

**Conf. Com. Rep. 1-10 on H.B. No. 1642**

The purpose of this bill is to ensure fair and equitable practices in procurement bid processes by:

- (1) Specifying that proposals for purchases of health and human services must be submitted by duly licensed providers, unless statutes do not require the business to be licensed to provide the service being bid on; and
- (2) Requiring the bid proposal to be all inclusive and not exceed the contract amount to be expended by the State, regardless of the tax status of the applicant.

Your Committee on Conference finds that the inequitable treatment of for-profit and not-for-profit companies in the procurement laws, when dealing with requests for proposals for purchases of health and human services, is of great concern. Specifically, the Administration's and Department of Human Services' practice of providing for-profit organizations rebates in the amount of the insurance premium tax of 4.265 percent, resulting in a higher award amount than the companies had bid. This may be seen as providing a waiver of taxes which is a power that belongs solely to the Legislature.

Further, under the State's procurement code, a proposed bid should reflect the total amount to be expended by the State on a contract including all costs, fees, and any taxes that may be due and owing.

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

- (1) Clarifying that a bid proposal should contain all costs, fees, and any taxes that the party submitting the bid proposal may be obligated to pay;
- (2) Prohibiting any award or contract to include any other payment, rebate, or direct or indirect consideration that is not included in the proposal, such as insurance premium or general excise tax rebates to or waivers for an applicant or bidder;
- (3) Making this measure effective upon its approval; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1642, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1642, H.D. 1, S.D. 2, C.D. 1.

Representatives Yamane, Mizuno, Nishimoto, Shimabukuro and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 2-10 on H.B. No. 1907**

The purpose of this bill is to address the State's fiscal challenges by temporarily:

- (1) Placing a cap on itemized deductions claimed on state income tax returns; and
- (2) Removing the refunding feature of the capital goods excise tax credit until January 1, 2016.

Your Committee on Conference has amended this bill by:

- (1) Changing the amounts at which itemized tax deductions claimed shall be capped and limiting the taxpayers to which the caps apply by adjusted gross income amounts, as follows:
  - (A) \$50,000 in the case of:
    - (i) A joint return of taxpayers with adjusted gross income of over \$300,000; or
    - (ii) A surviving spouse with adjusted gross income of over \$300,000;
  - (B) \$37,500 in the case of a head of household with adjusted gross income of over \$225,000;
  - (C) \$25,000 in the case of an individual with adjusted gross income of over \$150,000 who is not married and who is not a surviving spouse or head of household; and
  - (D) \$25,000 in the case of a married individual with adjusted gross income of over \$150,000 filing a separate return;
- (2) Changing the repeal date for the caps on the itemized deductions from December 31, 2015, to January 1, 2016;
- (3) Changing the effective date to July 1, 2010; provided that the provisions of the bill shall apply retroactive to January 1, 2010; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1907, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1907, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy and M. Lee.  
Managers on the part of the House.

Senators Kim, Kokubun and Kidani.  
Managers on the part of the Senate.

**Conf. Com. Rep. 3-10 on H.B. No. 2866**

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

- (1) Establish a tax on the transfer of a taxable estate located in Hawaii by a nonresident who is not a citizen of the United States;
- (2) Amend the definition of "Internal Revenue Code" to include certain federal tax principles; and
- (3) Ensure the State's ability to capture or "pick-up" the state death tax credit as it existed in the Internal Revenue Code on December 31, 2000.

Your Committee on Conference has amended this bill by:

- (1) Specifying that a decedent shall be entitled to all applicable exclusion or exemption amounts as determined under the Internal Revenue Code as of December 31, 2009, before being subject to any taxes, including up to a \$3,500,000 applicable exclusion amount;
- (2) Applying the provisions of the bill to the estate of any individual who dies after April 30, 2010, rather than after March 31, 2010; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2866, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2866, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy and M. Lee.  
Managers on the part of the House.

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

**Conf. Com. Rep. 4-10 on H.B. No. 2421**

The purpose of this bill is to promote economic development for Hawaii's locally produced food and energy industries, ensure food and energy self-sufficiency, and address environmental challenges relating to climate change, by providing the necessary funding, guidance, and infrastructure.

Specifically this measure, among other things:

- (1) Removes the cap on the balance in the Environmental Response Revolving Fund;
- (2) Renames the "environmental response tax" the "environmental response, energy, and food security tax" (Barrel Tax) and increases the amount of the tax from five cents to \$1.55 per barrel of petroleum product;
- (3) Exempts aviation fuel from the Barrel Tax;
- (4) Establishes a fuel tax exemption for petroleum products used by commercial air transportation providers;
- (5) Allocates moneys collected by the Barrel Tax to the:
  - (A) Environmental Response Revolving Fund (five cents);
  - (B) Energy Security Special Fund (ten cents);
  - (C) Energy Systems Development Special Fund (ten cents); and
  - (D) Agricultural Development and Food Security Special Fund (30 cents);
- (6) With respect to the Energy Security Special Fund:
  - (A) Authorizes expenditures therefrom:

- (i) To meet objectives of the Hawaii Clean Energy Initiative Program, including supporting the Department of Business, Economic Development, and Tourism's (DBEDT) energy division, including funding staff positions; and
  - (ii) To fund, to the extent possible, the Greenhouse Gas Emissions Reduction Task Force, Climate Change Task Force, and grants to economic development boards in each county and county economic development agencies to meet the objectives of the Hawaii Clean Energy Initiative Program;
- and
- (B) Requires DBEDT to report annually to the Legislature on the status of programs and activities funded by the Energy Security Special Fund;
- (7) Establishes the Hawaii Economic Development Task Force and:
- (A) Requires the task force to facilitate the adoption and completion of renewable-energy projects, energy-efficiency programs, and agricultural infrastructure and development;
  - (B) Appropriates an unspecified amount from the Energy Security Special Fund to support the task force; and
  - (C) Requires the task force to submit reports to the Legislature on its findings and recommendations, including activities funded by the Barrel Tax and the progress made toward energy and food self-sufficiency;
- (8) Establishes the Agricultural Development and Food Security Special Fund and:
- (A) Authorizes expenditures therefrom for activities intended to increase agricultural production and processing, including research on and testing of agricultural products and markets, promotion of agricultural products grown or raised in Hawaii, and funding of agricultural inspector positions in the Department of Agriculture (DOA);
  - (B) Requires DOA to report annually to the Legislature on the status of programs and activities funded by the Agricultural Development and Food Security Special Fund; and
  - (C) Appropriates therefrom unspecified amounts for, among other things: Varroa mite control and eradication, pest inspection and quarantine activities by DOA, expansion of DOA's Food Safety and Security Program, and DOA agricultural inspector positions;
- (9) Establishes the Hawaii Clean Energy Initiative Program to manage the state's transition to a clean energy economy and, among other things:
- (A) Requires the program to design, implement, and administer certain activities;
  - (B) Prior to taking any action, requires DBEDT to develop a plan of action that promotes effective prioritization and focusing of efforts consistent with the State's energy programs and objectives; and
  - (C) Requires DBEDT to report annually to the Legislature on the status and progress of new and existing clean energy initiatives;
- (10) Appropriates an unspecified amount from the Energy Security Special Fund for the Climate Change Task Force and the Greenhouse Gas Emissions Reduction Task Force;
- (11) Authorizes the Governor to establish positions necessary to manage energy projects funded by federal grants;
- (12) Effective June 30, 2015, repeals amendments made relating to the Environmental Response Revolving Fund; Energy Security Special Fund; the Environmental Response, Energy, and Food Security tax on a barrel of petroleum product, the allocations of the tax, the exemption of aviation fuel from the tax; the fuel tax exemption for petroleum products used by commercial air transportation providers; and the establishment and uses of the Agricultural Development and Food Security Special Fund; and
- (13) Provides for unexpended moneys remaining in the Agricultural Development and Food Security Special Fund upon its repeal, to lapse to the credit of the general fund.

Your Committee on Conference finds that this bill is such a critical component in the state's successful transition to energy and food self-sufficiency and preparing for the inevitable effects of climate change that its expedited passage is deemed appropriate. However, this bill contains appropriation provisions. Article VII, Section 9, of the Hawaii Constitution prohibits, with a few exceptions, the passage on final reading of appropriation bills before the supplemental appropriations bill is transmitted to the Governor. Further, your Committee on Conference finds that the language in the bill amending section 243-3.5, Hawaii Revised Statutes, is sufficiently explicit to exempt aviation fuel from the Barrel Tax. Accordingly, your Committee on Conference has amended this bill by, among other things:

- (1) Reducing the Barrel Tax to \$1.05 from \$1.55 and revising the allocation of the tax on each barrel of petroleum products as follows:
  - (A) 15 cents from 10 cents to the Energy Security Special Fund; and
  - (B) 15 cents from 30 cents to the Agricultural Development and Food Security Special Fund;

provided that any remaining balance shall be deposited to the credit of the general fund;

- (2) Deleting provisions relating to appropriations as follows:
  - (A) Appropriating from the Energy Security Special Fund unspecified sums to the:
    - (i) Hawaii Economic Development Task Force;
    - (ii) Climate Change Task Force; and
    - (iii) Greenhouse Gas Emissions Reduction Task Force;

and
  - (B) Appropriating from the Agricultural Development and Food Security Special Fund unspecified sums for various pest control efforts, the Livestock Revitalization Program, water distribution systems, and agricultural inspector positions;
- (3) Adding a provision directing the Department of Business, Economic Development, and Tourism to study and analyze the Barrel Tax, including its amount and allocation, and its impact on accomplishing the goals and objectives of this bill and submit annual reports of its findings, recommendations, and any necessary proposed legislation to the Legislature at least 20 days prior to the convening of a regular session commencing with the 2011 Regular Session and ending with the 2015 Regular Session; and
- (4) Deleting the fuel tax exemption for petroleum products used by commercial air transportation providers;
- (5) Making technical, nonsubstantive amendments for style, consistency, and clarity.

Inasmuch as the following appropriation provisions of H.B. No. 2421, H.D. 2, S.D. 2:

- (1) Section 8 (an unspecified appropriation sum from the Energy Security Special Fund for the Hawaii Economic Development Task Force);
- (2) Section 10 (unspecified appropriation sums from the Agricultural Development and Food Security Special Fund for various pest control efforts, the Livestock Revitalization Program, water distribution systems, and agricultural inspector positions);
- (3) Section 12 (an unspecified appropriation sum from the Energy Security Special Fund for the Climate Change Task Force); and
- (4) Section 13 (an unspecified appropriation sum from the Energy Security Special Fund for the Greenhouse Gas Emissions Reduction Task Force),

were deleted to constitutionally permit the expeditious passage of this bill, your Committee on Conference respectfully requests the House Committee on Finance and the Senate Committee on Ways and Means to include the substance of the aforesaid bill sections in the supplemental budget and appropriate the necessary amount of funds to accomplish their respective purposes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2421, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2421, H.D. 2, S.D. 2, C.D. 1.

Representatives Morita, Tsuji, M. Oshiro, Coffman, Wooley and Thielen.  
Managers on the part of the House.

Senators Hee, Gabbard, Fukunaga, Kim and Kokubun.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 5-10 on H.B. No. 1985**

The purpose of this bill is to address the current budget shortfall facing the State by, among other things:

- (1) Repealing the tax deduction for amounts given as political campaign contributions for taxable years beginning after December 31, 2010;
- (2) Increasing the tax on individual cigarettes and little cigars by one cent for sales on or after July 1, 2010, and increasing the same tax by an additional one cent for sales on or after July 1, 2011;
- (3) Temporarily doubling certain fees under sections 431:7-101(a) and (b), Hawaii Revised Statutes, and specifying that the increased fees be deposited equally into the Compliance Resolution Fund and the General Fund; and
- (4) Making permanent the fees for life settlement contract providers and life settlement contract brokers, including license issuance fees.

Your Committee has amended this bill by:

- (1) Extending the sunset for the increase to fees under sections 431:7-101(a) and (b), Hawaii Revised Statutes, from July 1, 2013, to July 1, 2014;
- (2) Changing the effective date of this bill from July 1, 2050, to July 1, 2010; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1985, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1985, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

Senators Kim, Kokubun and Kidani.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 6-10 on H.B. No. 1900**

The purpose of this bill is to enable the State to process military personnel actions in a timely manner by recognizing the designations of prisoner of war (POW) and missing in action (MIA) as valid descriptions of casualty status and category classification.

Your Committee believes that the POW and MIA designations are fitting and proper to recognize the men and women of our country who have gone to war to fight for and protect our freedoms, as well as to combat tyranny and oppression of peoples throughout the world.

Your Committee has amended this measure by changing the effective date to upon its approval. Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1900, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1900, S.D. 1, C.D. 1.

Representatives McKelvey, Takai and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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

#### **Conf. Com. Rep. 7-10 on H.B. No. 2376**

The purpose of this bill is to improve the accountability of Hawaii's public education system by proposing a constitutional amendment to the Hawaii Constitution to provide for a Board of Education (BOE) whose voting members shall be appointed by the Governor, with the advice and consent of the Senate, from pools of qualified candidates presented to the Governor by the BOE Candidate Nomination Commission, as provided by law.

Your Committee on Conference has amended this bill by:

- (1) Changing the constitutional provision to specify that all BOE members shall be nominated and, by and with the advice and consent of the Senate, appointed by the Governor, as provided by law;
- (2) Including a constitutional provision for a period of transition from the elected to the appointed BOE, as provided by law, in the Hawaii Constitution;
- (3) Accordingly, changing the question to be printed on the ballot to read, "Shall the Board of Education be changed to a board appointed by the Governor, with the advice and consent of the Senate, as provided by law?"; and
- (4) Changing the effective date to upon compliance with Article XVII, Section 3, of the Hawaii Constitution.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2376, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2376, H.D. 3, S.D. 2, C.D. 1.

Representatives Takumi, Karamatsu, M. Oshiro, Berg, M. Lee, Nakashima and Finnegan.  
Managers on the part of the House.  
(Representative Berg was excused.)

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

**Conf. Com. Rep. 8-10 on H.B. No. 1862**

The purpose of this bill is to extend for two years the temporary prohibition against urinating or defecating in public within the boundaries of downtown Honolulu. This prohibition would sunset on December 31, 2014. This bill also requests the Honolulu Police Department to study the effectiveness of this prohibition and to report on the number of citations issued for this violation.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1862, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1862, H.D. 1, S.D. 1, C.D. 1.

Representatives Karamatsu, Luke, Rhoads and Marumoto.  
Managers on the part of the House.  
(Representative Marumoto was excused.)

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 9-10 on H.B. No. 2077**

The purpose of this bill is to clarify the age limits for high school by:

- (1) Providing that no person who is 20 years of age or over on the first instructional day of the school year is eligible to attend a public school; provided that if a person reaches 20 years of age after the first instructional day of the school year, that person is eligible to attend public school for the full school year; and
- (2) Repealing the authority of the Superintendent of Education to grant exceptions for individual cases.

Your Committee on Conference is concerned that laws and practices should not extend an age limit for general education and special education students to enter public schools merely for the sake of allowing them to remain in school for a longer period of time. However, noting the significant effects of discontinuing special education services for the students served through them, your Committee on Conference suggests that:

- (1) The Special Education Advisory Council (SEAC) meet with other stakeholders during the interim to discuss a transition plan for special education students moving out of the public education system; and
- (2) SEAC, after taking into consideration its discussions with the other stakeholders, submit its recommendations to the Legislature prior to the convening of the Regular Session of 2011.

Your Committee on Conference has amended this bill by changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2077, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2077, H.D. 1, S.D. 1, C.D. 1.

Representatives Takumi, Berg and Ching.  
Managers on the part of the House.

Senators Sakamoto, Kidani and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 10-10 on H.B. No. 2631**

The purpose of this bill is to reduce the unnecessarily burdensome reporting requirements on the petroleum industry required by the Petroleum Industry Monitoring, Analysis, and Reporting Program (Reporting Program) under Chapter 486J, Hawaii Revised Statutes (HRS), while requiring information deemed essential for the Department of Business, Economic Development, and Tourism (DBEDT) to perform its functions by, among other things:

- (1) Repealing the Reporting Program, its special fund, and the requirement that the Public Utilities Commission (PUC) analyze the collected data; and
- (2) Establishing the Energy Data Collection Program that:
  - (A) Includes development and maintenance of an energy database system that meets the requirements of government and industry, while promoting sound policy making, energy planning, energy assurance planning, and energy security; and

- (B) Requires refiners and distributors to submit monthly reports to the Director of Business, Economic Development, and Tourism on various fuels imported, exported, sold, transferred, used, refined, manufactured, compounded, and distributed in the state, among other information pursuant to section 486J-3, HRS (monthly statements).

Your Committee has amended this bill by:

- (1) Changing the title of Chapter 486J, HRS, to "Energy Industry Information Reporting Act";
- (2) Specifying that the monthly statements be filed with the Research and Economic Analysis Division of DBEDT;
- (3) Changing the scope of data that is exempt from public disclosure under the Uniform Information Practices Act to the monthly statements and the data contained therein;
- (4) Changing the effective date to July 1, 2010; and
- (5) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2631, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2631, H.D. 2, S.D. 2, C.D. 1.

Representatives Morita, Herkes, Karamatsu, Coffman and Ching.  
Managers on the part of the House.

Senators Baker, Gabbard, Taniguchi, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senators Tsutsui and Hemmings were excused.)

**Conf. Com. Rep. 11-10 on H.B. No. 2533**

The purpose of this bill is to ensure fair and equitable conditions under which a state or county retiree may be reemployed by the State or a county by:

- (1) Establishing conditions for reemployment of a retirant in certain positions without reenrollment in the Employee Retirement System (ERS) or loss or interruption of retirement benefits;
- (2) Requiring the retirant to reimburse the ERS for any retirement allowance or other benefit paid during the reemployment if in violation of the retirant reemployment law, plus eight percent annual interest;
- (3) Requiring the retirant and the employer to pay the employee and employer contributions that should have been paid during the reemployment if in violation of the retirant reemployment law, plus eight percent annual interest; and
- (4) Requiring the employer and retirant to reimburse the ERS for administrative expenses incurred in responding to the violation, to the extent the retirant is determined to be at fault.

Various conditions in the recent past, including low unemployment, along with retirement, made it difficult for the counties and State to meet their workforce demands and an aging baby boomer generation is expected to exacerbate this problem. Allowing counties and the State to re-hire retirees to work in government was intended to help resolve the problem until workforce numbers increased, while at the same time allowing for experienced individuals to pass on their knowledge and skills to newly hired personnel. However, the ERS had several concerns with such actions, including the necessity for employers to continue to make retirement contributions and the incorporation of a waiting period prior to the rehiring of an employee to prevent perceived "double dipping" by a retiree who would be receiving a salary and retirement benefits by being rehired. Your Committee finds that this measure addresses ERS's concerns and allows the State and counties to address workforce demands in a fair way.

Your Committee also finds that this measure is important to ensure the status of the ERS as a tax-qualified retirement plan is maintained by providing penalties for retirants who are reemployed in violation of this new retirant reemployment law, and the Internal Revenue Code of 1986, as amended.

After further consideration, your Committee has amended this bill by changing its effective date from January 3, 2005, to January 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2533, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2533, H.D. 1, S.D. 2, C.D. 1.

Representatives Rhoads, M. Oshiro, Yamashita and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 12-10 on H.B. No. 1190**

The purpose of this bill is to enhance traffic safety and assist police in expediting the investigation of fatal traffic accidents by requiring the police departments of each county to:

- (1) Identify the roadways, or class of roadways, most critical to the free movement of persons and commerce; and
- (2) Establish protocols necessary to coordinate major accident investigations with law enforcement and other authorities having jurisdiction over the location of a major traffic accident.

Major accidents, especially ones that include fatalities, often result in the conducting of on-site investigations of the accident. These on-site investigations and their resulting lane closures can last for several hours and cause numerous problems for commuters, with recent traffic-incident investigations having caused delays lasting from two to eight hours. Coordinating major accident investigations between law enforcement and other agencies, including the medical examiner's office in cases of fatal traffic accidents, may help alleviate this problem and allow for the speedier restoration of normal traffic flow.

After further consideration, your Committee on Conference has amended this measure by changing its effective date from July 1, 2050, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1190, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1190, H.D. 1, S.D. 2, C.D. 1.

Representatives Souki, Karamatsu, Awana, Saiki and Pine.  
Managers on the part of the House.  
(Representative Saiki was excused.)

Senators English, Taniguchi and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 13-10 on H.B. No. 2020**

The purpose of this bill is to expand county enforcement of traffic regulations on public streets, roads, or highways whose ownership is in dispute between the State and the county, and on certain private streets, highways, or thoroughfares, to include laws relating to county vehicular taxes, motor vehicle safety responsibility, traffic violations, use of intoxicants while operating a vehicle, motor vehicle insurance, motorcycle and motor scooter insurance, and odometers.

There are hundreds of miles of private roadways throughout the state that are open to the public. However, questions have been raised regarding the legality of police officers enforcing traffic laws on these roadways. According to the Hawaii Police Chief, the District Court of the Third Circuit has questioned whether traffic laws such as those relating to seatbelt and child restraint violations, driving under the influence, and no-fault insurance requirements may be enforced on these private roads. This measure will clarify and address these issues.

After further consideration, your Committee has amended this measure by changing its effective date from September 14, 2047, to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2020, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2020, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Karamatsu, Nakashima and Pine.  
Managers on the part of the House.

Senators English, Taniguchi and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 14-10 on H.B. No. 1854**

The purpose of this bill is to allow use of the Food Distribution Program Revolving Fund for program-related expenses, such as consultant or personal services, travel expenses, and the purchase of furniture, equipment, computer hardware, or office supplies, as allowed under Title 7, Section 250.15, of the Code of Federal Regulations.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1854, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1854, S.D. 2, C.D. 1.



Representatives Takumi, M. Lee and Finnegan.  
Managers on the part of the House.

Senators Sakamoto, Tsutsui, Galuteria, Kidani and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 15-10 on H.B. No. 2676**

The purpose of this bill is to temporarily exempt contracts made by the Kaho'olawe Island Reserve Commission for the procurement of food or fuel products from the Hawaii Public Procurement Code, Chapter 103D, Hawaii Revised Statutes.

Your Committee has amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2676, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2676, H.D. 1, S.D. 1, C.D. 1.

Representatives Carroll, McKelvey, Keith-Agaran, C. Lee, Shimabukuro and Ward.  
Managers on the part of the House.  
(Representative McKelvey was excused.)

Senators Taniguchi, Takamine and Nishihara.  
Managers on the part of the Senate.

**Conf. Com. Rep. 16-10 on H.B. No. 2239**

The purpose of this measure is to remove the exemption of dietary supplement beverage containers from the deposit beverage container recycling program.

Your Committee has amended this measure by:

- (1) Changing the effective date from July 1, 2050, to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for the purposes of style and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2239, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2239, S.D. 2, C.D. 1.

Representatives Morita, Coffman and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

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

**Conf. Com. Rep. 17-10 on H.B. No. 2266**

The purpose of this bill is to address sexual abuse in prisons by requiring the Department of Public Safety (PSD) to:

- (1) Prioritize the establishment of counseling services for victims of sexual assault in prisons, and transparency standards for zero-tolerance policies regarding sexual assault;
- (2) Provide annual data to the Legislature regarding acts of sexual assault and sexual misconduct against persons in PSD custody; and
- (3) Report to the Legislature on any implementation of the federal Prison Rape Elimination Act of 2003 (Federal Act) in state correctional facilities under PSD's jurisdiction.

Sexual abuse in correctional facilities threatens the fundamental rights of prisoners to safety, dignity, and justice. Your Committee on Conference finds that this measure facilitates the establishment of policies and standards to prevent the occurrence of prison rape and provide appropriate treatment to victims.

Your Committee on Conference has amended this bill by:

- (1) Requiring PSD's report on the implementation of the Federal Act to include such efforts in correctional facilities under contract with PSD; and
- (2) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2266, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2266, H.D. 1, S.D. 1, C.D. 1.

Representatives Hanohano, Aquino and Pine.  
Managers on the part of the House.  
(Representative Pine was excused.)

Senators Espero, Tsutsui and Galuteria.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 18-10 on H.B. No. 1987**

The purpose of this bill is to stop the illegal importation, sale, and transfer of fireworks by taking the following actions against those activities:

- (1) Expanding the definition of "fireworks" to include fireworks that are labeled as samples, even if not intended for sale;
- (2) Establishing a nuisance action under the Penal Code to abate those activities;
- (3) Giving citizens who bring an action to abate those activities the same rights and protections of victims and witnesses in criminal proceedings; and
- (4) Subjecting to the forfeiture laws, property used or intended to be used and proceeds acquired in the commission or attempted commission of those activities.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1987, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1987, H.D. 2, S.D. 2, C.D. 1.

Representatives Hanohano, Karamatsu, M. Lee, Manahan and Thielen.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 19-10 on H.B. No. 1684**

The purpose of this bill is to prevent and reduce the intentional introduction and spread of invasive species by:

- (1) Establishing a petty misdemeanor offense for any person who violates the provisions governing importation of certain agricultural items;
- (2) Establishing a class C felony offense for intentionally importing, possessing, harboring, transferring, or transporting, including through interisland or intransland movement, any pest designated by statute or rule unless otherwise allowed by law; and
- (3) Expanding the presumption regarding whether a person possesses the "intent to propagate" to include pests designated by statute or rule.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1684, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1684, H.D. 2, S.D. 2, C.D. 1.

