 1
H.B. No. 2419, HD 1, SD 3, CD 1
H.B. No. 957, HD 1, SD 1, CD 1
S.B. No. 2461, SD 1, HD 1, CD 2
S.B. No. 218, SD 4, HD 1, CD 2
S.B. No. 2006, SD 3, HD 2, CD 2
S.B. No. 2956, SD 2, HD 2, CD 1

**DEPARTMENTAL COMMUNICATIONS RECEIVED
AFTER THE ADJOURNMENT OF THE 2006 LEGISLATURE SINE DIE**

Dept. Com. No. 67, dated June 30, 2006, from Marion M. Higa, State Auditor, Office of the Auditor, transmitting the Financial Audit of the Department of Land and Natural Resources.

Dept. Com. No. 68, dated August 15, 2006, from Marion M. Higa, State Auditor, Office of the Auditor, transmitting the Financial Audit of the Department of Public Safety.