Representatives Tsuji, Morita, Souki, Karamatsu, Wooley and Marumoto.  
Managers on the part of the House.  
(Representative Karamatsu was excused.)

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

**Conf. Com. Rep. 20-10 on H.B. No. 2289**

The purpose of this bill is to protect holders of gift certificates by amending Hawaii's gift certificate law to:

- (1) Extend the minimum expiration period for gift certificates from two years to five years;
- (2) Allow limited issuance or activation fees; and
- (3) Amend the definition of "gift certificate."

Your Committee on Conference finds that under the current law, Hawaii's definition of "gift certificate" includes prepaid debit cards, and state chartered banks and savings and loan associations are prohibited from issuing them. Because Hawaii's gift certificate law does not apply to federally chartered banks and savings and loan associations, those institutions are free to issue prepaid debit cards, placing state chartered institutions at a competitive disadvantage. This measure aims to harmonize Hawaii's definition of "gift certificate" with the federal Credit Card Act of 2009, thus helping state chartered institutions compete in the Hawaii market.

Your Committee on Conference further finds that extending the minimum expiration date of gift certificates to five years is also consistent with the Credit Card Act of 2009 and is more consumer friendly than the previous expiration date of two years. However, your Committee on Conference recognizes that the cost of keeping accounts open for up to five years, as well as the cost of issuing and maintaining open-loop prepaid cards is greater than the costs of one-use paper cards, and a one-time activation or issuance fee will help to allay these costs.

Your Committee on Conference has amended this measure by:

- (1) Reinstating the exemption from the gift certificate law for gift certificates issued to a nonprofit organization; and
- (2) Providing that the expiration date for paper gift certificates shall not be less than two years from the date of issuance of the certificate.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2289, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2289, H.D. 2, S.D. 1, C.D. 1.

Representatives McKelvey, Wakai and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 21-10 on H.B. No. 2283**

The purpose of this bill is to:

- (1) Require all officers and employees of the State and each county who are conducting public procurement to do so in an ethical manner, as described in the measure; and
- (2) Require that any person, including any actual or prospective bidder, offeror, contractor, or business taking part in public procurement to act in good faith to practice purchasing ethics, and display business integrity, as described in the measure.

Your Committee on Conference finds that Hawaii Administrative Rules section 3-131-1.02 is similar to this measure, which is intended to strengthen and emphasize the State's commitment to ethical procurement practices, and enhance public confidence in the integrity of the procurement process.

Your Committee on Conference has amended this bill by:

- (1) Removing references to "any person," which might be read to apply this bill to a broader range of interactions than intended;
- (2) Changing the effective date to upon its approval; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2283, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2283, H.D. 2, S.D. 1, C.D. 1.

Representatives McKelvey, Choy and Ward.  
Managers on the part of the House.

Senators Taniguchi, Nishihara and Takamine.  
Managers on the part of the Senate.

(Senator Takamine was excused.)

**Conf. Com. Rep. 22-10 on H.B. No. 1863**

The purpose of this bill is to:

- (1) Establish solicitation of prostitution near schools or public parks as a misdemeanor offense and add this offense to those solicitation offenses counted toward "habitual prostitution offender" status; and
- (2) Extend the sunset date for Act 192, Session Laws of Hawaii 2008, which established the criminal offense of habitual solicitation of prostitution, to June 30, 2012.

Your Committee has amended this bill by:

- (1) Deleting language that establishes solicitation of prostitution near schools or public parks as a misdemeanor offense and adds this offense to those solicitation offenses counted toward "habitual prostitution offender" status; and
- (2) Changing the effective date to June 29, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1863, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1863, H.D. 1, S.D. 1, C.D. 1.

Representatives Karamatsu, Luke, Rhoads and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 23-10 on H.B. No. 1992**

The purpose of this bill is to make permanent the intermediate appellate court judges' express authority to subpoena witnesses, compel the production of evidence, and administer oaths.

Your Committee on Conference has amended this bill by changing its effective date to June 29, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1992, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1992, H.D. 1, S.D. 1, C.D. 1.

Representatives Karamatsu, Luke, Tsuji and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 24-10 on H.B. No. 2595**

The purpose of this bill is to strengthen and bring fairness to the general excise tax (GET) system by:

- (1) Precluding a taxpayer from using a GET benefit, including exemptions, deductions, lower rates, or income splitting, unless the taxpayer follows specified administrative requirements;
  - (2) Creating a personal liability for businesses that use the GET to ensure that those funds are paid to the State;
  - (3) Requiring taxpayers to:
    - (A) Provide certain information relating to claims for GET credits or exemptions from the GET to the Department of Hawaiian Home Lands (DHHL) and the Hawaii Housing Finance and Development Corporation (HHFDC); and
    - (B) Consent to the public disclosure of the information as a condition of claiming a credit against or taking an exemption from the GET;
- and
- (4) Allowing the Department of Taxation (DOTAX) to conduct periodic reviews of all housing projects for which a claimant has received a GET exemption.

Your Committee on Conference has amended this bill by:

- (1) Clarifying the administrative requirements for taxpayers to claim a GET benefit;
- (2) Removing the provisions pertaining to providing information relating to claims for GET credits or exemptions to DHHL and HHFDC;
- (3) Removing provisions that would have allowed DOTAX to conduct periodic reviews of housing projects for which a claimant received a GET exemption;
- (4) Removing the provisions which exempted amounts received by certain persons listed in section 237-23, Hawaii Revised Statutes (HRS), since every person listed in that section is completely exempt from the chapter;
- (5) Removing the provisions for the limited exemption for certain amounts listed in section 237-24, HRS, because that section states that Chapter 237, HRS, specifically does not apply to every amount listed;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2595, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2595, H.D. 1, S.D. 2, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Finnegan.  
Managers on the part of the House.

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

**Conf. Com. Rep. 25-10 on H.B. No. 1818**

The purpose of this bill is to support the successful transition from incarceration back to the community by authorizing the Department of Public Safety to offer cognitive behavioral therapy with cultural and other interventions in reentry/reintegration programs at Hawaii's correctional facilities.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1818, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1818, H.D. 2, S.D. 2, C.D. 1.

Representatives Hanohano, Carroll, Aquino, Awana, Shimabukuro and Ward.  
Managers on the part of the House.  
(Representative Carroll was excused.)

Senators Espero, Hee, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 26-10 on H.B. No. 2288**

The purpose of this bill is to prohibit real property deed restrictions or other covenants running with the land from requiring transferees to pay fees for the future transfer of the property, except certain fees or charges relating to:

- (1) Payments to a lender on a mortgage loan secured by the property;
- (2) Payments to a condominium association, cooperative housing corporation, limited-equity cooperative, or planned community association pursuant to a declaration, covenant, or law applicable to the association or corporation;
- (3) Lease payments and charges to landlords;
- (4) Payments to the holder of an option to purchase an interest in real property, or holder of a right of first refusal or first offer to purchase such interest, for waiving the option or right upon transfer of the property to another person;
- (5) Payments by a developer of real property for resale to others;
- (6) Payments to a government entity;

- (7) Payments made pursuant to a deed restriction or other covenant running with the land required by a litigation settlement approved by a court before the effective date of this bill; and
- (8) Payments to a qualified organization for its management of conservation land or for educating the new owners of the property on the conservation restrictions imposed upon the property.

Private transfer fees created through a deed restriction or covenant on real property require every buyer of the property to pay the fee to the party that created that restriction. Because this transfer fee is paid every time the property is transferred, the party imposing the restriction retains a perpetual interest in the transferred property. These fees may create prohibitive costs for homeownership, negatively impact the marketability of real property, discourage buyers, and depress property values. This bill would prohibit these fees while exempting certain usual and customary fees, assessments, or charges that are typical for various real property transactions.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that any deed restriction, covenant running with the land, or lien:
  - (A) To the extent that it purports to secure the payment of a transfer fee prohibited by this bill; and
  - (B) Created, filed, or recorded on or after the effective date of this bill;
 is void and unenforceable;
- (2) Inserting a sunset date of June 30, 2015, for the provisions of this bill; and
- (3) Making technical, nonsubstantive amendments for clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2288, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2288, H.D. 1, S.D. 2, C.D. 1.

Representatives Herkes, Karamatsu, Ito, Sagum and Marumoto.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 27-10 on H.B. No. 2497**

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist Carbon Bio-Engineers Inc, with the development of non-fossil fuel energy production.

Your Committee has amended this measure by correcting a reference to the proper name of the industrial enterprise to be assisted by this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2497, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2497, S.D. 1, C.D. 1.

Representatives Morita, Coffman and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

Senators Gabbard, Tsutsui and Green.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 28-10 on H.B. No. 2919**

The purpose of this bill is to provide equity in benefits to people doing similar work by expanding the definition of "sewer worker" to include sewer maintenance working supervisors, wastewater collection system inspection supervisors, wastewater collection system district supervisors, and wastewater collection system field services supervisors.

Your Committee on Conference recognizes the concerns presented by the Employees' Retirement System (ERS) regarding expanding the definition of "sewer worker" under section 88-21, Hawaii Revised Statutes, as it will enable a greater number of employees to take early retirement without reduction for age as long as the member has at least 25 years of service. ERS also indicated that this action will increase the ERS' \$6.2 billion unfunded actuarial accrued liability, and it is contrary to the moratorium on benefit enhancements set in place by Act 256, Session Laws of Hawaii 2007. However, your Committee on Conference finds that this bill would have a minimal impact as, according to the City and County of Honolulu's Department of Human Resources, there are only seven employees who would receive this benefit enhancement should this bill become law and that it is fair and appropriate to provide similarly situated employees who perform substantially similar duties with comparable benefits under the ERS.

After further consideration, your Committee on Conference has amended this bill by changing its effective date from January 3, 2055, to July 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2919, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2919, H.D. 1, S.D. 2, C.D. 1.

Representatives Rhoads, Yamashita and Pine.  
Managers on the part of the House.  
(Representative Pine was excused.)

Senators Takamine, Tsutsui and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 29-10 on H.B. No. 2831**

The purpose of this bill is to authorize the Natural Energy Laboratory of Hawaii Authority (NELHA) to acquire, hold, and sell qualified securities subject to certain conditions, and to accept monetary donations, property, and services, from government agencies, corporations, or individuals.

Additionally, this measure defines the term "qualified security" and requires NELHA to include information relating to qualified securities and the acceptance of monetary donations in its annual report.

Your Committee on Conference finds that NELHA has been offered equity securities from tenants and investors in exchange for leases of property under its control. However, the Attorney General has informed NELHA that it does not have the statutory authority to accept or hold any equity securities and could be subject to lawsuit. This measure will expand the ability of NELHA to conduct business with tenants, potential investors, and donors, by authorizing NELHA to accept and use qualified securities, donations, or other monetary awards.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2831, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2831, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Choy, Evans and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 30-10 on H.B. No. 1978**

The purpose of this measure is to provide consumers of tow services with greater protection and convenience by requiring towing companies:

- (1) In counties with populations greater than 500,000 persons, to operate 24 hours per day, seven days a week and offer services including the release of vehicles in storage;
- (2) To maintain insurance of at least:
  - (A) \$500,000 for bodily injury;
  - (B) \$200,000 for property damage;
  - (C) \$175,000 for on-hook coverage; or
  - (D) \$1,000,000 for a combined single limit of liability,
 to protect owners of towed vehicles from, among other damages, bodily injury in the course of towing;
- (3) To allow payment of fees for towing services and storage of the vehicle to be made in cash or by debit card, credit card, insurance company check, or commercial check issued by a licensed towing company dispatched by the registered or legal owner or insurer; and
- (4) Where a vehicle is left unattended without authorization, to accept payment from a registered owner, insurer, or a designated representative of the property owner by, among other means, debit card, insurance company check, or commercial check.

Consumers and businesses alike have encountered problems in obtaining the release of vehicles from towing companies because currently, tow-companies are only required to be in operation 24 hours a day, seven days a week if they operate in a county with a population greater than 500,000 persons and want to be entitled to overtime charges. Because of this inability to retrieve their vehicles in a timely manner, consumers and businesses are often faced with increased towing costs due to storage fees.

Tow-companies are also required to maintain insurance coverage sufficient to protect owners of towed vehicles in the event of vehicle loss or damage due to towing. However, according to the Hawaii State Towing Association, some tow-companies only maintain no-fault insurance to satisfy this requirement which in actuality may not be sufficient to cover damages to today's higher end vehicles.

Your Committee on Conference has amended this bill by:

- (1) Establishing, under Hawaii's Statewide Traffic Code, provisions relating to the release of vehicles and methods of payment for consensual towing services;
- (2) Deleting the provisions relating to a vehicle left unattended without authorization from the property owner;
- (3) Changing the effective date from January 1, 2011, to upon its approval; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1978, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1978, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Karamatsu and Pine.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 31-10 on H.B. No. 2061**

The purpose of this bill is to assist members of the United States Armed Forces, Armed Forces Reserves, and National Guard by statutorily establishing a process by which the family court can resolve matters regarding child custody and visitation for those members whose military duties require temporary absences.

Your Committee on Conference has amended this bill by extensively revising its provisions to provide, among other things:

- (1) Definitions for "deployment" and "deployed," "deploying parent" and "deployed parent," "military service," and "other parent";
- (2) That the provisions of the new part added by this bill will only apply to actions initiated under the Annulment, Divorce, and Separation, and Uniform Parentage Act chapters of the Hawaii Revised Statutes;
- (3) That each parent must cooperate and provide necessary information, including notification of deployment at least 60 days prior to the likely start of the deployment if known, or within ten days of the deploying parent's receipt of deployment orders;
- (4) That the Family Court may expedite custody hearings involving deploying parents and may allow already-deployed parents to participate in custody hearings using specified electronic means;
- (5) That deployment or the potential for future deployment must not be the sole factor in custody awards and that if deployment or the potential for future deployment results in a modification of prior custody or visitation terms, the court must include specified conditions;
- (6) Authorization to the Family Court to include specified requirements for visitation and contact; and
- (7) That a deployed parent's contact rights may be delegated to specified individuals during the deployed parent's deployment with certain conditions.

Your Committee on Conference has also amended this bill by:

- (1) Changing the effective date to August 1, 2010; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2061, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2061, H.D. 1, S.D. 2, C.D. 1.

Representatives Mizuno, McKelvey, Brower, Belatti, Evans and Ward.  
Managers on the part of the House.

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



**Conf. Com. Rep. 32-10 on H.B. No. 869**

The purpose of this bill is to assist rental motor vehicle companies in dealing with traffic violations committed by renters by:

- (1) Extending the period of time within which the rental motor vehicle company must provide a lessee's name and address upon notice that a rental motor vehicle has been involved in a traffic violation from 45 to 60 days; and
- (2) Clarifying that the period of time within which the rental motor vehicle company must provide the lessee's name and address begins on the date of the mailing of the notice of violation.

Currently, when a person driving a rental car in Hawaii is cited for a traffic violation, the rental car company has 45 days to respond to the notice of a traffic infraction. If the rental car company does not respond within this timeframe, the company is required to pay the full fine. However, as the registered owners of a rental car are often a parent company located on the continental United States, it may take additional time for a notice of infraction to be received and processed by the company, thereby causing a delay in their response. Allowing additional time for the company to respond and clarifying that the time period begins on the date of the mailing of the notice will create deadlines that rental car companies would be better able to meet.

After further consideration, your Committee on Conference has amended this bill by changing its effective date from July 1, 2075, to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 869, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 869, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Karamatsu and Pine.  
Managers on the part of the House.

Senators English, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senator Taniguchi voted no.)

**Conf. Com. Rep. 33-10 on H.B. No. 2349**

The purpose of this bill is to expand the class of emergency services providers protected against assault and terroristic threatening by including physicians, physician's assistants, nurses, and nurse practitioners providing medical services in an emergency room of a hospital (Protected Providers).

Your Committee on Conference has amended this bill by:

- (1) Specifically including certified registered nurse anesthetists, respiratory therapists, laboratory technicians, radiology technicians, and social workers as Protected Providers;
- (2) Changing the effective date to upon its approval; and
- (3) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2349, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2349, H.D. 1, S.D. 2, C.D. 1.

Representatives Yamane, Karamatsu, Belatti and Finnegan.  
Managers on the part of the House.

Senators Ige, Taniguchi and Green.  
Managers on the part of the Senate.

**Conf. Com. Rep. 34-10 on H.B. No. 2575**

The purpose of this bill is to ensure quality care is provided in the state's trauma care facilities by giving statewide emergency and trauma system multidisciplinary quality assurance and peer review subcommittees convened and conducted by the Department of Health (DOH) for the purposes of making system improvements, peer review protections similar to those applicable to peer review committees formed by hospitals and health maintenance organizations.

Your Committee on Conference has amended this bill by:

- (1) Deleting:
    - (A) Provisions authorizing DOH to form multidisciplinary peer review committees; and
    - (B) Duplicative provisions regarding quality assurance committees' access to patient care records and system performance data for the purpose of making recommendations to DOH for statewide trauma system improvements;
- and

- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2575, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2575, H.D. 2, S.D. 2, C.D. 1.

Representatives Yamane, Karamatsu, Belatti and Finnegan.  
Managers on the part of the House.  
(Representative Finnegan was excused.)

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

**Conf. Com. Rep. 35-10 on H.B. No. 2688**

The purpose of this bill is to clarify the rational link between the benefits sought and charges made on the users and beneficiaries of the Environmental Health Education Fund by:

- (1) Changing the name of the Environmental Health Education Fund to the Sanitation and Environmental Health Special Fund (Special Fund); and
- (2) Allowing the use of Special Fund moneys for sanitation program activities, including permitting, inspections, enforcement, and the hiring of additional inspectors.

Your Committee on Conference has amended this bill by:

- (1) Changing its effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2688, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2688, H.D. 1, S.D. 2, C.D. 1.

Representatives Yamane, M. Oshiro, Nishimoto and Finnegan.  
Managers on the part of the House.

Senators Gabbard, Ige and Tsutsui.  
Managers on the part of the Senate.

**Conf. Com. Rep. 36-10 on H.B. No. 2450**

The purpose of this bill is to extend the applicability of Act 173, Session Laws of Hawaii 2009 (Act 173), which facilitated the financing and development of renewable energy projects by exempting leases and easements pertaining to certain renewable energy projects from the subdivision approval requirement, to include agricultural-energy facilities on plantation community subdivisions. This bill further provides that any renewable energy project receiving an exemption from subdivision that fails to apply for subdivision approval from the agency that originally granted the subdivision exemption within two years of obtaining the exemption, forfeits the original exemption.

Your Committee on Conference finds that development of renewable energy resources is a critical component in the State's overall goal of energy independence and a clean energy economy. Your Committee on Conference also finds that the purpose of the subdivision requirements need not be in conflict with the State's energy goals, if the exemptions are prudently applied to appropriate situations.

Your Committee on Conference has amended this bill by replacing the contents of this bill with the provisions in the H.D. 1. As amended, this bill extends the provision under Act 173 exempting leases and easements pertaining to certain renewable energy projects from the subdivision approval requirement, to include renewable energy facilities on:

- (1) Agricultural lands approved by the Land Use Commission or county planning commission under the state's land use laws; and
- (2) Conservation lands permitted or approved by the Board of Land and Natural Resources under the laws regulating the state's conservation district lands.

This bill further provides that these provisions be repealed on July 1, 2013, at the time the provision under Act 173 exempting leases and easements pertaining to certain renewable energy projects from the subdivision approval requirement is repealed.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2450, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2450, H.D. 1, S.D. 2, C.D. 1.

Representatives Morita, Ito, Tsuji and Thielen.

Managers on the part of the House.

Senators Gabbard, English, Hee, Hooser and Slom.  
Managers on the part of the Senate.  
(Senators Hee and Hooser were excused.)

**Conf. Com. Rep. 37-10 on H.B. No. 2725**

The purpose of this bill is to sufficiently preserve the health and well-being of a pet animal by:

- (1) Establishing a definition of a primary pet enclosure; and
- (2) Amending the definition of "necessary sustenance" to include a broader range of care needed for the adequate care of pet animals.

Your Committee on Conference has amended this bill by:

- (1) Adding a purpose section;
- (2) Clarifying that the definition of "primary pet enclosure" is not meant to refer to enclosures used for animals raised for meat or egg production;
- (3) Changing the effective date to January 1, 2011; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2725, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2725, H.D. 1, S.D. 1, C.D. 1.

Representatives Karamatsu, Nakashima and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 38-10 on H.B. No. 2661**

The purpose of this bill is to improve the availability of organ donations by establishing that, when an authorized person other than the decedent approves an anatomical gift of the decedent's body or body parts, only an express statement by a person or persons authorized to amend or revoke the earlier approval will amend or revoke that decision.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval; and
- (2) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2661, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2661, H.D. 2, S.D. 2, C.D. 1.

Representatives Yamane, Karamatsu, Belatti and Finnegan.  
Managers on the part of the House.

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

**Conf. Com. Rep. 39-10 on H.B. No. 2397**

The purpose of this bill is to ensure compliance with the federal National Defense Authorization Act for Fiscal Year 2010, P.L. 11-84 (federal Act), which requires states to mail absentee ballots to uniformed and overseas voters no later than 45 days prior to federal elections by:

- (1) Moving the date of the primary election to the second Saturday of August; and
- (2) Requiring nomination papers to be filed no later than 4:30 p.m. on the first Tuesday in June of an election year.

Your Committee on Conference has amended this bill by:

- (1) Specifying the complete name of the federal Act in the purpose and findings section of the bill;

- (2) Changing the effective date to January 1, 2011; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2397, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2397, H.D. 1, S.D. 1, C.D. 1.

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

Senators Taniguchi, Takamine, Nishihara and Slom.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 40-10 on H.B. No. 1212**

The purpose of this bill is to protect from public disclosure the record of complaints including all dispositions compiled as part of an inquiry into an individual's fitness to be granted or to retain a license.

Your Committee on Conference has amended this bill by:

- (1) Providing that there is no significant privacy interest for the record of complaints including all dispositions compiled as part of an inquiry into an individual's fitness to be granted or to retain a license, but in the case of persons licensed under Title 25, Professions and Occupations, the provision only applies to the record of complaints resolved against that person;
- (2) Changing the sunset date from July 1, 2014, to July 1, 2013; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee on Conference notes that the reference to a resolved record of complaints is intended to include warning letters and other intermediary final actions that may be taken before sanctions and penalties are incurred, but is not meant to include hearings and investigations.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1212, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1212, H.D. 1, S.D. 1, C.D. 1.

Representatives Karamatsu, Choy, Mizuno and Thielen.  
Managers on the part of the House.  
(Representative Mizuno was excused.)

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 41-10 on H.B. No. 2644**

The purpose of this bill is to clarify that the solid waste management surcharge applies to all solid waste disposal facilities that receive solid waste for ultimate disposal through landfilling, incineration, or through a waste-to-energy facility whether in-state or out-of-state that are regulated by the office of solid waste management.

Your Committee on Conference has amended this bill by:

- (1) Adding a purpose section;
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2644, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2644, H.D. 2, S.D. 2, C.D. 1.

Representatives Morita, Coffman, Tokioka and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

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

**Conf. Com. Rep. 42-10 on H.B. No. 1665**

The purpose of this bill is to prevent the loss of Hawaiian fishponds, a valuable cultural resource, and encourage their restoration and preservation by prohibiting the sale of public lands on which government-owned Hawaiian fishponds are located.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1665, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1665, H.D. 1, S.D. 2, C.D. 1.

Representatives Carroll, Ito, M. Oshiro and Ward.  
Managers on the part of the House.

Senators Hee, Kim, Fukunaga and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 43-10 on H.B. No. 2604**

The purpose of this bill is to improve the integrity and security of State-issued driver's licenses and identification cards by aligning state law with the requirements of the REAL ID Act. Specifically, this measure extends the maximum term of a commercial driver's license from six years to eight years for persons 21 years through 71 years of age.

This bill also appropriates \$8,000 out of the State Highway Fund to implement the extension.

Your Committee on Conference notes that the intent of the proposed change is to prepare for the REAL ID Act, which is a nationwide effort to improve the integrity and security of state-issued driver's licenses and identification cards with the objective of fighting terrorism and reducing fraud. This measure also provides greater consistency between the various identification cards and licenses in Hawaii.

After further consideration, your Committee on Conference has amended this bill by changing the effective date from July 1, 2050, to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2604, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2604, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Awana and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 44-10 on H.B. No. 865**

The purpose of this bill is to increase efficiency in the maintenance of highways in Hawaii by, among other things:

- (1) Creating a pilot project to transfer the Department of Transportation's (DOT) statutory maintenance functions, and applicable funding, for state highways on Maui, Molokai, and Lanai to the County of Maui;
- (2) Transferring officers, employees, records, and appropriations from DOT to the County of Maui Department of Public Works;
- (3) Maintaining the State's ownership of the state highways included in the pilot project during the project's duration;
- (4) Requiring DOT to create an equitable proportionate funding formula for Maui County for highway maintenance functions;
- (5) Allowing Maui County to adopt administrative rules to supersede state administrative rules when the county administrative rules are more stringent than state administrative rules regarding highway maintenance;
- (6) Creating the State and Maui County Transportation Working Group (Working Group) to plan the implementation of the pilot project;
- (7) Requiring DOT and Maui county to report to the Legislature regarding the implementation of the project; and
- (8) Establishing a sunset date of December 31, 2016, for the pilot project.

Hawaii differs from the rest of the nation because its unique geography as an island state does not lend itself to a truly intrastate or interstate highway system. This situation has resulted in a system where the State, through DOT, holds jurisdiction over all federal-aid highways while the counties

hold jurisdiction over all other roadways and highways. However, it has also resulted in duplicative functions being performed, with both the State and counties sharing overlapping functions for the maintenance of highways. As a result, funds may be unnecessarily spent on routine highway maintenance. Given the fiscal crisis currently facing the State, it would be prudent to examine the elimination of duplicative state and county highway functions.

On the other hand, your Committee on Conference understands concerns raised that the implementation of such a pilot project may be premature at this time and that it would be more prudent for the working group established in this measure to conduct a feasibility study on the transfer of state highway maintenance functions to the counties. Accordingly, your Committee on Conference has amended this bill by:

- (1) Deleting all provisions relating to the creation of a pilot project and the transfer of state highway maintenance functions, including among other things, the transfer of moneys, officers, employees, and records, to Maui County;
- (2) Mandating that the Working Group conduct a study to determine the feasibility of transferring all applicable state highway maintenance functions to counties with populations that, according to the United States Census Bureau, had a population between one hundred thousand and one-hundred thirty-five thousand in the 2000 Census, rather than planning the implementation of the pilot project;
- (3) Requiring the Working Group to submit a report to the Legislature on the feasibility study, including any problems, implementation plans, necessary legislation, and any other relevant information no later than twenty days prior to the convening of the Regular Session of 2011;
- (4) Changing the effective date from July 1, 2050, to July 1, 2010;
- (5) Deleting the sunset date of December 31, 2016; and
- (6) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 865, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 865, H.D. 1, S.D. 1, C.D. 1.

Representatives Souki, Ito, Awana, Keith-Agaran and Pine.  
Managers on the part of the House.  
(Representatives Ito and Keith-Agaran were excused.)

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

#### **Conf. Com. Rep. 45-10 on H.B. No. 415**

The purpose of this bill is to direct the Auditor to conduct a financial and management audit of the Department of Public Safety's (PSD) contract with the Corrections Corporation of America and the federal detention center in Honolulu.

Your Committee on Conference has amended this bill by:

- (1) Streamlining the contents of the bill to focus more on the audit and less on the implications of the closure of Kulani correctional facility;
- (2) Clarifying that PSD's contract is not with the Corrections Corporation of America specifically, but for prison beds and services outside of Hawaii; and
- (3) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 415, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 415, H.D. 2, S.D. 2, C.D. 1.

Representatives Hanohano, Aquino and Pine.  
Managers on the part of the House.

Senators Espero, Kim, Kidani and Kokubun.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 46-10 on H.B. No. 2692**

The purpose of this bill is to require the Director of Civil Defense (Director) to work with the appropriate county civil defense agencies to prepare a disaster preparedness plan for the 44<sup>th</sup> and 45<sup>th</sup> representative districts.

Your Committee on Conference has amended this bill by:

- (1) Making the preparation of the plan by the Director discretionary, rather than mandatory;

- (2) Authorizing the Director to work with the mayor or deputy director of civil defense of the City and County of Honolulu to prepare the plan, rather than with the appropriate county civil defense agencies;
- (3) Changing the effective date to upon its approval; and
- (4) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2692, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2692, H.D. 1, S.D. 1, C.D. 1.

Representatives Hanohano, Aquino, Awana, Herkes and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 47-10 on H.B. No. 2505**

The purpose of this bill is to improve public access through the State's internet portal to government information and services by:

- (1) Establishing the Access Hawaii Committee Special Fund (Special Fund) and a funding mechanism for the Special Fund; and
- (2) Appropriating unspecified funds from the Special Fund to support the Access Hawaii Committee.

Your Committee on Conference has amended this bill by:

- (1) Inserting an appropriation amount of \$185,000; and
- (2) Changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2505, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2505, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Yamashita and Ward.  
Managers on the part of the House.  
(Representative Chong was excused.)

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

**Conf. Com. Rep. 48-10 on H.B. No. 2157**

The purpose of this bill is to ensure adequate capacity for the provision of long-term care to persons with nursing facility level care needs by increasing capacity limitations from two to three nursing facility level residents in Type I Expanded Adult Residential Care Homes.

Your Committee on Conference has amended this bill by:

- (1) Inserting a sunset date of June 30, 2013;
- (2) Requiring the Department of Health to submit reports to the Legislature, including findings and recommendations, regarding the effect of the increased capacity of type I expanded adult residential care homes; and
- (3) Making it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2157, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2157, H.D. 1, S.D. 1, C.D. 1.

Representatives Mizuno, Yamane, Brower, Bertram and Ward.  
Managers on the part of the House.  
(Representative Bertram was excused.)

Senators Ige, Chun Oakland, Espero and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 49-10 on H.B. No. 979**

The purpose of this bill is to temporarily authorize funds from the Special Land and Development Fund and the Land Conservation Fund to be used for invasive species control and mitigation, reforestation, and sediment run-off mitigation.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 979, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 979, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Morita, Har and Ward.  
Managers on the part of the House.  
(Representative Morita was excused.)

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

**Conf. Com. Rep. 50-10 on H.B. No. 2084**

The purpose of this bill is to meet rising health care costs and ensure that Hawaii's residents have continued access to quality health care by appropriating state funds to maximize the availability of the federal disproportionate share hospital allowance. Specifically, this measure appropriates funds to:

- (1) Match the federal disproportionate share hospital allowance (Hospital Allowance) allocated to Hawaii for fiscal year (FY) 2010; and
- (2) Obtain a matching Hospital Allowance for prior FY expenditures by the State.

Your Committee on Conference has amended this bill by:

- (1) Extending until June 30, 2011, the lapsing of the appropriation authorized by Act 23, Special Session Laws of Hawaii 2009, so that previously allocated but unused funds may be used to secure the Hospital Allowance;
- (2) Changing the effective date to upon its approval; and
- (3) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2084, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2084, H.D. 1, S.D. 1, C.D. 1.

Representatives Yamane, M. Oshiro, Nishimoto and Ward.  
Managers on the part of the House.

Senators Ige, Chun Oakland, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 51-10 on S.B. No. 2650**

The purpose of this measure is to:

- (1) Clarify that in any contract entered into with a Medicaid healthcare insurance plan contractor that provides reimbursement to home and community-based case management agencies, the Department of Human Services shall include specified contract provisions that specify the duties and obligations of the Medicaid healthcare insurance plan contractor to the home and community-based case management agency; and
- (2) Require that all intake and eligibility services provided to recipients of public assistance under the Department of Human Services be performed directly by employees of the Department of Human Services.

Your Committee on Conference has deleted the contents of this measure and substituted provisions to:

- (1) Authorize the Governor, through the Department of Human Services, to develop and implement pursuant to administrative rules, an eligibility-processing operations division pilot project for the Department of Human Services' benefit, Employment and Support Services division; Social Services division; and Med-QUEST division that includes the intake, maintenance, and eligibility



determination functions for public assistance, the supplemental nutrition assistance program, foster care services, and Medicaid services for benefit recipients in any county with a population of five hundred thousand or more; and

- (2) Prohibit the Department of Human Services from implementing any reorganization plan, proposed prior to the effective date of this measure, to transfer intake, maintenance, and eligibility determination functions for public assistance, the supplemental nutrition assistance program, foster care services, and Medicaid services to an eligibility-processing operations division.

The intent of this amended measure is to address the plan of the Department of Human Services to lay off nearly half of its 517 workers who process applications for government benefits and will shut down 31 eligibility offices statewide under a cost-cutting plan set to go into effect June 30. (*The Honolulu Advertiser*, March 30, 2010)

Your Committee on Conference finds that the planned new processing system would erect more barriers for low-income people seeking aid. Decreasing the number of workers available for face-to-face consultations will be devastating to the elderly and those with limited English skills. Furthermore, your Committee believes that a decrease in face-to-face interviews upon application for aid will increase the potential for fraud and abuse in the benefits system.

Your Committee on Conference has amended this measure accordingly to provide for a rational and systematic plan to establish a pilot program to process applications for several divisions of the Department of Human Services.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2650, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2650, S.D. 2, H.D. 2, C.D. 1.

Representatives Mizuno, Yamane, Brower and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

Senators Chun Oakland, Baker, Kim and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings voted no.)

#### **Conf. Com. Rep. 52-10 on S.B. No. 2405**

The purpose of this measure is to:

- (1) Amend section 235-7, Hawaii Revised Statutes, (gross income, adjusted gross income, and taxable income) to establish that no net operating loss carryback generated in taxable year 2009 under this chapter, may be claimed for taxable years 2007 and 2008, and no net operating loss carryback generated in taxable year 2010, may be claimed for taxable years 2008 and 2009 (part I);
- (2) Add a new section to chapter 235, Hawaii Revised Statutes, to establish caps on itemized tax deductions, ranging from \$50,000 to \$100,000, to be repealed on December 31, 2015 (part II); and
- (3) Amend section 235-110.7, Hawaii Revised Statutes, (capital goods excise tax credit) to remove the refunding feature of the capital goods excise tax credit from January 1, 2010, to December 31, 2015 (part III).

Your Committee on Conference has incorporated the provisions of this measure into H.B. No. 1907, H.D. 1, S.D. 1, C.D. 1, and replaced the contents of this measure with the Senate version, S.B. No. 2405, S.D. 2, and amended the effective date.

Specifically, this measure adopts changes to Hawaii's tax laws that will allow Hawaii to participate in the national Streamlined Sales and Use Tax Agreement by:

- (1) Moving the one-half of one per cent tax rate for wholesale transactions to a new chapter;
- (2) Adding a new chapter on the taxation of imports of property, services, and contracting;
- (3) Moving the 0.15 per cent tax on insurance producers to a new chapter;
- (4) Eliminating the tax on businesses owned by disabled persons;
- (5) Providing for destination-based sourcing and amnesty;
- (6) Establishing a 6-member committee, administratively attached to the Department of Taxation, to oversee the Department's implementation and administration of, and compliance with the Streamlined Sales and Use Tax Agreement; and
- (7) Making the Act effective when the State becomes a party to the Streamlined Sales and Use Tax Agreement; provided that section 32, which creates a committee to oversee the Department of Taxation's implementation and administration of, and compliance with the Streamlined Sales and Use Tax Agreement, shall take effect on approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2405, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2405, S.D. 2, H.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy and M. Lee.  
Managers on the part of the House.

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

**Conf. Com. Rep. 53-10 on S.B. No. 2402**

The purpose of this measure is to temporarily suspend the general excise and use tax exemptions for certain amounts received by certain persons and, instead, require those persons to pay the applicable tax on those amounts at a one per cent rate.

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

- (1) Deleting all provisions that apply to use tax exemptions;
- (2) Deleting from the suspension of the general excise tax exemption certain provisions relating to amounts of gross income or proceeds received;
- (3) Reducing the required rate of payment of the general excise tax by affected entities from one per cent to one-half of one per cent; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2402, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2402, S.D. 1, H.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Finnegan.  
Managers on the part of the House.  
(Representative Finnegan voted no.)

Senators Kim, Fukunaga, Kidani, Kokubun, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 54-10 on S.B. No. 2807**

The purpose of this measure is to propose a constitutional amendment to the requirement, in article VII, section 6, of the Hawaii State Constitution, that excess general fund revenues be returned to taxpayers of the State as a tax refund or tax credit, by giving the Legislature the alternative of depositing these excess revenues into an emergency and budget reserve fund.

Your Committee has amended this measure by:

- (1) Changing the reference from "one or more emergency and budget reserve funds" to "one or more funds, as provided by law, which shall serve as temporary supplemental sources of funding for the State in times of an emergency, economic downturn, or unforeseen reduction in revenue,"; and
- (2) Making technical conforming amendments to language in the measure for clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2807, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2807, S.D. 2, H.D. 2, C.D. 1.

Representatives M. Oshiro, Karamatsu, Chong, Rhoads and Thielen.  
Managers on the part of the House.  
(Representative Thielen was excused.)

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

**Conf. Com. Rep. 55-10 on S.B. No. 2187**

The purpose of this measure is to improve the effectiveness of the Hawaii Tourism Authority (HTA) by:

- (1) Authorizing the HTA to maintain confidentiality of certain sensitive information;
- (2) Allowing information relating to marketing plans and strategies to be disclosed after the execution of the marketing plans and strategies;

- (3) Clarifying that HTA executive meetings shall adhere to the procedures established by chapter 92, Hawaii Revised Statutes;
- (4) Requiring the HTA to include in the measure of effectiveness of its marketing plan, documentation of the progress of the marketing plan towards achieving its strategic plan goals;
- (5) Requiring the HTA to periodically submit a report on its contracts and agreements, in conformity with HTA current practices; and
- (6) Extending for five years the statutory provisions that exempt HTA accounts from the supervision of the Comptroller, authorize the deposit of interest and revenues from projects and project agreements into the Tourism Special Fund, and authorize HTA to use up to five percent of moneys in the Tourism Special Fund for administrative expenses and pay the Executive Director up to nine percent of the funds authorized for administrative expenses.

Your Committee on Conference finds that this measure will enable the Hawaii Tourism Authority to respond more effectively to the challenges facing the Hawaii's tourism industry in an increasingly competitive global market.

Your Committee on Conference has amended this measure by:

- (1) Amending the effective date from July 1, 2020, to upon approval; and
- (2) Making technical, nonsubstantive amendments for the purpose of consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2187, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2187, S.D. 1, H.D. 2, C.D. 1.

Representatives Manahan, Tokioka and Marumoto.  
Managers on the part of the House.  
(Representative Marumoto was excused.)

Senators Nishihara, Taniguchi, Galuteria, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senators Tsutsui and Hemmings were excused.)

#### **Conf. Com. Rep. 56-10 on S.B. No. 2441**

The purpose of this measure is to protect the Hawaiian monk seal from harassment and death by establishing the crime of intentionally or knowingly taking a Hawaiian monk seal as a class C felony.

This measure is in response to two recent intentional killings of Hawaiian monk seals on Kauai and one on Molokai. In September 2009, a Kauai man pleaded guilty to shooting a monk seal in violation of the federal Endangered Species Act. The man received a ninety-day jail term, one year supervised release, and a \$25 fine.

With the number of monk seals increasing in the main Hawaiian islands, occurrences of human and seal interactions are on the rise. It is critical for the survival of the monk seals that Hawaii develop a culture of cohabitation, that will not tolerate any kind of inappropriate or violent behaviors toward these endangered animals. Your Committee finds that increased penalties for the intentional or knowing taking of an Hawaiian monk seal will protect the species from future harassment and death.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2441, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2441, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Karamatsu, Choy, C. Lee and Thielen.  
Managers on the part of the House.  
(Representatives Choy and Thielen were excused.)

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

#### **Conf. Com. Rep. 57-10 on S.B. No. 2607**

The purpose of this measure is to provide greater protections for consumers and providers of activity desks by:

- (1) Establishing record keeping and trust account requirements for client trust accounts held by activity desks;
- (2) Clarifying that activity desks shall include registration numbers on all advertising materials;
- (3) Requiring an activity desk to obtain full payment for activities prior to or at the time reservations are made, subject to certain exceptions;

- (4) Requiring that sums paid to an activity desk shall be held in trust; and
- (5) Increasing the required amount of bond or letter of credit from \$100,000 to \$250,000.

Your Committee on Conference finds that this measure will provide additional protection for customers as well as clarification of the legal requirements for activity providers.

Your Committee on Conference has amended this measure by:

- (1) Deleting the statutory authorization for the Director of Commerce and Consumer Affairs to allow, by rule, the use of other types of funds or accounts;
- (2) Amending the effective date from January 1, 2112, to July 1, 2010; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2607, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2607, S.D. 2, H.D. 1, C.D. 1.

Representatives Manahan, Wakai, Karamatsu, C. Lee, Tokioka and Marumoto.  
Managers on the part of the House.  
(Representatives Karamatsu and Tokioka were excused.)

Senators Nishihara, Baker, Galuteria, Tsutsui and Slom.  
Managers on the part of the Senate.  
(Senators Tsutsui and Slom were excused.)

#### **Conf. Com. Rep. 58-10 on S.B. No. 2566**

The purpose of this measure is to ensure that injured workers have access to appropriate health care by clarifying that a physician or surgeon may conduct diagnostic testing or engage in a one-time consultation for a subspecialty diagnostic evaluation and treatment recommendation from a board-certified or licensed specialist, who may work in a facility where the physician or surgeon has a financial interest.

Your Committee on Conference finds that giving treating physicians the ability to conduct diagnostic testing or engage in a one-time consultation for a subspecialty diagnostic evaluation and treatment recommendation has the potential to provide the injured worker with a quicker recovery, thus enabling them to return to work sooner. Your Committee on Conference also finds that permitting the injured worker to receive a one-time consultation from a specialist that works in a medical facility where the referring physician or surgeon has a financial interest will not prevent the injured worker from receiving diagnostic services from a qualified specialist that may have exceptional expertise in a particular field of medical study.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2566, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2566, H.D. 2, C.D. 1.

Representatives Rhoads, Herkes, Yamashita, Tokioka and Pine.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 59-10 on S.B. No. 950**

The purpose of this measure is to alleviate potential violent situations by authorizing law enforcement officers of the Department of Public Safety and conservation and resources enforcement officers of the Department of Land and Natural Resources to use electric guns. This measure also requires these officers to receive training in the use of electric guns, and authorizes conservation and resources enforcement officers and law enforcement officers to be trained concurrently to encourage cost savings and ensure uniform training.

Electric guns provide a viable alternative to the escalation of the use of deadly force when dealing with non-compliant combative suspects, particularly in remote areas of the State. Electric guns reduce the risk of serious injury or death by providing a less-than-lethal means of exerting force when necessary.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 950, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 950, S.D. 2, H.D. 3, C.D. 1.

Representatives Hanohano, Ito, Karamatsu, Aquino and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 60-10 on S.B. No. 2449**

The purpose of this measure is to make permanent the statutory requirements for provisional driver's licenses for persons who are at least 16 and under 18 years of age.

This measure also clarifies that a provisional licensee may be issued a driver's license upon turning 18 years of age, regardless of whether the provisional licensee has held the provisional driver's license for six months.

The purpose of provisional licensing is to improve traffic safety by establishing a driver licensing program consisting of graduated driver licensing in three stages for persons under the age of eighteen. Act 72, Session Laws of Hawaii 2005, is currently scheduled to sunset on January 9, 2011. The sunset date was added to Act 72 to enable the Department of Transportation and Department of Health to compile and analyze all traffic and accident data to determine the effectiveness of this graduated licensing program in reducing traffic fatalities and accidents in the State.

Since the enactment of Act 72, the number of deaths among teens involved in collisions was reduced by sixty per cent for sixteen year olds and the same for seventeen year olds. The number of lives saved attributable to Act 72, as well as the number of crashes reduced, is proof positive of Act 72's effectiveness.

Your Committee on Conference has amended this measure by deleting the savings clause, and by making a technical, clarifying amendment.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2449, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2449, H.D. 1, C.D. 1.

Representatives Souki, Karamatsu, Awana, Saiki and Pine.  
Managers on the part of the House.  
(Representative Saiki was excused.)

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

**Conf. Com. Rep. 61-10 on S.B. No. 2019**

The purpose of this measure is to:

- (1) Change the five-year permit for commercial thrill craft and parasailing to a one-year permit;
- (2) Remove the twenty-year limit for thrill craft and parasailing permits, and make those permits renewable annually; and
- (3) Require the Department of Land and Natural Resources to offer for public auction permits that have been revoked for failure to meet the conditions for renewal.

Your Committee on Conference finds that all other commercial use permits are issued on a year-to-year basis and are renewed annually, and this measure will bring permits for thrill craft and parasailing into conformity with other commercial permits.

Your Committee on Conference has amended this measure by:

- (1) Deleting the requirement to offer for public auction permits that have been revoked for failure to meet the conditions for renewal;
- (2) Changing the effective date from July 1, 2020, to July 1, 2010; and
- (3) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2019, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2019, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Har, Sagum and Thielen.  
Managers on the part of the House.  
(Representative Thielen was excused.)

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

**Conf. Com. Rep. 62-10 on S.B. No. 2817**

The purpose of this measure is to require every private homeowners association or entity to adopt rules by December 31, 2011, that shall not impose conditions or restrictions that render a solar energy device more than twenty-five per cent less effective, increase the cost of installation, maintenance, and removal of a solar energy device by more than fifteen per cent, or require an encumbrance on title relating to liability because of the placement of the solar energy device.

Your Committee finds that clarification of existing laws regarding private restrictions on the placement of solar energy devices is needed, because some homeowners associations may, by rule, put up obstacles for people who wish to install solar water heaters and photovoltaic systems on their single-family dwellings or townhouses. Your Committee further finds that solar energy systems are an integral part of reaching Hawaii's clean energy goals and are becoming increasingly common. Solar is one of the most substantial and readily available forms of clean energy that is available in the State. This measure serves to eliminate obstacles for residents and therefore encourage continued widespread adoption of solar energy devices.

Your Committee has amended this measure by:

- (1) Clarifying that rules for the placement of solar devices must be revised by July 1, 2011;
- (2) Clarifying that a private homeowners association or entity shall not require an encumbrance on title by removing the provision requiring that it relate to liability; and
- (3) Repealing on June 30, 2015, the provision that a private entity shall not require an encumbrance on title.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2817, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2817, S.D. 1, H.D. 1, C.D. 1.

Representatives Morita, Cabanilla, Karamatsu and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

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

**Conf. Com. Rep. 63-10 on S.B. No. 2150**

The purpose of this measure is to extend the repeal date to June 30, 2014, for certain jurisdictional responsibilities of the appellate courts.

Your Committee on Conference finds that, pursuant to Act 202, Session Laws of Hawaii 2004, the Legislature made significant changes to the way that our appellate courts function, by:

- (1) Amending the appellate jurisdiction of the Supreme Court and the Intermediate Court of Appeals (ICA) by changing the Supreme Court's jurisdiction to appeals by writ of certiorari or transfer from the ICA;
- (2) Repealing criteria for assigning appeals; and
- (3) Requiring most appeals to be filed with the ICA instead of the Supreme Court.

These changes were to become effective on July 1, 2006, after a task force created by Act 202, the appellate review task force, had the opportunity to thoroughly study and develop recommendations to assist the Judiciary in transitioning to the new appellate model. By Act 94, Session Laws of Hawaii 2006, the Legislature amended Act 202 by imposing a sunset date of June 30, 2010, for the new appellate jurisdictional scheme, and required the Judiciary to prepare and submit to the Legislature prior to the convening of the 2010 Regular Session a report containing a detailed assessment of the effects and consequences of the changes to the appellate court system brought on by the changes in Act 202.

The resulting report from the Judiciary regarding the effects of the new appellate system was very positive. Your Committee on Conference finds that the implementation of Act 202 has resulted in reductions in the total number of cases pending on appeal. Moreover, the time that it takes to resolve cases on appeal has dropped significantly since Act 202 was implemented. Finally, it appears these reductions in case backlog and case processing times did not negatively affect the quality of the work of the ICA, since the proportion of cases the Supreme Court was asked to review has also dropped since Act 202 was implemented.

Accordingly, your Committee on Conference believes that the changes in appellate structure have been successful and that the changes should be made permanent.

Your Committee on Conference has amended this measure by deleting the repeal date in Act 202, making the jurisdictional responsibilities established in Act 202 permanent.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2150, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2150, H.D. 1, C.D. 1.

Representatives Karamatsu, Keith-Agaran and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 64-10 on S.B. No. 2257**

The purpose of this measure is to allow the Department of Education, Department of Accounting and General Services, and University of Hawaii to accept electronically mailed warrant vouchers for bills of materials, supplies, and incidentals as original documentation.

Your Committee on Conference finds that this measure provides an opportunity for the State to streamline and expedite certain business transactions, save valuable resources and time, and keep current with business practices that take advantage of technological advances.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2020, to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2257, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2257, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, Chang, Choy and Ching.  
Managers on the part of the House.

Senators Sakamoto, Tokuda, Tsutsui, Kidani and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

**Conf. Com. Rep. 65-10 on S.B. No. 2256**

The purpose of this measure is to:

- (1) Authorize the Department of Education to assess and collect fees for parking on roadways and in parking areas under the jurisdiction of the Department and to adopt rules relating to the assessment and collection of the parking fees;
- (2) Authorize the Department of Education to contract with the Department of Accounting and General Services or a private entity to assess and collect the parking fees; and
- (3) Specify the appropriate funds into which the parking fees shall be deposited.

Your Committee on Conference finds that this measure would provide the Department of Education with a much-needed additional source of revenue to address recent restrictions and reductions in funding for public education.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2020, to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2256, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2256, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Saiki and Ching.  
Managers on the part of the House.  
(Representative Saiki was excused.)

Senators Sakamoto, Tsutsui, Kidani, Galuteria and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 66-10 on S.B. No. 2169**

The purpose of this measure is to abolish the practice of shark finning.

Specifically, this measure:

- (1) Prohibits the harvest, possession, sale, or distribution of a shark or shark parts unless landed whole and harvested under a commercial marine license; and
- (2) Prohibits under the Hawaii Food, Drug, and Cosmetic Act, the possession or sale of shark fins.

The practice of shark finning, where a shark is caught, the fin is cut off, and the shark is returned to the water, causes tens of millions of sharks to die a slow death each year. Unlike other fish species, most sharks do not reach sexual maturity until seven to twelve years of age and then only give birth to a small litter of young. Thus, sharks cannot rebuild their populations quickly once they are overfished. Sharks are apex marine predators and play an

important role in maintaining healthy marine ecosystems. As noted in a Honolulu Advertiser opinion piece on February 9, 2010, shark finning is "a cruel and wasteful practice that damages the marine ecosystem by killing off the ocean's most expert predators." Your Committee finds that existing federal and state law is inadequate to effectively abolish the practice of shark finning. This measure is a broad, all-inclusive stand against shark finning, and asserts Hawaii's position as a leader for shark conservation.

Your Committee has amended this measure by:

- (1) Amending the purpose section to reflect the changes to the measure;
- (2) Removing the provision that requires exceptions to the prohibition against harvesting, possessing, selling, offering for sale, trading, transferring, or distributing sharks or shark parts be established by a preponderance of the evidence;
- (3) Exempting persons holding a license or permit issued by the Department of Land and Natural Resources to conduct research or for educational purposes;
- (4) Providing that prior to July 1, 2011, a restaurant may possess, sell, offer for sale, trade, or distribute shark fins possessed by that restaurant as of the effective date of this measure which are prepared for consumption;
- (5) Specifying the penalties for a second, third, or subsequent violation of this measure;
- (6) Clarifying that any person who violates this measure shall be subject to any other penalties authorized by section 188-70, Hawaii Revised Statutes, in addition to administrative fees and costs and attorney's fees and costs;
- (7) Removing the definitions of "land" or "landed" and "whole";
- (8) Removing the amendments to section 328-6, Hawaii Revised Statutes, relating to the Hawaii Food, Drug, and Cosmetic Act;
- (9) Repealing section 188-40.5, Hawaii Revised Statutes, relating to the ban on the practice of shark finning;
- (10) Removing the severability clause;
- (11) Changing the effective date to July 1, 2010; and
- (12) Making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2169, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2169, S.D. 2, H.D. 2, C.D. 1.

Representatives McKelvey, Ito, Karamatsu and Ward.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 67-10 on S.B. No. 2020**

The purpose of this measure is to help stabilize Hawaii's economy by addressing some of the burdensome or vague provisions of existing commercial and industrial leases of certain lands within urban districts by extending the sunset date for Act 189, Session Laws of Hawaii 2009 (Act 189), to June 30, 2011.

Specifically, Act 189 clarifies provisions in long-term commercial and industrial ground leases without:

- (1) Substantial reduction in the economic benefit to the owners or impact on their ownership of the land;
- (2) Impairing their lease contracts; and
- (3) Incurring the taking of any property rights without due process of law.

Your Committee on Conference finds that the conditions that prompted the passage of Act 189 still continue to exist today. The solvency and continued profitability of small businesses remains a fundamental goal in reviving the economic stability of the State. Your Committee on Conference also finds that extending the effective date of Act 189 is necessary to alleviate the economic burden on lessees of certain commercial and industrial properties by removing barriers that prevent free and fair rent negotiations.

Your Committee on Conference has amended this measure by:

- (1) Extending the repeal date of Act 189 to June 30, 2013; and
- (2) Changing the effective date of the measure to June 29, 2010.



As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2020, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2020, H.D. 2, C.D. 1.

Representatives McKelvey, Karamatsu and Ward.  
Managers on the part of the House.

Senators Baker, Taniguchi and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 68-10 on S.B. No. 2545**

The purpose of this measure is to allow class 14 brewpub licensees to:

- (1) Manufacture up to thirty thousand barrels of malt beverages on the licensee's premises during the license year;
- (2) Sell malt beverages manufactured on the licensee's premises in brewery-sealed containers directly to class 14 licensees; and
- (3) Conduct manufacturing activities at one location other than the licensee's premises, so long as the manufacturing takes place in Hawaii and the other location is properly licensed under the same ownership.

Your Committee on Conference believes that reasonable hours of restriction on operations should be enacted for restaurants or other premises where food, beverages, or entertainment are provided.

Your Committee on Conference is cognizant of the recent trend of restaurants to become BYOB ("bring your own bottle") establishments. The simplicity and flexibility of the BYOB format appeals to restaurant operators. Freed of being subject to liquor regulation, BYOBs are popular particularly among quaint restaurants and are growing in numbers on Oahu and beginning to grow on the neighbor islands. However, licensed liquor establishments pay licensing fees while BYOBs do not. The liquor licensing fees are applied to enforcement, which include BYOBs that do not pay licensing fees.

Your Committee has amended this measure by:

- (1) Creating a new class 17 bring-your-own-beverage license which shall be mandatory for counties with a population of over 500,000 and permissive for counties with a population of 500,000 or under, and establishing requirements for a class 17 license;
- (2) Restricting the consumption of liquor in restaurants or other premises where food, beverages, or entertainment are provided to the hours between 6:00 a.m. and 12:00 a.m. and requiring establishments that desire to operate after 12:00 a.m. until 2:00 a.m. to obtain a class 17 license;
- (3) Requiring Class 17 licensees to maintain at all times liquor liability insurance coverage in an amount not less than \$1,000,000, except for class 4 convenience minimarts commonly referred to as neighborhood mom and pop stores;
- (4) Allowing a patron of any class of license premises to remove wine, liquor, or beer that was purchased or brought onto the premises of the licensee engaged in meal service for consumption with a meal; provided that it is recorked or resealed in its original container;
- (5) Clarifying the provision of existing law that prohibits a license to be issued to any person not deemed by the Liquor Commission to be a fit and proper person to have a license;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2545, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2545, S.D. 2, H.D. 2, C.D. 1.

Representatives McKelvey, Wakai, Karamatsu and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 69-10 on S.B. No. 2646**

The purpose of this measure is to establish three Hawaii surfing reserves, comprising surf breaks off Waikiki from Kewalo Basin to the Waikiki War Memorial Natatorium, the north shore of Oahu from Alii Beach in Haleiwa to Sunset Beach, and Honolua Bay on the island of Maui, to recognize their importance as an asset to Hawaii.

Your Committee on Conference finds that surfing has profound historical and cultural significance for Hawaii, and that the designation of Hawaii surfing reserves would raise awareness about the importance of protecting, nourishing, and recognizing Hawaii's world famous surf sites.

Your Committee on Conference has amended this measure by:

- (1) Clarifying in the findings section that surfing reserves would not limit enjoyment of the designated area, particularly with respect to existing recreational and other uses;
- (2) Amending the boundary description of the Waikiki Hawaii surfing reserve from bounded by Kewalo Basin and the Waikiki War Memorial Natatorium to bounded by the Ala Wai and the Waikiki War Memorial Natatorium;
- (3) Establishing a Makaha Bay Hawaii surfing reserve from Kapuhi Point to Makaha Beach;
- (4) Deleting the designation of Honolua Bay on the island of Maui as a Hawaii surfing reserve;
- (5) Clarifying that the Department of Land of Natural Resources may, rather than shall, recognize and assist in recognition of Hawaii surfing reserves;
- (6) Clarifying that the recognition is for surfing in all its forms; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2646, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2646, S.D. 1, H.D. 2, C.D. 1.

Representatives McKelvey, Manahan, Ito, M. Oshiro and Ward.  
Managers on the part of the House.  
(Representatives M. Oshiro and Ward were excused.)

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

**Conf. Com. Rep. 70-10 on S.B. No. 633**

The purpose of this measure is to:

- (1) Increase the representation of homestead farmers on the Molokai Irrigation System Water Users Advisory Board;
- (2) Make the Department of Hawaiian Home Lands representative an ex-officio voting member; and
- (3) Set forth qualifications of Board members and quorum requirements.

Your Committee finds that under section 168-4, Hawaii Revised Statutes, the Molokai homesteaders have a two-thirds water preference for the Molokai Irrigation System. In the State Auditor's Report, No. 08-03, Financial and Management Audit of the Molokai Irrigation System, it was recognized that the preference accorded to homesteaders is not reflected in any planning and that non-homestead farmers consume approximately eighty per cent of the system's available water. Your Committee believes that additional representation of homestead farmers on the Molokai Irrigation System Water Users Advisory Board is needed to better represent the homestead farmers and to ensure that homestead farmers receive their statutorily guaranteed water preference.

Your Committee has amended this measure by:

- (1) Including a definition for "kupuna homestead farmer user";
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 633, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 633, S.D. 1, H.D. 2, C.D. 1.

Representatives Ito, Tsuji, Carroll, Har and Thielen.  
Managers on the part of the House.  
(Representative Carroll was excused.)

Senators Hee, Bunda and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 71-10 on S.B. No. 1059**

The purpose of this measure is to address the problem of illegal fireworks by:

- (1) Establishing an Illegal Fireworks Task Force to develop a plan to stop the importation of illegal fireworks and a strategy to ensure the safety and security of facilities and institutions in Hawaii, and to report to the 2011 Legislature accordingly;
- (2) Clarifying that nothing in chapter 132D, Hawaii Revised Statutes, shall be construed as superseding or affecting a county fireworks ordinance; and
- (3) Providing that county ordinances regulating fireworks may be stricter than state laws regulating fireworks.

This measure organizes various agencies to work collaboratively on solutions to better enforce the growing distribution and use of illegal fireworks in our communities. Each year, the use of illegal fireworks, namely aerials by unlicensed, nonprofessional persons, continues to increase. These illegal fireworks pose a fire and life safety risk and danger to the public. Enhanced enforcement strategies among state, county, and federal agencies are essential to address the problem.

Your Committee on Conference believes that counties should have sufficient latitude to enact their own ordinances that are at least as stringent as state law, including banning fireworks entirely. This measure clarifies existing law to that effect.

Your Committee on Conference has amended this measure by:

- (1) Designating the Chair of the Senate Committee on Public Safety and Military Affairs and the Chair of the House Committee on Public Safety to be Co-Chairs of the Illegal Fireworks Task Force; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1059, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1059, S.D. 2, H.D. 3, C.D. 1.

Representatives Hanohano, Souki, Karamatsu, M. Lee, Manahan, B. Oshiro and Pine.  
Managers on the part of the House.  
(Representatives Karamatsu and Manahan voted no.)  
(Representative Souki was excused.)

Senators Espero, Taniguchi, Kidani, Takamine and Slom.  
Managers on the part of the Senate.  
(Senator Slom voted no.)

#### **Conf. Com. Rep. 72-10 on S.B. No. 1105**

The purpose of this measure is to:

- (1) Require reports of studies and audits requested by the Legislature that are conducted by an executive department or agency, including the Hawaii Health Systems Corporation, the Auditor, the Judiciary, the Legislative Reference Bureau, or the Office of Hawaiian Affairs, to be submitted to the Clerk of each House, to the President of the Senate, the Speaker of the House of Representatives, the Chair of the applicable subject matter committee of each chamber of the Legislature, and the Legislative Reference Bureau Library; and
- (2) Require that the respective Chairs of the committees to whom these reports are submitted to conduct a public hearing or informational briefing on the report.

Your Committee on Conference finds that the intent of this measure is to encourage greater dissemination of the results of studies, audits, and reports that have been requested by and submitted to the Legislature by requiring the Chair of the applicable subject matter committee to follow up on these reports by conducting public hearings or informational briefings.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of July 1, 2010; and
- (2) Making technical, nonsubstantive changes for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1105, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1105, S.D. 2, H.D. 1, C.D. 1.

Representatives Tokioka, Keith-Agaran, Evans and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 73-10 on S.B. No. 2154**

The purpose of this measure is to:

- (1) For disclosure of information from a defendant's treatment service provider, add the requirement of the defendant's prior written consent and the condition that disclosures relating to substance abuse records are subject to applicable federal regulations regarding confidentiality; and
- (2) Authorize the release of probation drug test results to the defendant's treating physician with the prior written consent of the defendant if the test results indicate substance use that may be compromising the defendant's medical care or treatment.

Your Committee on Conference finds that the intent of this measure is to balance probation record disclosure objectives with privacy concerns. Regarding release of information related to a defendant's past treatment and assessments, your Committee on Conference notes that federal confidentiality provisions in Title 42 Code of Federal Regulations Part 2, relating to the confidentiality of alcohol and drug abuse patient records, require a client's written consent prior to the release of such information, and subsequent releases also require a client's written consent. For probation drug test results, this measure will provide statutory authority for the release of probation drug test result information in a defendant's probation records under limited circumstances.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2154, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2154, S.D. 1, H.D. 1, C.D. 1.

Representatives Karamatsu, Tsuji and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Nishihara and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 74-10 on S.B. No. 2472**

The purpose of this measure is to establish the Mortgage Foreclosure Task Force (Task Force) to analyze factors affecting mortgage foreclosures in Hawaii, develop policies and procedures to improve the way mortgage foreclosures are conducted, analyze the effectiveness of current foreclosure procedures, and evaluate the feasibility of establishing a state entity to address mortgagor concerns and provide consumer education.

Your Committee finds that Hawaii, like the rest of nation, is facing an alarming number of mortgage foreclosures. Although many measures were proposed during the 2010 legislative session, the suddenness of the mortgage foreclosure situation in Hawaii makes it difficult to determine which approach will have the greatest success of improving the foreclosure crisis. Your Committee finds that the Task Force established by this measure will undertake the comprehensive evaluation of Hawaii's mortgage foreclosure laws that is necessary before the enactment of meaningful legislation.

Your Committee has amended this measure by:

- (1) Specifying that the Task Force member representing a mortgage counseling organization shall preferably have expertise in consumer credit counseling;
- (2) Expanding the task force to additionally include representatives from the Mortgage Bankers Association of Hawaii, the Hawaii Credit Union League, the Hawaii State Bar Association Bankruptcy Law Section or the Bankruptcy Court of the United States District of Hawaii, and the Hawaii State Judiciary;
- (3) Providing that the chair of the Task Force shall seek to maintain a balanced representation of interests on the task force;
- (4) Requiring the Task Force to submit a report of its findings, recommendations, and proposed legislation before the 2012 Regular Session as well as before the 2011 Regular Session;
- (5) Requiring the Legislative Reference Bureau to assist the Task Force in preparing its findings, recommendations, and proposed legislation and setting deadlines for the Task Force to submit its drafting requests to the Bureau;
- (6) Ending the Task Force on June 30, 2012; and
- (7) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2472, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2472, S.D. 2, H.D. 1, C.D. 1.

Representatives Herkes, Karamatsu, Wakai and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 75-10 on S.B. No. 2643**

The purpose of this measure is to:

- (1) Make the general excise tax exemption for condominium common expenses paid by managers, submanagers, and suboperators, and for hotel employee expenses paid by hotel operators and timeshare projects permanent;
- (2) Make the \$400,000 limit on the general excise tax exemption established under Act 196, Session Laws of Hawaii 2009 permanent; and
- (3) Make the general excise tax exemption retroactive to July 1, 2006.

Your Committee finds that Act 239, Session Laws of Hawaii 2007, established a general excise tax exemption for condominium submanagers, suboperators, and timeshare associations. This tax exemption was set to expire on December 31, 2009. In 2009, the Legislature extended the tax exemption in Act 196, Session Laws of Hawaii 2009, through December 31, 2010. Act 196 also included an aggregate cap of \$400,000 for the tax exemption.

Your Committee further finds that, in enacting this general excise tax exemption, the Legislature intended to level the playing field with regard to similarly situated entities for the payment of monies to a hotel operator for employee wages, salaries, payroll taxes, insurance premiums, and benefits, including retirement, vacation, sick pay, and health benefits. Therefore, the exemption for condominium submanagers, suboperators, and timeshare associations should be made permanent.

Your Committee notes that in passing Act 196, Session Laws of Hawaii 2009, the Legislature intended to impose a \$400,000 cap on the tax liability amount, not the gross receipts amount. Accordingly, your Committee further finds that Act 196, Session Laws of Hawaii 2009, should be clarified to reflect that the aggregate cap of \$400,000 should apply to the aggregate tax liability, not gross receipts.

Your Committee on Conference has amended this measure by:

- (1) Deleting its contents and reverting back to the contents of the S.D. 1 version of S.B. No. 2643, which includes the general excise tax exemption and same limitation amount, but keeps the general excise tax exemption temporary by retaining it in the Session Laws of Hawaii;
- (2) Extending the repeal date of section 4 of Act 239, Session Laws of Hawaii 2007, as amended by section 5 of Act 196, Session Laws of Hawaii 2009, to December 31, 2014; and
- (3) Changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2643, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2643, S.D. 1, H.D. 1, C.D. 1.

Representatives Manahan, Wakai, Tokioka, Choy and Finnegan.  
Managers on the part of the House.  
(Representative Choy was excused.)

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

**Conf. Com. Rep. 76-10 on S.B. No. 2231**

The purpose of this measure is to prohibit the prevention of the installation of an electric vehicle charging station on or near the parking stall of any multi-family residence or townhouse.

Your Committee finds that this measure will help meet the Hawaii Clean Energy Initiative goal of seventy per cent clean, renewable energy by 2030. Hawaii offers ideal conditions for electric vehicles: most residents drive short daily distances, the State has well-defined boundaries within which to build the required infrastructure, and the mild climate lends to greater battery performance and longevity. Electric vehicles are cleaner, quieter, and more efficient than gasoline powered vehicles, and, because they depend upon the electrical power grid, can be powered using renewable energy sources such as wind, geothermal, wave, and solar. The expanded use of electric vehicles will greatly reduce Hawaii's dependence on fossil fuels. This measure will help homeowners establish the necessary infrastructure for electric vehicles and remove potential barriers to their increased use.

Your Committee has amended this measure by:

- (1) Clarifying that homeowner, community, or condominium association or other private entity may require reimbursement for the cost of electricity used by the electric vehicle charging system;
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive changes for the purpose of clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2231, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2231, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Coffman and Ching.  
Managers on the part of the House.

Senators Gabbard, English, Kim, Green and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 77-10 on S.B. No. 2859**

The purpose of this measure is to amend the provisions of the Motor Vehicle Industry Licensing Act (Act) to further describe and add to the rights and liabilities that exist in the relationship between automobile dealers and automobile manufacturers.

Your Committee notes that the measure as received is similar in function to, but different in structure from, S.B. No. 2859, S.D. 2, an earlier version of which was previously heard and approved by your Committee. The measure as received amends the existing laws in the Act, including section 437-28, Hawaii Revised Statutes, while S.B. No. 2859, S.D. 2 takes existing provisions from the Act, primarily from section 437-28(a)(21), Hawaii Revised Statutes, amends these provisions, and places them into a new section within the Act. S.B. No. 2859, S.D. 2 also creates a new section within the Act to address the dispute resolution process regarding the interpretation and enforcement of provisions of the Act.

Based on input from the Motor Vehicle Industries Board (Board) and the Regulated Industries and Complaints Office (RICO), your Committee believes that a compromise between these two approaches is the best course of action. As described further below, your Committee has amended the measure as received to specifically leave intact the current franchise law and licensing procedures as requested by both the Board and RICO. New provisions affecting the relationships between dealers, manufacturers, and distributors are now contained in the newly designated Part II.

Your Committee on Conference further finds that much of the amended measure, as further described below, is a compromise between the positions of the interested parties and is a reflection of this time of economic upheaval. Your Committee is mindful that the resources of the State are limited and has minimized changes to the licensing law unless the new language in this measure necessitated amendments.

The amended measure has an effective date of January 1, 2011, to allow all parties, the Board, and the Department of Commerce and Consumer Protection to comply with these new provisions.

As described above, your Committee on Conference has amended this measure by deleting its contents and inserting the contents of S.B. No. 2859, S.D. 2, with the following amendments:

- (1) Revising post-decision procedures and adding a right of review to the Board for dispute resolution proceedings under the new provision in Section 1 of the measure;
- (2) Dividing the proposed new provision in Section 1 of the measure, designated as "reciprocal rights and obligations among dealers, manufactures and distributors of motor vehicles" into additional sections for purposes of clarity and convenience, and consolidating provisions where appropriate;
- (3) Moving provisions that had been shifted from section 437-28(a)(21), Hawaii Revised Statutes, back into that paragraph, while retaining many of the amendments made in the language of those provisions or reverting to either existing statutory law or reflecting the language in S.B. No. 2859, S.D. 2, H.D. 1;
- (4) Creating an exception to the prohibition on a manufacturer or distributor to require a dealer in the State to agree to apply the law of another jurisdiction to a dispute or to assent to relieve any person from liability or obligation, subject to certain conditions;
- (5) Creating an exemption to the prohibition on a manufacturer or distributor to require a dealer to enter into an agreement to prospectively assent to a release, assignment, novation, waiver or estoppels that would relieve any person from any liability or obligation of the Act for voluntary settlement agreements based on adequate and valuable consideration;
- (6) Reverting to the existing language in section 437-28(a)(21)(D) regarding prima facie evidence of a manufacturer or distributor's delaying delivery of or refusing to deliver new motor vehicles within a reasonable time after receipt of a written order;
- (7) Modifying the provision prohibiting the refusal or failure to offer an incentive program, bonus payment, holdback margin, or any other mechanism that effectively lowers the net cost of a vehicle to reflect the language in S.B. No. 2859, S.D. 2, H.D. 1;
- (8) Modifying provisions regarding compensation of dealers for labor, parts, and other expenses;
- (9) Modifying the provision prohibiting the requirement that a dealer refrain from participation in the management of, investment in, or the acquisition of any other line of new motor vehicle or related products to reflect the language in S.B. No. 2859, S.D. 2, H.D. 1;
- (10) Creating an exemption to the prohibition on a manufacturer or distributor to require a dealer to construct, renovate, or make substantial alterations to the dealer's facilities for necessary, reasonable facility improvements and technological upgrades;
- (11) Modifying the provision prohibiting the implementation or establishment of a system of motor vehicle allocation or distribution to reflect the language in S.B. No. 2859, S.D. 2, H.D. 1, and adding provisos regarding specified force majeure events and facility improvements;

- (12) Modifying the time within which a manufacturer or distributor must give written notice to a dealer of the manufacturer's intent to terminate, discontinue, cancel, or fail to renew a franchise agreement from seventy-five days before the intended action becomes effective to sixty days before the effective date of the action, to reflect language in S.B. No. 2859, S.D. 2, H.D. 1;
- (13) Reducing the notice requirement in instances where the manufacturer or distributor establishes or relocates a franchise within the relevant market area of an existing dealer, as well as revising other notice requirements;
- (14) Revising the provisions regarding the calculation and payment by the manufacturer or distributor of a markup on labor, repair, and parts;
- (15) Modifying the provisions regarding the sale, assignment, or transfer of the franchise to a qualified purchaser;
- (16) Amending the provisions regarding compensation to the dealer when a manufacturer or distributor ends a franchise;
- (17) Amending section 437-1.1, Hawaii Revised Statutes, to define relevant market area as being with a radius of six miles from the dealership location in counties with a population of more than five hundred thousand persons to reflect language in S.B. No. 2859, S.D. 2, H.D. 1;
- (18) Expanding the definition of "franchise" or "franchise agreement" to include a contract or agreement between a dealer and a manufacturer or distributor that establishes rights or obligations relating to the dealer's new motor vehicle operation, including agreements relating to dealership facilities or site control; and
- (19) Making technical, nonsubstantive changes for purposes of restructuring the measure, consistency, style, and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2859, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2859, S.D. 2, H.D. 1, C.D. 1.

Representatives Herkes, Karamatsu, McKelvey and Marumoto.  
Managers on the part of the House.  
(Representative McKelvey was excused.)

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

**Conf. Com. Rep. 78-10 on S.B. No. 2697**

The purpose of this measure is to update the Insurance Code in order to bring Hawaii's law into conformity with the best practices in insurance regulation.

Your Committee on Conference finds that this measure promotes national uniformity in insurance laws, streamlines the operations and improves the administrative efficiency of the Insurance Commissioner, and thereby reduces the cost of insurance regulation. Additionally, your Committee finds that this measure will assist the Insurance Commissioner in maintaining accreditation with the National Association of Insurance Commissioners by ensuring that Hawaii's laws are in line with best practices in the industry.

Your Committee has amended this measure by:

- (1) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure; and
- (2) Changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2697, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2697, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Karamatsu, Wakai and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 79-10 on S.B. No. 506**

The purpose of this measure is to provide that, in any contract pursuant to section 264-33, Hawaii Revised Statutes, which relates to the State's or county's obligation to pay for work required to relocate utility facilities due to work on a state highway or a state or county federal-aid highway that involves not only state or county funds, but also supplemental funds from the utility, the utility's portion of the required funds is also subject to certification in section 103D-309, Hawaii Revised Statutes, as to the sufficiency of funds, and certification is to be based on amounts to be paid by a utility under a legal agreement with the State or county.

Your Committee on Conference finds that, in the past, disagreements between the State and utilities on the interpretation of section 103D-309, Hawaii Revised Statutes, have resulted in the State requiring utilities to provide funds upfront. The proposed changes to section 103D-309, Hawaii Revised Statutes, will allow utilities to make progress payments instead of providing the funds up front, a transaction format that they would prefer, provided that a memorandum of agreement is reached with the state or county agency. This will allow the utilities to also hold onto their funds until the actual utility work is physically started, which can sometimes be one to two years after the original funds were required for certification. This arrangement would be a much fairer relationship between the utilities and the State or counties.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 506, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 506, S.D. 1, H.D. 3, C.D. 1.

Representatives McKelvey, Herkes, Choy and Ward.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 80-10 on S.B. No. 2105**

The purpose of this measure is to change the agency responsible for issuing removable windshield placards, temporary removable windshield placards, special license plates, and identification cards from the counties to the Disability and Communication Access Board, and to increase the number of years a placard is effective.

Your Committee on Conference finds that this measure conforms state law to the requirements of the federal Uniform System for Handicapped Parking, by making a state agency, the Disability and Communication Access Board, responsible for the parking program for persons with disabilities. Your Committee further finds that this measure will simplify and improve the administration of the parking program for persons with disabilities.

Your Committee has amended this measure by:

- (1) Removing a provision allowing an applicant who was previously issued a removable windshield placard to receive a second removable windshield placard upon request; and
- (2) Changing the effective date of this measure to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2105, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2105, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Yamane, Awana and Pine.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 81-10 on S.B. No. 2454**

The purpose of this measure is to allow courts to charge fees, as established by court rules, to certify copies of pleadings, orders, transcripts, and other documents, while exempting state agencies from the payment of these fees.

Your Committee on Conference finds that this measure will allow the Supreme Court to establish fees for the certification of certain documents. While your Committee on Conference believes that, in general, state agencies should be exempt from the payment of the fees, permitting the Supreme Court to establish rules limiting the exemption is a reasonable method of allowing the Judiciary to properly manage the work flow of Judiciary staff who perform the certifications.

Your Committee on Conference has amended this measure by:

- (1) Allowing limitations on the extent of the exemption for state agencies as may be established by court rules; and
- (2) Deleting language regarding the original filing or issuance of court documents to be certified, for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2454, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2454, S.D. 2, H.D. 1, C.D. 1.

Representatives Karamatsu, Keith-Agaran and Thielen.  
Managers on the part of the House.



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

**Conf. Com. Rep. 82-10 on S.B. No. 2831**

The purpose of this measure is to make permanent the requirements for withholding payment to a subcontractor effectuated by Act 175, Session Laws of Hawaii 2009.

Your Committee on Conference finds that the amendment made by Act 175 to section 103-2.1, Hawaii Revised Statutes, eliminates confusion concerning the procedure and amount of retainage that may be withheld from a subcontractor on a public works project and clarifies the conditions under which a procurement officer can withhold part or all of a subcontractor's payment request. As such, your Committee on Conference believes that the amendment should be made permanent.

Your Committee on Conference has amended this measure by making a technical, nonsubstantive change for purposes of accuracy in the statutory language.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2831, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2831, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Choy and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 83-10 on S.B. No. 2919**

The purpose of this measure is to require the Department of Public Safety to provide support for security at the Hawaii State Hospital and require the Department of Health, in collaboration with the Department of Public Safety, to report to the Legislature the plan for the provision of short- and long-term security for the Hawaii State Hospital.

Your Committee finds that the patients at the Hawaii State Hospital are considered to be in need of confinement, including forensic patients committed to institutionalization by the courts. The recent escape on December 3, 2009 of a forensic patient who was committed to the Hospital in 2002 after allegedly committing kidnapping and sexual assault on a child illustrates the present security deficit at the Hospital.

Your Committee further finds that the Hawaii State Hospital has suffered budget cuts and reductions in security positions, leaving the hospital vulnerable to escapes and security risks. Averaging six escapes a year and with numerous assaults upon staff, the high occupancy at the hospital, coupled with the budget cuts and security reductions, have compromised and jeopardized the safety of the workers and patients at the facility, as well as the community and surrounding neighborhood. This measure will help to address these security concerns at the Hawaii State Hospital and hopefully prevent future escapes and assaults on staff members.

Your Committee has amended this measure by:

- (1) Requiring the Department of Public Safety to provide security at the Hawaii State Hospital;
- (2) Changing the effective date to upon approval; and
- (3) Making technical, nonsubstantive changes for the purposes of style, consistency, and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2919, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2919, S.D. 1, H.D. 1, C.D. 1.

Representatives Yamane, Hanohano, Nishimoto, Ito and Finnegan.  
Managers on the part of the House.

Senators Ige, Espero, Tsutsui, Tokuda and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 84-10 on S.B. No. 2937**

The purpose of this measure is to exempt disclosure of government records in response to duplicate requests from a single requester if the agency to which the request is made satisfies specific requirements.

Your Committee on Conference finds that, currently, the Uniform Information Practices Act, codified at chapter 92F, Hawaii Revised Statutes, contains no provision allowing an agency to not respond to a record request, even when there is a legitimate justification for not responding. The intent of this measure is to address those extreme situations when there are repeated requests for records or information already provided to a requester.

Your Committee on Conference has amended this measure by deleting its contents and inserting language having a similar effect, which:

- (1) Creates an exemption in section 92F-11, Hawaii Revised Statutes, to the general requirement that agencies make government records available to requesters that allows government agencies to decline to make these records available for subsequent, duplicative requests; and
- (2) Inserts a repeal date for the measure of July 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2937, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2937, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 85-10 on S.B. No. 2565**

The purpose of this measure is to:

- (1) Extend the timeframe in which the Hawai'i Civil Rights Commission (Commission) is required to complete the rulemaking process to conform state law protections against disability discrimination to the federal Americans with Disabilities Act Amendments Act of 2008 (Act), from December 31, 2010, to twelve months after the United States Equal Employment Opportunities Commission publishes final rules interpreting the Act; and
- (2) Authorize the Commission to make a determination regarding whether a witness' identity or statement may be kept confidential and establish the process by which and the factors that the Commission must consider when the Commission makes this determination.

Your Committee on Conference finds that the provisions in this measure will enhance the Commission's ability to perform its mission. First, by extending the target date by which the Commission is required to complete the rulemaking described above, the Commission will have the necessary time to adequately analyze the federal guidelines to assure compliance with federal law. Second, by clarifying the provisions regarding the confidentiality of a witness' identity or statement, the Commission will be better able to fully investigate and prosecute discrimination complaints.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2565, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2565, S.D. 1, H.D. 1, C.D. 1.

Representatives Rhoads, Karamatsu, Luke, Yamashita and Pine.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 86-10 on S.B. No. 2745**

The purpose of this measure is to update the Uniform Controlled Substances Act, and to:

- (1) Restore the emergency scheduling of the Schedule I controlled substance *Salvia divinorum*, *Salvinorin A*, and *Divinorin A* as hallucinogenic substances;
- (2) Add *Tapentadol*, *Fospropofol*, and *Lacosamide* to schedules II, IV, and V, respectively;
- (3) Modify the show cause process and include therein the denial of an application for registration; and
- (4) Authorize the imposition of administrative fines where a person subject to the requirements of the Controlled Substance Electronic Accountability Prescription System intentionally or knowingly fails to transmit required information, and adding thereto a request from the designated state agency for data correction.

To ensure consistency in the regulation and enforcement of controlled substances, the Federal Controlled Substances Act serves as the basis for classification of all controlled substances on a national level. Section 329-11(a), Hawaii Revised Statutes, requires the Department of Public Safety to make appropriate revisions to update chapter 329, Hawaii Revised Statutes, relating to the Uniform Controlled Substances Act, to conform to changes in federal law.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2745, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2745, S.D. 2, H.D. 1, C.D. 1.

Representatives Yamane, Karamatsu, Belatti and Marumoto.  
Managers on the part of the House.  
(Representative Marumoto was excused.)

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

**Conf. Com. Rep. 87-10 on S.B. No. 1230**

The purpose of this measure is to clarify the definition of large and little cigars for purposes of application of the general excise tax. In addition, this measure limits the general excise tax on the wholesale price of each cigar sold, used, or possessed by a wholesaler or dealer to large cigars.

Currently, Hawaii law taxes cigars based on the cigar's ring gauge. This has resulted in the unintended consequence of enabling the misclassification of large and little cigars, resulting in the loss of tax revenue to the State. Your Committee on Conference finds that by defining "little cigar" and "large cigar" by weight rather than by ring gauge, this measure appropriately defines these products in line with how the other states and the federal government define these products for tax purposes. In this way, among others, this measure provides needed clarity to ensure that the tax on these products is applied as intended, thus enabling the State to realize the revenues to which it is statutorily entitled.

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

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

Representatives M. Oshiro, Chong, Choy, M. Lee and Marumoto.  
Managers on the part of the House.

Senators Baker, Ige, Kim, Kokubun and Tsutsui.  
Managers on the part of the Senate.  
(Senators Kokubun and Tsutsui were excused.)

**Conf. Com. Rep. 88-10 on S.B. No. 2897**

The purpose of this measure is to enact the recommendations of the Ignition Interlock Implementation Task Force to, among other things, establish requirements for the mandatory use of ignition interlock devices for persons convicted of driving under the influence of an intoxicant.

Pursuant to House Concurrent Resolution No. 28, H.D. 1 (2007), the Department of Transportation convened a Hawaii Ignition Interlock Implementation Task Force comprised of government agencies and community stakeholders to study the feasibility of requiring the installation of ignition interlock devices on vehicles of offenders convicted of driving under the influence offenders, including exploring and recommending procedures for the introduction of ignition interlock technology to Hawaii. Act 171, Session Laws of Hawaii 2008 and Act 88, Session Laws of Hawaii 2009 enacted recommendations of the Hawaii Ignition Interlock Implementation Task Force which has continued its work through to the present. This measure represents the final installment of legislation to fully implement the program.

While gains have been made in reducing both driving under the influence arrests and the total number of alcohol-related fatalities, today's offender is more likely to have a highly elevated alcohol concentration and, as a whole, Hawaii's rate of alcohol-related fatalities remains unacceptably high. At the same time, people whose licenses have been revoked still need to get to work, to transport their families, and to fulfill other obligations, and sit in some cases, there is no efficient alternative to driving. Just as there is no single cause of this problem, there is no single solution, and Hawaii needs another tool to address it.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the definition of "ignition interlock device" to mean a breath alcohol ignition interlock device; and
- (2) Making technical, nonsubstantive amendments.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2897, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2897, S.D. 2, H.D. 3, C.D. 1.

Representatives Souki, Karamatsu, Awana, Har, B. Oshiro and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 89-10 on S.B. No. 2346**

The purpose of this measure is to authorize the Hawaii Teacher Standards Board to delegate to its Executive Director, or other designee, any of its powers and duties as it deems reasonable and proper; provided that certain discretionary functions are not delegated.

Your Committee on Conference finds that in 2009, the Auditor submitted to the Legislature the findings of an audit on the appropriate accountability structure of the Hawaii Teacher Standards Board, examining specifically whether the Board effectively executed its core function of licensing and re-licensing. The Auditor's report (Report No. 09-05) found several problems with the Board, including ineffective management of its licensing functions, lack of oversight, and miscommunication between the Board and the Department of Education. This measure attempts to address some of the concerns expressed in the Auditor's report.

Upon receipt of the Auditor's report, the Legislature requested the Legislative Reference Bureau, University of Hawaii at Manoa College of Education, and Hawaii Teacher Standards Board to respond to the Auditor's report, and these agencies submitted reports for review by the Legislature.

Your Committee on Conference finds that the recommendations made by the state agencies are useful in clarifying the respective roles, responsibilities, and relationship between the Hawaii Teacher Standards Board and the Department of Education; improving teacher licensing and re-licensing processes and fees; and improving the overall operations and impact of the Hawaii Teacher Standards Board. Accordingly, your Committee on Conference has amended this measure by incorporating the recommendations, as follows:

- (1) By requiring the Hawaii Teacher Standards Board to include expenditure information in its annual report;
- (2) By adding additional licensure renewal requirements and verification of meeting licensure renewal requirements;
- (3) By requiring the Board to review the implementation of revised license fee collections and determine if fees shall be raised;
- (4) By requiring the Board to develop a comprehensive plan for transferring nonessential functions and duties to other agencies;
- (5) By requiring the Board to review its teacher license renewal process;
- (6) By requiring the Board and the Department of Education to clarify their respective powers, duties, responsibilities, and the relationship between the two agencies; and
- (7) By making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2346, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2346, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Rhoads and Ching.  
Managers on the part of the House.

Senators Sakamoto, Kidani and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 90-10 on S.B. No. 466**

The purpose of this measure is to:

- (1) Prohibit the use of leaf blowers on or near residential zones, except within allowed time periods; and
- (2) Prohibit leaf blowing operations from blowing debris onto adjacent property without permission.

Many residents in high density areas complain about the noise, smell, and dust created by leaf blowers. The noise of leaf blowers interfere with neighbors' ability to watch television, sleep, and talk on the phone. Additionally, some leaf blower users are inconsiderate and blow dust and debris into public rights-of-way and into neighbors' open windows. Your Committee finds that numerous studies have shown that home gardeners can clean the same amount of space with more speed and accuracy using a rake and broom than using any kind of leaf blower. This measure strikes a balance between the need to use leaf blowers in a considerate way and the neighbors whose daily lives are affected by the use of those leaf blowers.

Your Committee has amended this measure by:

- (1) Changing the time period for leaf blowing operations within a residential zone or within 100 feet of a residential zone from between the hours of 7:00 a.m. and 7:00 p.m. to 8:00 a.m. and 6:00 p.m.;
- (2) Including state holidays as days when leaf blowing operations are restricted to between the hours of 9:00 a.m. and 6:00 p.m., and defining "state holiday";
- (3) Exempting government entities from the prohibition of the use of leaf blowers on or near residential zones;
- (4) Clarifying that counties may adopt rules or ordinances that place stricter limitations on the use of leaf blowers;

- (5) Adding definitions for "leaf blower" and "parcel" to the prohibition on blowing debris onto adjacent property;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical, nonsubstantive changes for the purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 466, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 466, S.D. 2, H.D. 1, C.D. 1.

Representatives Morita, Karamatsu, Nishimoto and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 91-10 on S.B. No. 532**

The purpose of this measure is to limit the civil liability of property owners for damages to persons injured on premises while committing certain criminal offenses.

Your Committee on Conference finds that the intent of this measure is to protect an owner of real property from an individual who intends to or commits a crime from gaining from his or her criminal activity if the individual is wounded during the commission of the crime. Your Committee on Conference notes that there have been only a few instances in the history of this State where a homeowner was forced to defend his or her dwelling through the use of a firearm.

Your Committee on Conference notes that an earlier version of the measure, S.B. No. 532, S.D. 1, contained similar language, but limited civil liability for not only injuries to a perpetrator, but also the death of the perpetrator. After discussion, your Committee on Conference has chosen to revert to this earlier version, with amendments, as described below.

Your Committee on Conference has amended this measure by deleting its contents and replacing it with the contents of S.B. No. 532, S.D. 1, with amendments. As amended, this measure:

- (1) Limits civil liability for an owner of any estate or any other interest in real property to any perpetrator engaged in enumerated felonies for any injury or death to the perpetrator that occurs on that property during or after the commission of the felony, or when a reasonable person would believe that commission of an enumerated felony was imminent;
- (2) Requires that, if the perpetrator is injured, the perpetrator must be charged with the criminal offense and be convicted of the criminal offense or of a lesser included felony or misdemeanor;
- (3) Enumerates the felonies applicable to the limitation of liability;
- (4) Defines the time period for which the limitation of liability is applicable as arising the moment the perpetrator commences the enumerated felony or the moment the owner believes that a commission of an enumerated felony is imminent;
- (5) Provides that the limitation of liability is only applicable when the perpetrator's conduct in furtherance of the enumerated felony causes the injury or death;
- (6) Provides that the limitation of liability does not limit liability of the owner that would otherwise exist for certain wrongful conduct of the owner or the injury or death caused to individuals other than the perpetrator;
- (7) Provides that the owner is not required to warn the perpetrator that the owner is armed and ready to cause injury or death in order to benefit from the limitation of liability;
- (8) Indicates that the limitation of liability is in addition to other available defenses for the owner; and
- (9) Makes the measure effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 532, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 532, S.D. 1, H.D. 1, C.D. 1.

Representatives Karamatsu, Ito and Thielen.  
Managers on the part of the House.

Senators Taniguchi, Takamine and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 92-10 on S.B. No. 2045**

The purpose of this measure is to establish class A and B felony sexual human trafficking offenses and provisions related to prosecution of the offenses.

Your Committee on Conference finds that human trafficking, particularly sexual human trafficking of minors, is a grave and repellent activity that should be harshly punished. While existing statutes may touch on some of the conduct inherent in the act of trafficking, your Committee on Conference understands that lack of a specifically defined crime of trafficking makes identification of victims and evaluation of the extent of the problem difficult.

However, your Committee on Conference notes that the measure as received is sufficiently complex so as to deter the prosecution of these newly created offenses, thereby defeating the goal of the measure. Your Committee on Conference believes that, by paring down and simplifying the trafficking provisions, the goals of the measure will be better served.

Your Committee on Conference has amended this measure by deleting its contents and replacing it with language that does the following:

- (1) Creates a part within chapter 707, Hawaii Revised Statutes, that:
  - (A) Creates a new sexual human trafficking in the first degree offense that is a class A felony, which prohibits a person from knowingly advancing or profiting from prostitution or sexually-explicit activity involving the prostitution or sexually-explicit activity of one or more prostituted person under the age of eighteen, if the person maintains, manages, supervises, or controls and transports any prostituted person; and
  - (B) Creates a new sexual human trafficking in the second degree offense that is a class B felony, which prohibits a person from knowingly advancing or profiting from prostitution or sexually-explicit activity involving the prostitution or sexually-explicit activity of one or more prostituted persons eighteen years old or older, if the person maintains, manages, supervises, or controls and transports any prostituted person; and
- (2) Includes the sexual human trafficking offenses in the official proceedings or investigations that are to be given greatest priority for purposes of witness protection programs.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2045, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2045, S.D. 1, H.D. 1, C.D. 1.

Representatives Karamatsu, Belatti, B. Oshiro, Luke, Tsuji and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 93-10 on S.B. No. 2371**

The purpose of this measure is to exempt limited benefit health insurance policies enacted in chapter 431, article 10A, Hawaii Revised Statutes, from any Insurance Code provision that generally applies to accident, health or sickness insurance policies, with certain exceptions, and unless the provision expressly states that the provision is applicable to the limited benefit health insurance policy.

Your Committee finds that limited benefit health insurance policies are policies that cover a specific disease or condition or that provide reimbursement for specific expenses that are generally not covered by a primary health insurance policy. Your Committee finds that because the nature of a limited benefit health insurance policy is fundamentally different from that of a primary health insurance policy, laws that are generally applicable to primary health insurance policies may be inappropriate for limited benefit policies.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2371, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2371, S.D. 2, H.D. 1, C.D. 1.

Representatives Yamane, Herkes, Nishimoto, Wakai and Marumoto.  
Managers on the part of the House.  
(Representative Marumoto was excused.)

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

**Conf. Com. Rep. 94-10 on S.B. No. 2811**

The purpose of this bill is to improve the regulation of prescription drugs by requiring all pharmacies and remote dispensing pharmacies to have the capacity to maintain prescription records electronically and to accept and transmit prescription information electronically or by facsimile. The bill also allows pharmacists to administer immunizations to children between the ages of nine and eighteen under certain circumstances.

Your Committee finds that increasing minor's access to vaccinations during health care crises, maintaining and transferring prescriptions and prescription records electronically, and including pharmacies in the Hawaii Health Information Exchange will all improve patient safety.

However, your Committee is aware of concerns that electronic storage and transferring of prescriptions and prescription records may impose a significant burden on small pharmacies and physicians' practices. In addition, your Committee further finds that lowering the age of pharmacy-administered vaccinations bears further study because it is only one possible method of preparing the State to appropriately address a public health crisis. To address these concerns, your Committee believes that establishing a task force to examine the feasibility, costs, and benefits of both vaccinations for minors and electronic prescriptions is prudent.

Your Committee has amended this measure by:

- (1) Replacing its contents with language requiring the Chair of the Board of Pharmacy to establish a task force to:
  - (A) Determine the feasibility of lowering the age at which vaccinations may be administered by pharmacies;
  - (B) Determine the feasibility of requiring every pharmacy and remote dispensing pharmacy to have the capacity to transmit and maintain prescriptions and prescription information electronically; and
  - (C) Develop a plan to include pharmacies in the Hawaii Health Information Exchange;
- (2) Including in the task force representatives from the Board of Pharmacy, the Hawaii Pharmacists Association, chain store pharmacies, independent pharmacies, the American Academy of Pediatrics, and the Hawaii Health Information Exchange;
- (3) Changing its effective date to upon approval; and
- (4) Repealing the measure on July 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2811, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2811, S.D. 2, H.D. 2, C.D. 1.

Representatives Yamane, Herkes, Nishimoto, Wakai and Marumoto.  
Managers on the part of the House.  
(Representative Marumoto was excused.)

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

#### **Conf. Com. Rep. 95-10 on S.B. No. 2610**

The purpose of this measure is to require the Director of Taxation to provide the Administrator of each county's real property assessment division with an image of all certificates of conveyances filed with the Bureau of Conveyances.

The current method, whereby the county makes weekly pickups of the printed certificates from the Department of Taxation, is not efficient and would be greatly improved with electronic data transfers of the conveyance certificates filed with the Bureau of Conveyances. The Department of Taxation, which has already implemented a process to scan these documents, would no longer need to provide printed copies of these certificates to the counties. Additionally, the neighbor islands would be able to retrieve the documents directly rather than relying on the City and County of Honolulu's assessment offices. Your Committee finds that receiving these documents in digital format would enable the counties to promptly track recorded ownership, encumbrances, restrictions, uses, and sales prices of real property for the purpose of determining real property tax assessments.

Your Committee has amended this measure by:

- (1) Changing the effective date to upon approval; and
- (2) Making technical, nonsubstantive changes for the purposes of style and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2610, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2610, H.D. 1, C.D. 1.

Representatives Ito, Har and Thielen.  
Managers on the part of the House.  
(Representative Thielen voted no.)

Senators Hee, English and Kim.  
Managers on the part of the Senate.

**Conf. Com. Rep. 96-10 on S.B. No. 2806**

The purpose of this bill is to ensure that the Emergency and Budget Reserve Fund (EBRF) has adequate reserves during times of emergency, economic downturn, or unforeseen reduction in revenues by:

- (1) Authorizing the transfer of five percent of the general fund balance at the close of the fiscal year when general fund revenues for each of two successive fiscal years exceed revenue for each of the preceding fiscal years by five percent;
- (2) Requiring that the end-of-fiscal-year general fund balance be calculated before any tax refund or tax credit is authorized;
- (3) Prohibiting the transfer of funds to the EBRF whenever the its balance is equal to or greater than ten percent of general fund revenues for the preceding fiscal year;
- (4) Requiring that general fund revenues deposited into the EBRF be kept in separate accounts from other moneys in the EBRF;
- (5) Requiring that all interest earned from moneys in the EBRF be credited to the EBRF; and
- (6) Clarifying that economic downturns must be severe before EBRF funds may be expended.

Your Committee on Conference finds that the EBRF is being steadily depleted while there are no new sources of revenue to replenish it. This measure would help to ensure that a fiscal reserve is available to support the State's financial obligations during periods of severe economic difficulty and would provide an alternative to raising taxes at times when the people of the State can least afford it.

Your Committee further finds that, in the interest of fiscal accountability, moneys deposited into the EBRF should be kept in separate accounts to prevent moneys transferred from the general fund from becoming co-mingled with other moneys in the fund. It is your Committee's intent that the statutory requirement of a two-thirds majority vote of each House of the Legislature, imposed by section 328L-3(d), Hawaii Revised Statutes, be followed when appropriating funds from either of these separate accounts in the Emergency and Budget Reserve Fund.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2806, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2806, S.D. 2, H.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Rhoads and Finnegan.  
Managers on the part of the House.

Senators Chun Oakland, Ige and Tsutsui.  
Managers on the part of the Senate.

**Conf. Com. Rep. 97-10 on S.B. No. 930**

The purpose of this measure is to provide immunity from liability and coverage of medical expenses for licensed medical personnel providing volunteer services on behalf of the State or a county in non-emergency situations, such as school-based immunization clinics.

Your Committee finds that this measure will encourage valuable medical personnel to participate as volunteers on behalf of the State or a county. Your Committee further finds that this measure is consistent with Good Samaritan practices in other jurisdictions.

Your Committee has amended this measure by changing its effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 930, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 930, H.D. 2, C.D. 1.

Representatives Yamane, Karamatsu, Nishimoto, Belatti and Finnegan.  
Managers on the part of the House.  
(Representative Belatti was excused.)

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

**Conf. Com. Rep. 98-10 on S.B. No. 2729**

The purpose of this measure is to establish a Hawaii immunization registry to maintain a single statewide repository of immunization records.

Your Committee finds that the purpose of establishing a single statewide repository of immunization records is to aid, coordinate, and help promote efficient and cost-effective screening, prevention, and control of vaccine preventable diseases, including pandemic influenza. Your Committee further finds that for patients who change health care providers, the Hawaii immunization registry will be accessible by their new provider to ensure that patients receive the immunizations they need while preventing the administration of unnecessary doses of vaccine.



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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2729, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2729, S.D. 2, H.D. 1, C.D. 1.

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

Senators Ige, Tsutsui, Baker and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 99-10 on S.B. No. 2473**

The purpose of this bill is to assist grandparents raising their grandchildren by:

- (1) Allowing grandchildren of elderly housing project residents to temporarily reside with the elderly resident during certain family crisis situations; and
- (2) Granting elderly residents evicted from elderly housing because they allowed grandchildren to live with them during a family crisis, first priority back into elderly housing after the crisis situation has been abated.

Your Committee on Conference finds that there is a large population of grandparents raising their grandchildren in Hawaii and they are faced with unique problems. Many of these grandparents living in elderly housing are faced with difficult decision when their own children are in a crisis situation and their grandchildren are left without parents and without alternatives. Your Committee finds that it is important for these children to have as much support as possible during these very difficult times, and that allowing them to live with their grandparents not only saves the State money, but also allows for a more stable and comfortable living environment for the children. Your Committee further finds that elders who have been evicted from elderly housing as a result of a family crisis should be given first priority to move back into elderly housing in their own geographical area should the crisis abate and that federal family housing could be used as an alternative to state family housing.

Your Committee has amended the measure by:

- (1) Amending the measure's effective date to July 1, 2010;
- (2) Clarifying that this measure does not diminish the original intent to retain elderly housing projects; and
- (3) Making technical, nonsubstantive stylistic changes for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2473, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2473, S.D. 1, H.D. 2, C.D. 1.

Representatives Cabanilla, Sagum, Chong and Ching.  
Managers on the part of the House.  
(Representative Chong was excused.)

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

**Conf. Com. Rep. 100-10 on S.B. No. 2220**

The purpose of this measure is to improve enforcement of contracting laws by establishing a Construction Site Inspection Task Force (Task Force) consisting of representatives from the Department of Commerce and Consumer Affairs and each county permitting department to strengthen enforcement of contracting laws, including authorizing the Task Force to investigate and inspect construction sites for unlicensed contractors.

Your Committee on Conference finds that unlicensed or unlawful construction activity undermines the State's regulatory system and puts contractors who do follow the law at a disadvantage since unlicensed operators cut corners by ignoring licensing, workplace safety, labor, and tax laws. Your Committee on Conference also finds that establishing a Task Force to investigate the scope and prevalence of construction violations in the State will enhance the ability of all affected departments to enforce existing laws.

Your Committee on Conference has amended this measure by replacing its contents with the Senate Draft 1 version of the measure and changing the effective date of the measure to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2220, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2220, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Wakai and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 101-10 on S.B. No. 2399**

The purpose of this measure is to protect the health and safety of amateur contestants in mixed martial arts (MMA) contests. Specifically, this bill:

- (1) Requires the Department of Commerce and Consumer Affairs (DCCA) to regulate amateur MMA;
- (2) Allows DCCA to delegate the control and supervision of amateur MMA contests to a recognized national amateur MMA association;
- (3) Defines "amateur mixed martial arts contestant" and "professional mixed martial arts contestant";
- (4) Clarifies that amateur MMA contests shall not offer monetary compensation;
- (5) Clarifies that amateur MMA contestants must be at least 18 years of age;
- (6) Changes the event fees charged to a licensed promoter;
- (7) Requires individuals to be at least 18 years of age to apply for a license as a professional MMA contestant;
- (8) Exempts amateur MMA contestants from the licensing requirements;
- (9) Requires amateur MMA contestants to pass a physical examination conducted by a licensed physician prior to engaging in an MMA contest; and
- (10) Repeals additional surcharge fees charged to promoters during their license renewal period for deposit into the Compliance Resolution Fund.

Your Committee finds that regulation of mixed martial arts contests was originally enacted in response to a pattern of severe injuries in unregulated contests. Your Committee further finds that this measure is intended to increase the existing protections and to explicitly extend them to amateur MMA contests and contestants.

Your Committee has amended this measure by:

- (1) Redefining "amateur mixed martial arts contestant" to mean a person who is trained in mixed martial arts, competes in an amateur mixed martial arts contest, and is at least eighteen years of age;
- (2) Redefining "professional mixed martial arts contestant" to mean a person who is trained in mixed martial arts and competes in a mixed martial arts contest in which money, a prize, or purse, or other form of monetary compensation is offered or given to contestants;
- (3) Requiring each mixed martial arts contestant to be examined by a physician within six hours of a contest;
- (4) Reinstating the minimum one year of experience requirement for MMA contest referees;
- (5) Excepting sections 440E-5(b)(5) and 440E-7(a)(2) and (4), Hawaii Revised Statutes, from applying to amateur mixed martial arts contests;
- (6) Changing the effective date to July 1, 2010; and
- (7) Making technical, nonsubstantive amendments for the purpose of style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2399, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2399, S.D. 1, H.D. 1, C.D. 1.

Representatives Herkes, Keith-Agaran, Chang, Wakai and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 102-10 on S.B. No. 2601**

The purpose of this measure is to require the Auditor to conduct a sunrise analysis of the licensure of athletic trainers.

Your Committee finds that Hawaii is one of only four states that does not currently regulate the practice of athletic training. Your Committee further finds that the continued absence of regulation creates a climate where athletic trainers who have lost or been denied licensure in other states can move

to Hawaii to practice here, thereby putting the public at risk and degrading the profession as a whole. Your Committee finds that it is especially important that the practice of athletic training maintain the highest possible standards for consumer safety since athletic trainers often work with children in elementary and secondary school settings.

Your Committee has amended this measure by:

- (1) Revising language to reflect that the regulatory scheme contemplated by the Legislature for athletic trainers is for licensure rather than registration;
- (2) Deleting the language in the purpose section indicating that regulating the athletic trainer profession would require demonstration of minimum competency by athletic trainers;
- (3) Expanding the provisions describing the process and reporting requirements of the sunrise review to be conducted by the Auditor; and
- (4) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2601, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2601, S.D. 1, H.D. 2, C.D. 1.

Representatives Manahan, Wakai, Tokioka, Chang and Marumoto.  
Managers on the part of the House.  
(Representative Wakai was excused.)

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

**Conf. Com. Rep. 103-10 on S.B. No. 2842**

The purpose of this bill is to establish the Permitted Transfers in Trust Act to govern transfers of currency, bonds, and securities from a transferor to a trustee by means of an irrevocable trust instrument.

Your Committee finds that Hawaii relies heavily on the travel industry as an economic engine and that it is in the interest of the economic stability of the State to diversify sources of revenue, including state tax revenues. Your Committee further finds that estate and financial planning has proven to be a source of capital for other jurisdictions.

Your Committee believes that authorizing such transactions will provide the State with a source of revenue to help stabilize the current budget crisis and to fuel future economic growth by offering incentives to individuals with high net worth throughout the world to transfer a portion of their liquid net worth into Hawaii for asset and trust management.

Your Committee has amended this measure by:

- (1) Inserting definitions of "grantor trust" and "non-grantor trust" and amending the definition of "permitted trustee";
- (2) Clarifying that "permitted trustee" means people, banks, or trust companies that have their principal place of business in this State;
- (3) Expanding the exemptions from limitations on actions by creditors to avoid permitted transfers from applying to the State of Hawaii to the extent necessary to extinguish a transferor's tax liabilities;
- (4) Setting a one per cent excise tax on the fair market value of all permitted transfers and placing administration of this tax in the Department of Taxation;
- (5) Clarifying that any beneficial interest in the non-grantor trust held by a beneficiary residing outside of this State shall be excluded from Hawaii income tax and that the trustee of the non-grantor trust shall not be required to track the accumulated income or gains attributable to a nonresident beneficiary;
- (6) Providing that in circumstances where the percentage of beneficiaries' interests are indeterminable based on the provisions of the trust, the trustee shall allocate income and gains equally among all entitled beneficiaries;
- (7) Changing the effective date of this measure to July 1, 2010; and
- (8) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2842, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2842, S.D. 2, H.D. 1, C.D. 1.

Representatives Herkes, Choy, Aquino, Wakai and Marumoto.  
Managers on the part of the House.  
(Representative Aquino was excused.)

Senators Baker, Tsutsui, Espero, Ige and Hemmings.  
Managers on the part of the Senate.  
(Senator Ige was excused.)

**Conf. Com. Rep. 104-10 on S.B. No. 2116**

The purpose of this measure is to facilitate the process by which the Department of Education obtains approval for the State to indemnify, defend, and hold harmless a county agency and its officers, agents, and employees for public school purposes and functions on or in county facilities.

Your Committee on Conference finds that the intent of this measure is to streamline the process for public schools to get permission to use county parks and other facilities for school purposes. In addition to use of space and facilities for special school events, there are a number of schools which regularly use adjacent county parks for their playgrounds and other physical education facilities. A process that can ease the continued use of county property would be helpful to the schools.

Your Committee on Conference notes two concerns with the measure as received. First, the measure as received gives the Superintendent of Education or the Deputy Superintendent the authority to indemnify, defend, and hold harmless a county agency. Your Committee on Conference believes that the Governor should instead have the ability to delegate this authority. Second, the measure provides that, once the Governor approves the indemnity provision to be used by the Superintendent of Education or the Deputy Superintendent, the provision *shall* serve as approval for all public school purposes or functions on county properties for the remainder of the same school year. Your Committee on Conference believes that a more flexible approach is to provide that the indemnity provision, once agreed to by the Governor, *may* serve as the approval for all public school purposes or functions on county properties for the remainder of the same school year.

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

- (1) Authorizing the Governor to delegate the authority to indemnify, defend, and hold harmless a county agency to the Superintendent of Education or the Deputy Superintendent of Education, rather than statutorily authorizing this ability;
- (2) Indicating that once agreed to by the Governor, the indemnity provision to be used by the Superintendent of Education or the Deputy Superintendent of Education may serve as the approval for the remainder of the school year; and
- (3) Providing that the measure shall take effect upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2116, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2116, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 105-10 on S.B. No. 1062**

The purpose of this measure is to:

- (1) Require professional employer organizations to register with the Insurance Commissioner, and to specify requirements for registration; and
- (2) Require a professional employer organization to post a bond in an unspecified amount.

Your Committee on Conference finds that this measure will clarify the requirements for professional employer organizations for both these organizations and the businesses they service.

Your Committee on Conference has amended this measure by:

- (1) Moving the regulation of professional employer organizations from the Insurance Commissioner under the Department of Commerce and Consumer Affairs to the Department of Labor and Industrial Relations, and changing all internal references to reflect this change;
- (2) Setting the bond required to be posted by professional employer organizations at \$250,000; and
- (3) Changing the effective date from July 1, 2020, to upon approval; provided that the registration requirements shall take effect on July 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1062, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1062, S.D. 1, H.D. 1, C.D. 1.

Representatives Rhoads, McKelvey, Herkes, Yamashita and Pine.

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

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

**Conf. Com. Rep. 106-10 on S.B. No. 2883**

The purpose of this measure is to promote fair employment practices by making it an unlawful practice for an employer or labor organization to bar or discharge from employment, withhold pay from, or demote an employee because the employee legitimately uses accrued and available sick leave.

This measure specifically applies to employers or labor organizations that have over 100 employees and have a collective bargaining agreement with their employees. This measure does not apply to cases where an employee is abusing sick leave benefits or is unable to fulfill his or her essential job functions or requirements.

Your Committee on Conference finds that employees who legitimately use accrued and available sick leave benefits should not be reprimanded by certain large employers or labor organizations that have a collective bargaining agreement in place with their employees, unless the employee is abusing their sick leave benefits. Your Committee on Conference also finds that certain large employers or labor organizations should not be prohibited from discharging or demoting an employee if the employee is unable to fulfill the essential job functions or requirements of their position.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2883, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2883, S.D. 1, H.D. 2, C.D. 1.

Representatives Rhoads, Karamatsu, M. Oshiro, Yamashita and Pine.  
Managers on the part of the House.  
(Representatives M. Oshiro and Yamashita were excused.)

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

**Conf. Com. Rep. 107-10 on S.B. No. 910**

The purpose of this measure is to transfer the functions and duties of the Homeless Programs Branch of the Hawaii Public Housing Authority (HPHA) to the Benefit, Employment, and Support Services Division of the Department of Human Services (DHS).

Your Committee on Conference finds that the Benefit, Employment and Support Services Division is the appropriate place to embed homeless programs because it already provides services to the homeless such as tools to attain self-sufficiency, such as employment training, child care, and general assistance. By transferring the homeless division to this Division, all services will be centralized and the coordination of homeless services will be streamlined.

Your Committee has amended the measure by:

- (1) Clarifying that the Department of Human Services (DHS) will transfer four employees from the Hawaii Public Housing Authority to the Benefit, Employment and Support Services Division, both within DHS;
- (2) Clarifying that any transferred position that was exempt from chapter 76, Hawaii Revised Statutes, under section 356D-2, Hawaii Revised Statutes, may remain exempt;
- (3) Changing the measure's effective date to July 1, 2010; and
- (4) Making technical, nonsubstantive stylistic changes for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 910, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 910, S.D. 1, H.D. 2, C.D. 1.

Representatives Cabanilla, Karamatsu, Sagum, Chong and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 108-10 on S.B. No. 2165**

The purpose of this measure is to raise standards for the guard industry by specifying educational, criminal history, and training requirements for all guards and employees of guard companies who act in a guard capacity.

Your Committee on Conference finds that the education and training requirements in the existing law pertaining to guards are inadequate to protect the public and to provide for high-quality guard services. Your Committee notes that under the existing law, it is possible for an individual to act as an armed security guard with an eighth grade education and no formal training at all. Your Committee finds that the proliferation of the use of guards and private security forces has resulted in an environment where individuals empowered by and answerable only to their employers are permitted to act to secure life and property in potentially dangerous and threatening situations, without adequate training or oversight that improved regulation would afford. Your Committee finds that this measure will subject guards to meaningful oversight and regulation that is in the best interest of the guard industry as well as the public's safety.

Your Committee on Conference has amended this measure by reverting to the S.D. 1 version of S.B. 2165 and making the following changes:

- (1) Adding the requirement that an individual registering as a guard not be suffering from any psychiatric or psychological disorder which would detrimentally effect their performance as a guard;
- (2) Amending the requirements applicable to guard instructors, including requiring that instructors be approved by the Board of Private Detectives and Guards;
- (3) Redefining "guard" and specifying that "guard" shall not include any active duty federal, state, or county law enforcement officers or personnel;
- (4) Authorizing the Board of Private Detectives and Guards to issue principal guard licenses and establishing the requirements therefor;
- (5) Establishing requirements applicable to a firm applying for a guard agency license, including bond and principal guard requirements;
- (6) Allowing a guard agency to employ agents, operatives, and assistants in a guard capacity and specifying the management and other responsibilities of the principal guard in relation to the agency and its employees;
- (7) Establishing the qualification requirements applicable to employees of a guard agency who act in a guard capacity;
- (8) Establishing criminal history records check requirements for all new employees employed in a guard capacity;
- (9) Establishing the form of application for licensure and registration, including the information that must be provided by the applicant to enable the Board of Private Detectives and Guards to assess and, if necessary, investigate the background, character, competency, and integrity of the applicant;
- (10) Making the measure effective upon approval; provided that the section 1 of the measure shall take effect on July 1, 2013;
- (11) Repealing the Act on July 1, 2016; and
- (12) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2165, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2165, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Wakai and Marumoto.  
Managers on the part of the House.

Senators Baker, Espero and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 109-10 on S.B. No. 2563**

The purpose of this measure is to support the use of alternative energy resources in Hawaii.

Specifically, this measure:

- (1) Requires the Director of Business, Economic Development, and Tourism to impose and collect fees for the administration of the solar water heater system for new residences program and deposit those fees into the energy security special fund; and
- (2) Sets the goal of using alternative fuels to meet thirty per cent of highway fuel demand by 2030.

Your Committee finds that this measure will assist the Department of Business, Economic Development, and Tourism with administering the program requiring solar water heater systems for new single-family residences. Permitting the Department to impose and collect fees for the variance application process will support the program and significantly enhance the effectiveness of the statewide strategy to promote renewable energy, particularly with respect to residential solar water heater systems, which are a major component in that strategy.

Your Committee further finds that currently the goal of achieving alternate fuels standards requires the State to facilitate the development of alternate fuels and support attainment of a statewide alternate fuel standard of ten per cent of highway fuel by 2010, fifteen per cent by 2015, and twenty per cent by 2020. This measure, which is endorsed by the Hawaii Clean Energy Initiative, will continue and expand the State's commitment to achieving an alternate fuels standard of thirty per cent of highway fuel by 2030.

Your Committee has amended this measure by:

- (1) Clarifying that the Director of Business, Economic Development, and Tourism may impose and collect fees to cover the costs of administering the variances permitted under section 196-6.5, Hawaii Revised Statutes, relating to the requirement that new single-family residential construction use solar water heater systems; and
- (2) Changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2563, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2563, S.D. 1, H.D. 2, C.D. 1.

Representatives Morita, Coffman, Choy and Ching.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 110-10 on S.B. No. 2599**

The purpose of this measure is to provide for the early detection of colorectal cancer by requiring health insurers to:

- (1) Insure colorectal cancer screening procedures graded A or B, as recommended by the United States Preventive Services Task Force; and
- (2) Provide those insured with information about the risks of undiagnosed colorectal cancer and encourage them to consult with their physician about screening options.

Your Committee on Conference finds that mandating health insurance coverage for colorectal cancer screening will lead to early detection, proper diagnosis, and treatment of colorectal cancer. Scientific evidence has shown that more than one-third of the deaths from colorectal cancer could have been avoided if regular colorectal screenings were made after the age of fifty. Your Committee on Conference also finds that health insurance providers may provide beneficiaries with notice of the mandates in this measure in any reasonable form and that it is not the intent of your Committee on Conference to require new or additional means of providing notice to beneficiaries.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2599, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2599, S.D. 2, H.D. 2, C.D. 1.

Representatives Yamane, Herkes, M. Oshiro, M. Lee and Marumoto.  
Managers on the part of the House.

Senators Baker, Ige, Tsutsui, Green and Hemmings.  
Managers on the part of the Senate.  
(Senator Tsutsui was excused.)

#### **Conf. Com. Rep. 111-10 on S.B. No. 2702**

The purpose of this measure is to allow federal reimbursements for disaster relief to be held in a trust account for future disaster relief.

Current law in section 37-41, Hawaii Revised Statutes, requires that unexpended appropriations be returned to the general fund. The State Department of Defense pays disaster relief expenses out of operating funds to be later reimbursed from federal funds which would lapse into the general fund. This measure allows federal reimbursements to be held in a trust account to ensure that these funds do not lapse at the end of the fiscal year. This measure would preserve federal funds in a trust account so that the funds will be available for expenditure on future disaster relief efforts.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2702, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2702, S.D. 2, H.D. 1, C.D. 1.

Representatives Hanohano, Aquino, Awana, Shimabukuro and Pine.  
Managers on the part of the House.

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

**Conf. Com. Rep. 112-10 on S.B. No. 2716**

The purpose of this measure is to create within the jurisdiction of the family court a new Child Protective Act to make paramount the safety and health of children who have been harmed or are in life circumstances that threaten harm. This measure also ensures that the Child Protective Act is in conformity with Federal Title IV-E provisions.

Your Committees on Conference have amended the measure by:

- (1) Clarifying the definition of "adjudication" to include a finding by a court by preponderance of the evidence that the child has been subject to threatened harm by the acts or omissions of the child's family;
- (2) Defining "birth parent" and "biological parent" and clarifying that that the term "birth" is interchangeable with the term "natural", as that term is used in chapter 578, Hawaii Revised Statutes;
- (3) Replacing all references to "natural parent", "natural mother", and "natural father", with "birth parent", "birth mother", and "birth father", respectively;
- (4) Defining "foster parent", "foster family", and "resource family" and clarifying that these terms may be used interchangeably;
- (5) Redefining "party" to specify that the child's current parents or resource family are discretionary parties, along with other persons whose participation is in the best interest of the child;
- (6) Amending the safe family home factors to additionally consider whether any alleged perpetrator has acknowledged and accepted responsibility for the harm to the child;
- (7) Requiring attorneys for incapacitated adults to take instructions from the incapacitated adult's guardian ad litem, unless otherwise ordered by the court;
- (8) Notwithstanding the 15-day deadline for filing reports, allowing the Department of Human Services and other authorized agencies to file additional information for certain hearings upon showing that the information could not be obtained before the deadline;
- (9) Clarifying that court may order the court and the parties to view a video of the child's interview;
- (10) For service plan notification purposes, providing that the parents' failure to provide a safe family home within two years from the date when the child was first placed under foster custody by the court, may, rather than shall, result in the parents' parental rights being terminated;
- (11) For return hearing purposes, if aggravated circumstances are present, setting a 60-day deadline within which the court shall file a motion to set the case for a termination of parental rights hearing;
- (12) For permanency hearing purposes, requiring the Department of Human Services to file a motion to set the matter for termination of parental rights if the child has been in foster care for a total of twelve consecutive months;
- (13) Deleting the ability of a parent whose parental rights have been terminated to file a motion to reinstate the terminated parental rights;
- (14) Changing the effective date of the measure to September 1, 2010 to allow the Judiciary to prepare forms and update family court procedures to comply with the new Child Protective Act; and
- (15) Making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference finds that it is vitally important to the children of Hawaii to have adequate protection under the law. There are many children that are abused each year, and as a society we are responsible for making sure that they are safe from harm. Your Committee notes that this was a multi-faceted effort, with numerous entities coming together to assist in ensuring that children are protected through the family courts in Hawaii. Your Committee has amended this measure accordingly so that the concerns of the groups involved in the family court process regarding these children have been addressed.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2716, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2716, S.D. 2, H.D. 2, C.D. 1.

Representatives Mizuno, Karamatsu, M. Oshiro, Brower and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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



**Conf. Com. Rep. 113-10 on S.B. No. 2825**

The purpose of this bill is to clarify that for short-term investments of state funds, the five-year maturity limitation for authorized investments with stated maturity dates also applies to the underlying securities of those investments.

Upon further consideration, your Committee has amended this measure by changing its effective date from July 1, 2020, to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2825, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2825, S.D. 1, H.D. 1, C.D. 1.

Representatives M. Oshiro, Choy and Finnegan.  
Managers on the part of the House.

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

**Conf. Com. Rep. 114-10 on S.B. No. 2828**

The purpose of this measure is to clarify the law for determining school impact fees for financing new public educational facilities or expanding existing public educational facilities.

Your Committee on Conference finds that an increasing amount of residential development generates an increased demand for public school facilities. This measure clarifies existing school impact fee laws to improve the accuracy and appropriateness of information used to determine school impact fees and create a more equitable assessment of school impact fees.

Your Committee on Conference has amended this measure by:

- (1) Changing the time at which the Department of Education is required to prepare various components of an impact fee analysis from upon the designation of a school impact district to prior to the designation of a school impact district;
- (2) Changing the effective date from July 1, 2020, to July 1, 2010; and
- (3) Making a technical, nonsubstantive change for the purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2828, S.D. 1, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2828, S.D. 1, H.D. 3, C.D. 1.

Representatives Takumi, Ito, M. Oshiro, Har, Nakashima and Pine.  
Managers on the part of the House.

Senators Sakamoto, Tsutsui, Galuteria, Kidani and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 115-10 on S.B. No. 2324**

The purpose of this measure is to:

- (1) Help ease the financial strain on partially unemployed individuals by authorizing an individual who is attached to a regular employer who is not offering work to receive unemployment insurance benefits under certain specified conditions;
- (2) Require the Department of Labor and Industrial Relations (DLIR), with assistance from the Department of Business, Economic Development, and Tourism (DBEDT), to conduct a study on the cost and feasibility of changing the contribution rate schedules for unemployment contributions from annual to semi-annual;
- (3) Require the DLIR, with assistance from the DBEDT, to review the Auditor's study conducted in 1982 regarding the financing mechanisms of the unemployment compensation fund;
- (4) Provide unspecified amounts of funds from the special unemployment insurance administration fund for the DLIR, with the assistance of the DBEDT, to conduct the study and review; and
- (5) Require the DLIR, working with the DBEDT, to submit reports of its findings and recommendations to the Legislature.

Your Committee on Conference finds that an individual who is attached to a regular employer but is separated from that employer because of a lack of work or reduced hours may receive unemployment insurance benefits. In addition, the individual claimant may voluntarily seek part-time or full-time work to supplement or replace their receipt of unemployment insurance benefits. However, should this individual be separated from their secondary employer, the possibility exists that the individual would be disqualified from receiving any unemployment insurance benefits.

Your Committee on Conference believes that the unemployment insurance laws should not penalize an individual for voluntarily seeking employment to supplement their unemployment insurance benefits. Accordingly, your Committee on Conference further finds that if the employee should terminate from a part-time employer, the employee should not be disqualified from receiving their unemployment insurance benefits.

Your Committee on Conference has amended this measure by:

- (1) Deleting its contents and inserting the contents found in the H.D. 1 version of S.B. No. 2324; which essentially removes any requirement for the DLIR, with the assistance of the DBEDT, to conduct any studies, reviews, and reports; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2324, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2324, S.D. 2, H.D. 2, C.D. 1.

Representatives Rhoads, M. Oshiro, Nakashima, Yamashita and Ward.  
Managers on the part of the House.

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

### **Conf. Com. Rep. 116-10 on S.B. No. 2691**

The purpose of this measure is to streamline the processing of Employees' Retirement System (ERS) pension payments by:

- (1) Requiring all retirees and beneficiaries in the state retirement system or county pension plans to be paid on a monthly, rather than semi-monthly, basis effective March 1, 2011;
- (2) Requiring all retirees and beneficiaries in the state retirement system to designate a financial-institution account into which the ERS is authorized to deposit their state retirement benefits effective March 1, 2011; and
- (3) Directing ERS to adjust the dates on which the semi-monthly payments in January 2011 and February 2011 are made to facilitate the semi-monthly to monthly transition.

Your Committee on Conference finds that requiring direct deposit for payment of benefits for retirees and beneficiaries will streamline the processing of payments and will provide cost savings to the State in the form of reduced postage, check printing and imaging costs, and bank fees. The Employees' Retirement System estimates that requiring direct deposit would save approximately \$32,000 each year. Your Committee on Conference also finds that an even greater costs savings can be achieved through the implementation of retirees and beneficiaries receiving their pension payment on a monthly basis, rather than semi-monthly. The costs savings resulting from these changes could then be used toward increasing ERS' investment earnings.

Your Committee on Conference further finds that, under the short time constraints imposed by this measure, certain retirees or beneficiaries may find it to be an economic hardship or particularly difficult to comply with the requirements in this measure. Thus, your Committee on Conference has exempted certain retirees and beneficiaries from the pension payment changes in this measure and has also lengthened the transition and implementation period from two months to six months for all retirees and beneficiaries of the state retirement system.

Your Committee on Conference has amended this measure by:

- (1) Delaying the implementation date that certain retirees and beneficiaries will begin to receive their pension payment on a monthly basis by changing the start date from March 1, 2011, to July 1, 2011;
- (2) Adding an exception to the requirement to be paid monthly for any retiree or beneficiary who:
  - (A) Became a retiree or beneficiary prior to January 1, 2003;
  - (B) Is eighty years of age or older on January 1, 2011; and
  - (C) Receives \$800 or less of pension benefits each month;
- (3) Delaying the cut-off date that all retirees and beneficiaries are required to designate a financial institution account to authorize payment by direct deposit from March 1, 2011, to April 1, 2011; and
- (4) Extending the transition period for the payment of pension benefits from semimonthly to monthly from two months to six months and for that transition period to take place from January 2011 through June 2011, rather than from January 2011 through February 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2691, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2691, S.D. 1, H.D. 1, C.D. 1.

Representatives Rhoads, M. Lee, Yamashita and Pine.  
Managers on the part of the House.  
(Representative Yamashita was excused.)

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

**Conf. Com. Rep. 117-10 on S.B. No. 2054**

The purpose of this measure is to establish within the state Civil Defense Agency the position of Statewide Communications Interoperability Coordinator.

This measure also authorizes an increase in the federal funds ceiling and appropriates federal funds received from the Homeland Security Grant Program to fund this new position.

This measure addresses the importance and complexity of multi-jurisdictional collaboration and partnerships among the many public safety agencies. The goal of this measure is to achieve effective voice and data communications during routine and emergency civil defense situations.

Your Committee on Conference has amended this measure by:

- (1) Authorizing a federal fund ceiling increase of \$110,000 and making an appropriation in that same amount; and
- (2) Changing the effective date to upon approval, and making the appropriation take effect on July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2054, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2054, S.D. 2, H.D. 1, C.D. 1.

Representatives Hanohano, Aquino, Awana, Herkes and Pine.  
Managers on the part of the House.  
(Representative Herkes was excused.)

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

**Conf. Com. Rep. 118-10 on S.B. No. 2386**

The purpose of this measure is to establish the University of Hawaii capital improvements program project assessment special fund for the purpose of defraying certain administrative costs related to the implementation of its capital improvement projects (CIP).

Your Committee on Conference finds that currently, operating general funds are used to defray certain costs of CIP projects and to provide centralized management, oversight, and administration in the implementation of CIP projects. Your Committee on Conference agrees that the costs related to these projects should instead be assessed and amortized against each individual project. Your Committee on Conference notes that the Department of Accounting and General Services has a similar project assessment fund for the same purposes.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2386, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2386, H.D. 1, C.D. 1.

Representatives Chang, M. Oshiro, Aquino, Yamashita and Pine.  
Managers on the part of the House.  
(Representative Pine was excused.)

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

**Conf. Com. Rep. 119-10 on S.B. No. 2400**

The purpose of this measure is to make emergency appropriations to support the functions of the Office of Elections and the Elections Commission.

More specifically, this measure appropriates out of the general revenues of the State:

- (1) The sum of \$250,000 to support the functions of the Office of Elections and the Elections Commission in the 2010 regular elections; and
- (2) The sum of \$140,000 to allow the Office of Elections to reimburse the City and County of Honolulu for providing technical support services for the 2010 special election.

Your Committee on Conference finds that the appropriations made in this measure are necessary to address budget shortfalls to fund operations critical to conducting the May 22, 2010 special election to fill the vacancy in the First Congressional District and the 2010 primary and general elections.

Your Committee has amended this measure by clarifying that the appropriation to support the functions of the Office of Elections and the Elections Commission in the 2010 regular elections is for fiscal year 2009-2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2400, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2400, S.D. 1, H.D. 1, C.D. 1.

Representatives Karamatsu, M. Oshiro and Finnegan.  
Managers on the part of the House.

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

### **Conf. Com. Rep. 120-10 on S.B. No. 2603**

The purpose of this measure is to bring the mortgage loan originator licensing laws into full compliance with the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Mortgage Licensing Act of 2008).

Your Committee finds that this measure complies with the requirements of the federal S.A.F.E. Mortgage Licensing Act of 2008. Your Committee further finds that the purpose of the S.A.F.E. Mortgage Licensing Act of 2008 is to "increase uniformity, reduce regulatory burden, enhance consumer protection, and reduce fraud" by encouraging the states to regulate the mortgage industry.

Your Committee finds that this measure is necessary to ensure that the State retains its power to regulate the intrastate mortgage lending industry. The State risks ceding that power to the federal government if the State's mortgage loan originator licensing laws fail to comply with the federal standards set out in the federal S.A.F.E. Mortgage Licensing Act of 2008. This measure contains the necessary statutory provisions to comply with the requirements of the federal law.

Your Committee has amended this measure by:

- (1) Clarifying the use of appropriated funding to cover the hiring of personnel to establish and maintain the licensing regime created by this measure;
- (2) Setting the Mortgage Loan Recovery Fund fee amount applicable to branch offices of mortgage loan originator companies;
- (3) Setting the amounts of the initial application fee, annual license renewal fee, reinstatement fee, late fee, and criminal background check fee applicable to mortgage loan originators and the principal and branch offices of mortgage loan originator companies;
- (4) Setting the fee applicable to information amendments requiring review by the Commissioner of Financial Institutions;
- (5) Clarifying that all application fees are nonrefundable;
- (6) Clarifying compliance for mortgage brokers or mortgage solicitors holding a license that is valid under chapter 454, Hawaii Revised Statutes, as of December 31, 2010;
- (7) Clarifying that obtaining a licensing determination under this chapter will automatically terminate a license issued under chapter 454, Hawaii Revised Statutes;
- (8) Inserting a severability clause pertaining to the mortgage broker or mortgage solicitor requirements of licensure provision;
- (9) Including an appropriation to establish and maintain the licensing regime created by chapter 454F, Hawaii Revised Statutes, including the hiring of and continued funding for the positions authorized by section 11 of Act 32, Special Session Laws of Hawaii 2009;
- (10) Making the measure effective on July 1, 2010; provided that sections 6, 7, 25, and 29 shall take effect on January 1, 2011; and provided further that sections 30 and 31 shall take effect upon approval; and
- (11) Making technical, nonsubstantive changes to ensure clarity and accuracy in the language of this measure.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2603, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2603, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Karamatsu, Keith-Agaran, C. Lee, Tokioka and Marumoto.  
Managers on the part of the House.  
(Representative Tokioka was excused.)

Senators Baker, Tsutsui and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 121-10 on S.B. No. 2661**

The purpose of this measure is to appropriate funds to satisfy all claims against the State, its officers, and its employees accrued during the past year for legislative relief for claims for the overpayment of taxes, or for refunds, reimbursements, payments of judgments or settlements, or other liabilities.

Your Committee on Conference notes that the Attorney General submitted information regarding nine additional claims that have been resolved and which should be added to the measure as received. The additional claims total \$1,762,000.00, bringing the total appropriation amount to \$9,113,851.64 allocated among thirty claims.

Your Committee on Conference has amended this measure by inserting the additional claims.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2661, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2661, S.D. 2, H.D. 2, C.D. 1.

Representatives Karamatsu, M. Oshiro and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 122-10 on S.B. No. 2809**

The purpose of this measure is to appropriate unspecified amounts out of the public utilities commission special fund for fiscal year 2010-2011 for:

- (1) The operations of the Public Utilities Commission, including reinstatement and funding of deleted positions; and
- (2) The operations of the Department of Commerce and Consumer Affairs Division of Consumer Advocacy, including funding of positions included in the 2007 reorganization and deleted positions.

Your Committee on Conference finds that the reorganization of the Public Utilities Commission and the Division of Consumer Advocacy provided by Act 177 and Act 183, Session Laws of Hawaii 2007, is essential to regulate Hawaii's public utilities effectively; control utility costs; and successfully implement meaningful energy policy reform in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$1,704,000 for the operations of the Public Utilities Commission;
- (2) Appropriating \$634,000 for the operations of the Division of Consumer Advocacy;
- (3) Changing the effective date from July 1, 2050, to July 1, 2010; and
- (4) Making a technical amendment for the purpose of accuracy.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2809, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2809, S.D. 2, H.D. 1, C.D. 1.

Representatives Herkes, Keith-Agaran and Marumoto.  
Managers on the part of the House.

Senators Baker, Kim and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 123-10 on S.B. No. 2395**

The purpose of this measure is to assist the Hawaii employer-union health benefits trust fund to overcome difficulties in performing its duties due to an increased and more complex workload, shortage of personnel, and absence of board and administrative leadership.

Your Committee finds that the voluntary employees' beneficiary association (VEBA) trust, an alternative health-benefits system used by the employee organization for public school teachers, will sunset on July 1, 2010. The Hawaii employer-union health benefits trust fund will experience extreme difficulty assisting in the transition of public school teachers and their dependents to the Hawaii employer-union health benefits trust fund while, at the same time, continuing to perform its normal duties.

Accordingly, this measure temporarily extends the sunset of the enabling legislation for the voluntary employees' beneficiary association trust for six months to provide for a smoother transition to the Hawaii employer-union health benefits trust fund.

In addition, this measure appropriates, for fiscal year 2010-2011, the following:

- (1) \$232,542 for five temporary positions to assist in the transition of public employees and their dependents from the voluntary employees' beneficiary association trust to the Hawaii employer-union health benefits trust fund;
- (2) \$244,359 for five permanent positions to assist in the performance of Hawaii employer-union health benefits trust fund duties; and
- (3) \$223,099 to cover costs associated with the transition from the voluntary employees' beneficiary association trust to the Hawaii employer-union health benefits trust fund.

Your Committee, upon further consideration, has amended this measure to change the effective date to June 29, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2395, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2395, S.D. 2, H.D. 1, C.D. 1.

Representatives Rhoads, M. Oshiro, Aquino, M. Lee, Nakashima, Yamashita and Finnegan.  
Managers on the part of the House.  
(Representative Yamashita was excused.)

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

#### **Conf. Com. Rep. 124-10 on S.B. No. 2461**

The purpose of this measure is to establish a means of financing for capital improvements to car rental facilities at state airports by raising the rental motor vehicle customer facility charge to \$4.50 per day.

This measure also:

- (1) Specifies that the \$4.50 charge is not to be reduced by the Department of Transportation for at least twenty years following September 1, 2010, or as necessary to satisfy payment of any bonds issued or financial agreements entered into by the department in furtherance of the purpose of the rental motor vehicle customer facility charge special fund;
- (2) Exempts the Department of Transportation from the administrative rule making process when determining the amount of the rental motor vehicle customer facility charge;
- (3) Repeals section 9 of Act 226, Session Laws of Hawaii 2008, establishing a \$1 per day rental motor vehicle customer facility charge; and
- (4) Makes an unspecified appropriation out of the rental motor vehicle customer facility charge special fund for fiscal year 2010-2011 for certain improvements to state airports.

Act 226, Session Laws of Hawaii 2008 (Act 226), implemented a car rental facility charge of \$1 daily and appropriated up to \$10 million for planning, design, and some possible improvements to car-rental facilities at public airports throughout Hawaii. The construction of improved rental motor vehicle facilities and the improvement of services that would occur as a result of these improved facilities would enhance customer opportunities and satisfaction.

Act 226 also established the rental motor vehicle customer facility charge special fund into which was deposited the car rental facility charge of \$1. Moneys in the rental motor vehicle customer facility charge special fund are used for enhancement, renovation, operation, and maintenance of existing rental motor vehicle customer facilities and the development of new rental motor vehicle customer facilities and related services at state airports.

Act 226 provided for a \$1 rental motor vehicle customer facility charge, but simultaneously provided for the Department of Transportation to set the rate without legislative enactment. This measure clarifies that henceforth the Department of Transportation may set the rate, thus negating the necessity for a legislative enactment to change those rates.

Under this measure, the charge of \$4.50 daily and the revenues that are generated therefrom will strongly support both the program as well as the bonds to finance the related construction projects, which will total approximately \$500,000,000. It is very important that the program have strong financing and the stream of revenues to attract the buyers of the bonds during these turbulent economic times in order to avoid program delays. In spite of years of discussions, the motor vehicle rental facilities over time have deteriorated and have not kept pace with similar facilities and services provided to visitors and residents at other public airports across the United States.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation out of the rental motor vehicle customer facility charge special fund for rental car improvements statewide, the sum of \$71,800,000 for fiscal year 2010-2011, for planning, land and utility acquisition, design and program management, and construction to provide consolidated car rental facilities for the car rental agencies and other related improvements for the Department of Transportation's airport modernization program, and deleting all other references to appropriations;
- (2) Deleting the requirement that the \$4.50 charge stay in effect for at least twenty years; and
- (3) Changing the effective date to July 1, 2010; provided that the \$4.50 charge shall take effect on September 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2461, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2461, S.D. 2, H.D. 2, C.D. 1.

Representatives Souki, M. Oshiro, Awana, Yamashita and Finnegan.  
Managers on the part of the House.

Senators English, Tsutsui and Nishihara.  
Managers on the part of the Senate.

**Conf. Com. Rep. 125-10 on S.B. No. 2548**

The purpose of this measure is to implement the information technology recommendations of Auditor's Report No. 09-06 by:

- (1) Establishing within the Office of the Governor a Chief Information Officer and Information Technology Steering Committee to organize, manage, and oversee statewide information technology governance; and
- (2) Establishing a shared services technology special fund to be funded by an unspecified percentage of central services fees for the operations of the Chief Information Officer and the Steering Committee.

Your Committee on Conference finds that creating greater efficiencies in information technology governance is particularly critical when state resources are severely limited. This measure will allow the State to review and improve its management of information technology to meet the challenge of providing public services with reduced resources.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Governor to report to the 2011 Legislature with recommendations for:
  - (A) The most appropriate state agency to house the Chief Information Officer and any personnel;
  - (B) The appropriate funding level for the shared services technology special fund and the designated percentage of all moneys collected pursuant to section 36-27(a), Hawaii Revised Statutes, for deposit into the shared services technology special fund; and
  - (C) Any legislation necessary to implement these recommendations; and
- (2) Changing the effective date from July 1, 2112, to January 1, 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2548, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2548, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Choy, Yamashita and Ward.  
Managers on the part of the House.  
(Representative Yamashita was excused.)

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

**Conf. Com. Rep. 126-10 on S.B. No. 2534**

The purpose of this measure is to:

- (1) Require law enforcement agencies having custody of a person to accept cash, surety bonds, and own recognizance bonds when the courts are closed, to allow the prompt discharge of a person from custody or imprisonment; and
- (2) Require payment of a bond to a law enforcement agency to be accompanied by a bond filing fee of \$20, payable in cash, for each bond issued per defendant.

The payment of cash bail or bail bonds is presently accepted only by the courts during business hours from Monday to Friday excluding weekends and holidays. Many years ago, the practice was for any corrections facility or police facility holding the accused to accept and promptly release the accused at any time, on any day of the week. The practical effect of the current practice is that an accused who can afford to pay the bail or bond may be held in custody for a minor offense from Friday afternoon to the following Monday morning, or Tuesday morning in the case of a Monday holiday.

The costs per day of incarcerating a person can be minimized by avoiding unnecessary delays in the prompt release of a person who is legally entitled to be released.

Your Committee on Conference has amended this measure by:

- (1) Increasing the bond filing fee to \$60;

- (2) Specifying that \$30 of the bond filing fees collected be retained by the agency processing the bond, and \$30 shall be deposited into the state general fund;
- (3) Requiring that bonds be accepted by a law enforcement agency weekends and holidays during the hours that the court would otherwise be open on weekdays;
- (4) Clarifying the definition of "law enforcement agency" to make technical amendments and to delete reference to the Department of Public Safety;
- (5) Authorizing the Attorney General to adopt rules pursuant to chapter 91, Hawaii Revised Statutes, to effectuate the purpose of the measure; and
- (6) Changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2534, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2534, S.D. 2, H.D. 1, C.D. 1.

Representatives Karamatsu, Keith-Agaran, Aquino and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 127-10 on S.B. No. 2385**

The purpose of this measure is to make permanent:

- (1) The University of Hawaii's authority to:
  - (A) Be exempt from the Comptroller's supervision of the University of Hawaii's accounts;
  - (B) Install a different accounting system;
  - (C) Submit changes only to uniform business and accounting forms for review and approval; and
  - (D) Approve the assignment of moneys to creditors;
- (2) The Comptroller's authority to request the University of Hawaii to provide information for the preparation of income and expenditure statements; and
- (3) The University of Hawaii's requirement to report to the Comptroller on moneys held outside the state treasury by the University.

Your Committee on Conference finds that this measure grants the University of Hawaii fiscal flexibility at a particularly trying time, with significant fiscal constraints on all state agencies. However, your Committee on Conference is also cognizant of the need for fiscal accountability and therefore prefers to extend the University of Hawaii's fiscal flexibility, rather than make it permanent at this time.

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

- (1) Extending to June 30, 2016:
  - (A) The University of Hawaii's authority to be exempt from the Comptroller's supervision of the University of Hawaii's accounts, install a different accounting system, submit changes only to uniform business and accounting forms for review and approval, and approve the assignment of moneys to creditors;
  - (B) The Comptroller's authority to request the University of Hawaii to provide information for the preparation of income and expenditure statements; and
  - (C) The requirement for the University of Hawaii to report to the Comptroller on moneys held outside the state treasury by the University;
- (2) Changing the effective date from July 1, 2020, to being retroactive to April 30, 2010, upon approval of this measure; and
- (3) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2385, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2385, S.D. 1, H.D. 1, C.D. 1.

Representatives Chang, M. Lee, Aquino, C. Lee and Pine.



Managers on the part of the House.

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

**Conf. Com. Rep. 128-10 on S.B. No. 2068**

The purpose of this measure is to require the Department of Education and Early Learning Council to work together on the development and submission of a plan to the Legislature for the integration of the cohort of children who would otherwise attend junior kindergarten into the early learning system.

Your Committee on Conference finds that Act 219, Session Laws of Hawaii 2004, launched a Junior Kindergarten program beginning with the 2006-07 school year with the intent of enabling Hawaii's children to succeed in kindergarten and subsequent schooling by addressing their varying developmental and learning needs. To date, however, only about one-third of the schools have adopted a variation of the Junior Kindergarten program. Moreover, early findings indicate that these children may be more appropriately placed in a pre-school type setting.

Notwithstanding the foregoing, the current economic situation has resulted in deep cuts in subsidies from the Department of Human Services. Families are finding it increasingly difficult to enroll their children in preschools and in some cases the quality of early learning settings has come into question because of the need to reduce staff. By eliminating the junior kindergarten option, some children will be foreclosed from attending any pre-kindergarten program at all.

Your Committee has amended this measure by:

- (1) Refocusing the measure, as reflected in the purpose clause, that more rapid progress must be made in finding cost-effective methods of providing early education;
- (2) Amending the age requirement for entrance into the public kindergarten program to allow children who will be at least five years of age on the first day of instruction to attend a public school kindergarten, beginning in the 2013-2014 school year;
- (3) Requiring that the Department of Education and Early Learning Council work together to develop a plan to assess the success of public junior kindergarten programs at individual schools, including a funding plan; and
- (4) Making technical, nonsubstantive changes for purposes of style, consistency, and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2068, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2068, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Berg and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

Senators Sakamoto, Kim, Chun Oakland, Kidani and Tsutsui.  
Managers on the part of the Senate.  
(Senators Chun Oakland and Tsutsui were excused.)

**Conf. Com. Rep. 129-10 on S.B. No. 2115**

The purpose of this measure is to:

- (1) Extend the fiscal autonomy previously granted to the University of Hawaii and Department of Education;
- (2) Clarify that the Department of Education is required to preaudit proposed payments of \$10,000 or more; and
- (3) Require the University of Hawaii and Department of Education to preaudit samples of proposed payments of less than \$10,000.

Given the budgetary constraints of the current fiscal year, your Committee on Conference finds that this measure would be useful to the University of Hawaii and the Department of Education by extending the fiscal flexibility previously granted to these agencies. This measure also retains the requirement that the Department of Education must preaudit proposed payments of \$10,000 or more but requires the Department of Education to preaudit *samples* of proposed payments of less than \$10,000. This additional flexibility would allow the Department of Education to use its resources in a more cost-effective manner.

Your Committee on Conference expressed concerns relating to section 3 of the measure. Article III, section 14 of the Hawaii State Constitution requires that each law embrace but one subject, which shall be expressed in the title. Your Committee on Conference is concerned that section 3 of this measure, relating to accounting systems, may not be appropriate given the title of this measure ("relating to preaudits of proposed payments").

Additionally, your Committee on Conference finds that changes to the drafting style of this measure would clarify the language of section 40-1, Hawaii Revised Statutes, as it would read upon repeal and reenactment or upon repeal or extension of the repeal and reenactment. Your Committee on Conference notes that although the drafting style changes significantly affect the appearance of the measure, the changes are technical and nonsubstantive.

In accordance with the findings described above, your Committee on Conference has amended this measure as follows:

- (1) By removing section 3 of the measure;
- (2) By adding language to require that any act passed by the Legislature during the 2010 Regular Session shall be amended to conform to the provisions of this measure relating to:
  - (A) The repeal date of the Department of Education's exemption from the Comptroller's supervision of the Department of Education's accounts;
  - (B) The requirement that the Department of Education shall preaudit all proposed payments of \$10,000 or more; and
  - (C) The requirement that the University of Hawaii and Department of Education shall preaudit samples of proposed payments of less than \$10,000;
- (3) By changing the effective date from July 1, 2010, to upon approval; provided that the measure shall take effect retroactive to April 30, 2010; and
- (4) By making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2115, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2115, S.D. 1, H.D. 2, C.D. 1.

Representatives Takumi, Chang, M. Lee and Ching.  
Managers on the part of the House.

Senators Sakamoto, Tokuda, Kim, Galuteria and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

#### **Conf. Com. Rep. 130-10 on S.B. No. 2434**

The purpose of this measure is to provide the Board of Education, as the appointing authority for the Superintendent of Education and the State Librarian, with more flexibility to establish the salaries of the Superintendent and State Librarian by adjusting the salary caps on these state leadership positions.

Your Committee on Conference finds that state departments, such as the Department of Education, are run by proficient and experienced individuals who frequently come from the private sector. Your Committee on Conference believes that seeking out and retaining the most qualified individuals to manage and run the Department of Education is critical to improving the public education system and to providing a superior education for all of Hawaii's public school children. By incorporating specific salaries for certain of the Department of Education's administrators and adding annual performance bonuses that are contingent upon specified outcomes and benchmarks, exceptional individuals can be retained and excellent performance can be adequately compensated.

Your Committee on Conference has amended this measure by:

- (1) Increasing the salary of the Superintendent from \$150,000 to \$160,000, and adding an annual performance bonus of up to \$90,000, which shall be contingent upon an annual performance evaluation that is subject to certain specified performance outcomes and limited for consecutive annual performance evaluations;
- (2) Specifying that the Board of Education shall set the salary of the Deputy Superintendent at no greater than \$130,000, and including an annual performance bonus of up to \$50,000, which shall be contingent upon an annual performance evaluation that is subject to certain specified performance outcomes and limited for consecutive annual performance evaluations;
- (3) Providing that the Board of Education shall set the salary of each Assistant Superintendent at a rate no greater than \$120,000 a year, and including an annual performance bonus of up to \$20,000, which shall be contingent upon an annual performance evaluation that is subject to certain specified performance outcomes and limited for consecutive annual performance evaluations;
- (4) Specifying that the Board of Education shall set the salary of each Complex Area Superintendent at a rate no greater than \$120,000 a year, and including an annual performance bonus of up to \$40,000, which shall be contingent upon an annual performance evaluation that is subject to certain specified performance outcomes and limited for consecutive annual performance evaluations;
- (5) Retaining the existing \$120,000 salary level and adding an annual performance bonus for the State Librarian of up to \$20,000, the specific amount of which is contingent upon an annual performance evaluation based on a minimum of four outcomes to be determined by the Board of Education and limited for the second consecutive annual performance evaluations;
- (6) Revising the purpose section of the measure to reflect the changes to the measure; and
- (7) Inserting an effective date of July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2434, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2434, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Rhoads, M and Lee.  
Managers on the part of the House.

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

**Conf. Com. Rep. 131-10 on S.B. No. 2885**

The purpose of this measure is to establish a health savings account task force within the Department of Labor and Industrial Relations for administrative purposes to study the current state of health savings account options in Hawaii's health insurance market, establish a plan of action to expand the use of health savings accounts, identify and recruit potential health plans, develop a way to implement flexible spending accounts for employee benefit programs that allow unspent funds in the account to carry over to the next year, and assess the potential economic impact of expanding health savings accounts in the State.

Your Committee finds that health savings accounts are an available alternate means of paying for health care that may generate significant health care cost savings for certain Hawaii residents. Your Committee also finds that health savings accounts options in Hawaii's health insurance market should be carefully examined to ensure compliance with Hawaii prepaid health care law.

Your Committee has amended this measure by:

- (1) Including a representative from the Hawaii Credit Union League on the health savings account task force; and
- (2) Changing the effective date of this measure to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2885, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2885, S.D. 2, H.D. 1, C.D. 1.

Representatives Yamane, Rhoads, Nishimoto, C. Lee, M. Lee and Finnegan.  
Managers on the part of the House.

Senators Ige, Takamine, Tsutsui, Green and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

**Conf. Com. Rep. 132-10 on S.B. No. 2491**

The purpose of this measure is to clarify that telemedicine is included within the practice of medicine, and to require insurers offering medical malpractice insurance coverage to also cover telemedicine services.

Your Committee on Conference finds that telemedicine services have the potential to radically expand access to physicians and medical services for the people of Hawaii. This new technology has particular relevance for the neighbor islands, which are plagued by a chronic physician shortage.

Additionally, your Committee finds that a study of the impact of coverage of telehealth services on medical malpractice policies will help the Legislature form comprehensive legislation on telemedicine malpractice coverage.

Your Committee on Conference has amended this measure by replacing its contents and:

- (1) Requiring the Insurance Commissioner to study and report to the Legislature before the Regular Session of 2011 the impact of coverage of telehealth services under medical malpractice policies and its impact on malpractice premium rates both in Hawaii and across the country;
- (2) Adding a new section to chapter 346, Hawaii Revised Statutes, that is limited to mobile medical van programs operating in a county with a population of less than 250,000 and provides that the Department of Human Services shall not require its approval for:
  - (A) A health plan under Medicaid or QUEST to deliver services using a telehealth service; or
  - (B) In-person visits to qualify any telehealth service for coverage under Medicaid or QUEST; and
- (3) Making this measure effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2491, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2491, S.D. 2, H.D. 1, C.D. 1.

Representatives Yamane, Wakai, Karamatsu, Nishimoto and Finnegan.

Managers on the part of the House.

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

**Conf. Com. Rep. 133-10 on S.B. No. 2951**

The purpose of this measure is to:

- (1) Provide for fair compensation when leased public land for agricultural or pastoral uses is withdrawn, condemned, or taken for public purposes; and
- (2) Establish the Agricultural Inspection and Certification Special Fund, to be used for the inspection and certification of agricultural commodities.

Cattle ranchers on the Big Island suffered serious financial losses as a result of the Saddle Road widening project. The Department of Land and Natural Resources established a conservation easement on leased land effectively preventing the ranchers from being able to use the leased land for their cattle herds, which required them to reduce their herds at a significant loss. This jeopardized the lessees' entire business models, because the ranchers were unable to mitigate long-term, fixed costs associated with operating a ranch in the way they had anticipated when the lease was negotiated.

Chapter 171, Hawaii Revised Statutes, presently provides for rent reductions if the land withdrawn causes the land to become unusable for the specific use or uses for which it was originally leased. However, the law provides no other method of compensation. The ranchers are required to maintain insurance and pay taxes for land they cannot use for the specific purpose for which it was originally leased.

Your Committee finds that this measure provides fair compensation when easements render the land unusable for the lessees' original intended purposes yet requires them to maintain insurance and pay taxes for land that no longer supports their existing businesses.

Your Committee has amended this measure by:

- (1) Reverting to S.B. No. 2951, S.D. 2, which provides for fair compensation when leased public land for agricultural or pastoral uses is withdrawn, condemned, or taken for public purposes; and
- (2) Changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2951, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2951, S.D. 2, H.D. 2, C.D. 1.

Representatives Ito, Tsuji, Har, Choy and Marumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 134-10 on S.B. No. 2600**

The purpose of this bill is to ensure the quality of practice of respiratory care in Hawaii by establishing licensure requirements and regulatory standards for respiratory therapists who practice respiratory care.

Your Committee finds that this measure establishes a regulatory scheme for respiratory therapists, who often treat the most critically ill patients in Hawaii. Your Committee further finds that Hawaii is one of only two states that does not regulate respiratory therapy, and this increases the probability that Hawaii may become a desirable destination for therapists with disciplinary problems in more tightly regulated states. By regulating the practice of respiratory care, your Committee finds that this measure will protect the public from the unqualified practice of respiratory care and from unprofessional conduct by persons licensed to practice respiratory care. This will ensure the continued high quality of respiratory care for which Hawaii is known.

Your Committee has amended this measure by:

- (1) Setting a fee of \$304 for respiratory therapist license issuance and renewal;
- (2) Clarifying the exemption from respiratory therapist licensure requirements for sleep technologists and including a definition of "sleep technologist";
- (3) Requiring respiratory therapist license applicants to have passed the Certified Respiratory Therapist Examination of the National Board for Respiratory Care, or its successor, within ninety days of submitting an application for licensure;
- (4) Removing the continuing education requirement of six credit hours per year for license renewal;
- (5) Clarifying language pertaining to the failure to restore a forfeited license within one year;

- (6) Repealing the respiratory therapist licensure provisions enacted by the measure on June 30, 2016;
- (7) Appropriating \$137,000 for fiscal year 2011-2012 out of the compliance resolution fund to implement the respiratory therapists licensure program; and
- (8) Changing the effective date of the measure to July 1, 2011; provided that the provisions relating to the powers and duties of the Director of Commerce and Consumer Affairs to establish and maintain this program shall take effect upon approval; and provided further that the appropriation section shall take effect on July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2600, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2600, S.D. 2, H.D. 2, C.D. 1.

Representatives Yamane, Herkes, M. Oshiro, M. Lee and Finnegan.  
Managers on the part of the House.  
(Representatives M. Lee and Finnegan were excused.)

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

**Conf. Com. Rep. 135-10 on S.B. No. 2173**

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

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

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

Your Committee on Conference has amended this bill by:

- (1) Inserting the appropriate amounts provided by the Department of Budget and Finance;
- (2) Updating dates cited in the measure;
- (3) Changing the effective date to "upon approval;" and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2173, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2173, S.D. 1, H.D. 1, C.D. 1.

Representatives M. Oshiro, M. Lee and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 136-10 on H.B. No. 2775**

The purpose of this bill is to establish fees for the processing of permits for the importation or possession of plants, animals, microorganisms, or soil into or within the state to provide funding for the Department of Agriculture's permit specialists.

Your Committee on Conference has amended this bill by:

- (1) Adding the dollar amounts for fees to process requests for importation and possession;
- (2) Deleting the section about the Pest Inspection, Quarantine, and Eradication Fund since its contents are in Senate Bill No. 2523;
- (3) Deleting the section repealing the Permit Revolving Fund and transferring the contents of the fund into the Pest Inspection, Quarantine, and Eradication Fund since its contents are in Senate Bill No. 2523;
- (4) Adding an appropriation for funds to review and process permits for the importation or possession of plants, animals, microorganisms or soil into or within the state;

- (5) Changing the effective date to July 1, 2010; and
- (6) Making technical, nonsubstantive amendments for consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2775, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2775, H.D. 2, S.D. 2, C.D. 1.

Representatives Tsuji, Wooley, Chong and Marumoto.  
Managers on the part of the House.  
(Representative Chong was excused.)

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

**Conf. Com. Rep. 137-10 on H.B. No. 2503**

The purpose of this bill is to expand the permissible uses of the Pesticide Use Revolving Fund (Revolving Fund) by removing the requirement that personnel costs expended from the Revolving Fund be limited to the Registration and Education Section of the Pesticides Branch of the Department of Agriculture.

Your Committee on Conference has amended this bill by changing the effective date to July 1, 2010.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2503, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2503, H.D. 1, S.D. 2, C.D. 1.

Representatives Tsuji, Wooley and Marumoto.  
Managers on the part of the House.

Senators Hee, Tsutsui and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 138-10 on H.B. No. 2832**

The purpose of this bill is to require the Taro Security and Purity Task Force to implement the recommendations in the final report submitted prior to the Regular Session 2010, and submit a final report on implementation prior to the convening of the Regular Session 2015.

Your Committee on Conference has amended this bill by:

- (1) Adding a section authorizing the Office of Hawaiian Affairs to seek funding for projects that increase the cultivation and use of taro; and
- (2) Changing the effective date to upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2832, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2832, H.D. 1, S.D. 2, C.D. 1.

Representatives Tsuji, Ito, Carroll, M. Oshiro, Nakashima, Sagum, Wooley and Finnegan.  
Managers on the part of the House.  
(Representatives Carroll and Finnegan were excused.)

Senators Hee, Tsutsui and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 139-10 on H.B. No. 1948**

The purpose of this bill is to expedite the refund to taxpayers of tax overpayments by requiring the Department of Taxation to provide refunds to taxpayers within 90 days of the filing of the tax return or the due date of the tax return, whichever is later.

Your Committee on Conference has amended this bill by:

- (1) Requiring that all general revenues collected from an increase of the entire general excise or use tax rate shall be used first to pay tax refunds delayed from fiscal year 2009-2010 to fiscal year 2010-2011;
- (2) Changing the effective date to July 1, 2010; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1948, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1948, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, M. Lee and Ward.  
Managers on the part of the House.  
(Representative Chong was excused.)

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

**Conf. Com. Rep. 140-10 on H.B. No. 2594**

The purpose of this bill is to conform state tax law to certain amendments to the Internal Revenue Code.

Your Committee on Conference has amended this measure by conforming to certain provisions in the federal Patient Protection and Affordable Care Act, signed into law on March 23, 2010, which:

- (1) Eliminate a reporting exception for certain payments made to corporations; and
- (2) Expand the scope of payments subject to information reporting for all types of United States persons who are subject to year-end reporting.

Your Committee on Conference has also made technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2594, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2594, H.D. 2, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 141-10 on H.B. No. 2583**

The purpose of this bill is to:

- (1) Establish civil penalties for shark feeding, including impoundment and forfeiture of any commercial marine vessel and imposition of administrative fines, fees, and costs; and
- (2) Provide that the owner of a vessel that is moored without authorization and not removed within the specified time period is responsible for all costs of impoundment and disposal of the vessel incurred by the Department of Land and Natural Resources and for any mooring fees due.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to July 1, 2010; and
- (2) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2583, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2583, S.D. 2, C.D. 1.

Representatives Ito, Karamatsu, Har, Tokioka and Thielen.  
Managers on the part of the House.  
(Representative Karamatsu was excused.)

Senators Hee, Tsutsui and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 142-10 on H.B. No. 2845**

The purpose of this bill is to allow the Hawaii Housing Finance and Development Corporation (HHFDC) to resell affordable dwelling units on non-ceded lands without being delayed by the legislative approval requirements of Act 176, Session Laws of Hawaii 2009 (Act 176), by exempting the fee simple resale of these units or lots to eligible homeowners from the legislative approval requirements of Act 176.

Your Committee on Conference has amended this bill by:

- (1) Changing the effective date to upon its approval;
- (2) Clarifying that lands exempted are the lands not classified as government or crown lands previous to August 15, 1895, or exchanged subsequent to August 15, 1895, for lands classified as government or crown lands previous to August 15, 1895; and
- (3) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2845, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2845, H.D. 1, S.D. 1, C.D. 1.

Representatives Ito, Cabanilla, Har, Chong and Thielen.  
Managers on the part of the House.  
(Representatives Cabanilla and Chong were excused.)

Senators Hee, Sakamoto, Bunda, Galuteria and Hemmings.  
Managers on the part of the Senate.  
(Senator Bunda was excused.)

**Conf. Com. Rep. 143-10 on H.B. No. 2441**

The purpose of this bill is to facilitate new construction in the state by requiring the Department of Hawaiian Home Lands (DHHL), Department of Transportation (DOT), county boards of water supply, and county departments of housing, planning and permitting, and transportation to award project contracts within 30 days of the bid opening date with certain exceptions.

This measure was recommended by the task force that was established pursuant to S.C.R. No. 132, S.D. 1, 2009, to determine the economic contributions of the construction industry in Hawaii, and develop, propose, and recommend state actions to preserve and create new jobs in the construction industry.

Your Committee on Conference believes that this measure will streamline the manner in which the specified procurements are made, thereby funneling much-needed funds into local businesses and industries. However, your Committee on Conference acknowledges that the realities of preparing and evaluating proposals for some types of projects may require more than 30 days before a contract may be awarded in a manner that provides the best value for the State.

Furthermore, your Committee on Conference finds that there have been instances in which the provisions of the procurement code effectively prevented goods and services from being given to the State. Although requiring a potential donee to go through the procurement process to donate goods or services to the State seems nonsensical, your Committee on Conference is nonetheless cognizant of the concerns of the State Procurement Office (SPO) that this measure may encourage a "donate to play" arrangement.

Your Committee on Conference has amended this bill by:

- (1) Limiting the 30-day contract award deadline to only DHHL and DOT projects by removing references to the county boards of water supply and county departments of housing, planning and permitting, and transportation;
- (2) Allowing the deadline to be extended for up to 14 business days if this will provide the opportunity for further negotiations with the lowest responsible bidder relating to considerations that could result in benefits to the public;
- (3) Exempting design-build contracts from the 30-day contract award deadline;
- (4) Changing the effective date to July 1, 2010, and providing that the law will sunset on June 30, 2012;
- (5) Requiring that donations accepted by state agencies be promptly reported to SPO; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2441, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2441, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Choy, Wakai and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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



**Conf. Com. Rep. 144-10 on H.B. No. 2133**

The purpose of this bill is to require the State Procurement Office to authorize reseller agreements in multi-state contracting agreements and place orders directly with local resellers designated by original equipment manufacturers or other national equipment or products suppliers.

Your Committee on Conference finds that this measure will clarify the law relating to Western States Contracting Alliance multi-state agreements as to which there has been some confusion regarding reseller agreements.

Your Committee on Conference has amended this bill by defining a "local reseller" as one having:

- (1) Its principal place of business or ancillary headquarters located within the state; and
- (2) Not less than 35 percent of its employees residing within the state.

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

Your Committee on Conference finds that by requiring government agencies to contract with local resellers, the State positions itself to receive better pricing and better service while promoting local business and increasing Hawaii's tax base.

In addition, it is with regret that agreement could not be reached on the H.D. 1 position giving Hawaii small business a flat procurement preference. Although the procurement code currently contains a small business set-aside, the law is not benefiting small businesses because it is difficult to implement. The H.D. 1 amended the set-aside to establish a flat five percent preference for Hawaii small businesses that would have given small businesses a better opportunity to compete for government contracts.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2133, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2133, H.D. 1, S.D. 1, C.D. 1.

Representatives McKelvey, Choy and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 145-10 on H.B. No. 1808**

The purpose of this measure is to clarify the definition of "shoreline" under the Coastal Zone Management Law, by establishing as an indicator of the highest wash of the waves, the edge of natural vegetation growth, but never lower than the upper limit of debris left by the wash of the waves.

Your Committee on Conference has amended this bill by reverting back to the H.D. 3 of this measure, with further amendments. As amended, this bill now ensures public access to beaches through provisions that:

- (1) Require the Department of Land and Natural Resources (DLNR) to maintain access within beach transit corridors by requiring landowners to keep corridors abutting their lands passable and free of the landowners' human-induced, enhanced, or unmaintained vegetation (human-induced vegetation) that interferes or encroaches in the corridors;
- (2) Authorize DLNR to use its enforcement powers under the Conservation District laws to maintain access within the beach transit corridors and give offending landowners 21 days to remove the landowners' human-induced vegetation, which time period may be tolled by an appeal;
- (3) Define "beach transit corridors";
- (4) Amend the misdemeanor offense of obstructing access to public property to include violations occurring within beach transit corridors that obstruct access along the sea by a landowner's human-induced vegetation that interferes or encroaches within beach transit corridors;
- (5) Establish access within beach transit corridors as a policy of the Coastal Zone Management Program; and
- (6) Sunset on June 30, 2013.

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

Your Committee on Conference finds that this bill, as amended, reaffirms a longstanding public policy of extending to public use and ownership as much of Hawaii's shoreline as is reasonably possible and ensuring the public's lateral access along the shoreline, by requiring the removal of induced or cultivated vegetation by abutting landowners that interferes or encroaches seaward of the shoreline.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1808, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1808, H.D. 3, S.D. 1, C.D. 1.

Representatives Morita, Ito, Karamatsu, Har and Thielen.

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

Senators Hee, English, Taniguchi and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 146-10 on H.B. No. 347**

The purpose of this bill is to exempt the University of Hawaii (UH) and UH Board of Regents (BOR) from certain requirements of the Hawaii Public Procurement Code (Code).

Your Committee on Conference has amended this bill by:

- (1) Exempting UH from the requirements of the Code, with certain exceptions;
- (2) Requiring BOR to submit annual reports to the Legislature prior to the 2011 and 2012 regular sessions, regarding:
  - (A) UH's internal procurement process;
  - (B) UH's internal procedures for handling protests of solicitations or awards of contracts, if different from the procedures described in the Code; and
  - (C) Protests or litigation that have arisen during the period of time that UH is exempt from the Code, with certain exceptions;
- (3) Changing the effective date to July 1, 2010; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 347, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 347, H.D. 2, S.D. 2, C.D. 1.

Representatives Chang, Yamashita and Pine.  
Managers on the part of the House.

Senators Tokuda, Taniguchi, Kokubun, Takamine and Hemmings.  
Managers on the part of the Senate.

**Conf. Com. Rep. 147-10 on H.B. No. 2486**

The purpose of this bill is to ensure that students have a sufficient amount of classroom time by requiring all public schools, including charter schools, to implement a minimum of 200 days of classroom instruction, or an equivalent number of instructional hours, per school year, beginning with the 2011-2012 school year.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provisions that require the implementation of a minimum of 200 days of classroom instruction, or an equivalent number of instructional hours, per school year, beginning with the 2011-2012 school year;
- (2) Requiring the Department of Education (DOE) to maximize the amount of student instructional hours provided to students under relevant collective bargaining agreements in effect during the 2010-2011 school year;
- (3) Requiring the establishment of a certain number of student instructional hours per school year for elementary and secondary school grades, for the 2011-2013 school years, and for the 2013-2015 school years;
- (4) Requiring DOE, with the Board of Education and Office of the Governor, and in consultation with the representatives of the affected collective bargaining units, to submit to the Legislature, prior to the Regular Session of 2012, a plan to provide students with a higher number of student instructional hours per school year for elementary and secondary school grades, for future school years;
- (5) Excluding charter schools from the provisions of the bill;
- (6) Requiring DOE to consider pick-up and drop-off times that optimize its transportation services while minimizing costs to the State, if implementation of the student instructional hours results in varying schedules for the transportation of students;
- (7) Changing the effective date to upon its approval; and
- (8) Making technical, nonsubstantive amendments for clarity, consistency, and style, including changing the purpose language to reflect the amendments made to the bill.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2486, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2486, H.D. 2, S.D. 2, C.D. 1.

Representatives Takumi, Rhoads, M. Oshiro, Berg, Nakashima and Finnegan.  
Managers on the part of the House.

Senators Sakamoto, Takamine, Tsutsui, Chun Oakland and Slom.  
Managers on the part of the Senate.  
(Senator Tsutsui was excused.)

**Conf. Com. Rep. 148-10 on H.B. No. 2542**

The purpose of this bill is to help address the fiscal year 2010-2011 budget shortfall by transferring a total of \$45,197,000 in excess balances from various non-general funds as follows:

- (1) \$1,000,000 from the Agricultural Loan Reserve Fund;
- (2) \$1,500,000 from the State Motor Pool Revolving Fund;
- (3) \$2,000,000 from the State Risk Management Revolving Fund;
- (4) \$2,000,000 from the Stadium Special Fund;
- (5) \$1,500,000 from the Medicaid Investigations Recovery Fund;
- (6) \$1,000,000 from the Hawaii Community Development Revolving Fund;
- (7) \$2,000,000 from the Convention Center Enterprise Special Fund;
- (8) \$300,000 from the Foreign Trade Zones Special Fund;
- (9) \$1,500,000 from the Compliance Resolution Fund – Business Registration Fund Account;
- (10) \$1,400,000 from the Department of Commerce and Consumer Affairs Special Drivers Education Fund;
- (11) \$3,200,000 from the Loss Mitigation Grant Fund;
- (12) \$1,000,000 from the Department of Education Drivers Education Fund Account;
- (13) \$1,000,000 from the Deposit Beverage Container Deposit Special Fund;
- (14) \$7,200,000 from the Hawaii Tobacco Settlement Special Fund;
- (15) \$1,000,000 from the Neurotrauma Special Fund;
- (16) \$7,000,000 from the Special Fund for Disability Benefits;
- (17) \$1,000,000 from the Land Conservation Fund;
- (18) \$500,000 from the Natural Area Reserve Fund;
- (19) \$500,000 from the Federal Reimbursement Maximization Special Fund;
- (20) \$2,000,000 from the University of Hawaii Housing Assistance Revolving Fund;
- (21) \$2,500,000 from the University Revenue-undertakings Fund;
- (22) \$400,000 from the University of Hawaii Research and Training Revolving Fund;
- (23) \$2,000,000 from the Judiciary Computer System Special Fund;
- (24) \$1,500,000 from the Driver Education and Training Fund; and
- (25) \$197,000 from the Department of Business, Economic Development, and Tourism (DBEDT).

This bill also:

- (1) Requires the refundable credit of the Fuel Tax Credit for Commercial Fishers to be paid from the State Highway Fund;
- (2) Requires moneys in excess of \$14,000,000 in the Hawaii Tobacco Prevention and Control Trust Fund to lapse to the Emergency and Budget Reserve Fund each June 30;

- (3) Reduces the distributions of cigarette and tobacco tax revenues to various non-general funds for the period from July 1, 2011, to July 1, 2013; and
- (4) Repeals the requirement that moneys in the Special Fund for Disability Benefits be held in trust and used only for disability benefits.

Your Committee on Conference has amended this bill by:

- (1) Authorizing the Director of Finance to transfer from the Disaster Loan Revolving Fund to the general fund the sum of \$1,000,000 for fiscal year 2010-2011;
- (2) Deleting provisions:
  - (A) Transferring \$197,000 from DBEDT;
  - (B) Requiring moneys in excess of \$14,000,000 in the Hawaii Tobacco Prevention and Control Trust Fund to lapse to the Emergency and Budget Reserve Fund each June 30; and
  - (C) Repealing the requirement that moneys in the Special Fund for Disability Benefits be held in trust and used only for disability benefits;
- (3) Changing the effective date to July 1, 2010; and
- (4) Making technical, nonsubstantive changes for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2542, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2542, H.D. 1, S.D. 2, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Ward.  
Managers on the part of the House.

Senators Kim, Kidani and Kokubun.  
Managers on the part of the Senate.

**Conf. Com. Rep. 149-10 on H.B. No. 2318**

The purpose of this bill is to assist chronically homeless individuals by establishing a Housing First Special Fund and authorizing the Hawaii Public Housing Authority (HPHA), in collaboration with the Department of Human Services (DHS), to implement Housing First programs and services, subject to the availability of existing funds or Housing First Special Fund moneys.

Your Committee on Conference has amended this bill by:

- (1) Mandating, rather than authorizing, the implementation of Housing First programs and services, subject to the availability of existing funds or Housing First Special Fund moneys, and placing this requirement in statute;
- (2) Requiring HPHA, in collaboration with DHS, to submit an annual report to the Legislature including specified information regarding Housing First programs and services;
- (3) Removing the sunset date of June 30, 2016;
- (4) Changing the effective date to July 1, 2010; and
- (5) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2318, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2318, H.D. 2, S.D. 1, C.D. 1.

Representatives Cabanilla, Ito, Yamane, Mizuno, Sagum, Chong and Thielen.  
Managers on the part of the House.  
(Representative Thielen was excused.)

Senators Sakamoto, Chun Oakland, Fukunaga, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

**Conf. Com. Rep. 150-10 on H.B. No. 2000**

The purpose of this bill is to provide the Judiciary with supplemental appropriations and authorizations for its operations and capital improvements for fiscal biennium 2009-2011 by amending the Judiciary Appropriations Act of 2009.

Dramatic reductions of projected State revenue have resulted in a \$1,200,000,000 budget gap through the end of the current fiscal biennium. In response, the Governor restricted fiscal year 2009-2010 executive branch expenditures by an amount equal to 13.85 per cent of payroll and proceeded to reduce the supplemental budget request of executive branch agencies for fiscal year 2010-2011 by a similar percentage. This amount is based on the projected savings that three furlough days per month would accrue. Though the Judiciary officially requested that its general fund budget for fiscal year 2010-2011 be maintained at its current appropriation level, a similar reduction to the Judiciary's budget would be approximately \$12,000,000.

To reflect the Judiciary's two-day per month furlough savings in a manner comparable to that of other state agencies, your Committee on Conference has amended this measure to reduce the Judiciary budget by a total of \$8,000,000 in general funds as calculated by the Department of Budget and Finance. An additional lump sum reduction of \$1,500,000 was imposed to allow the Judiciary to allocate this reduction in accordance with its priorities. The total reduction, which is significantly smaller than that imposed on most other state agencies, affirms that, on a statewide level, your Committee on Conference has prioritized the core responsibilities of the Judiciary.

Additionally, your Committee on Conference was persuaded by the case made by Judiciary officials and others for specialty courts; that the cost of incarcerating individuals far exceeds that of enrolling them in these programs and that recidivism is markedly decreased for those participating in these programs. Information provided indicates that the annual cost for 387 adult inmates to participate in the Adult Drug Court is \$3,100,000, while the annual cost to incarcerate these same inmates is in excess of \$19,600,000 (\$139 per day, per inmate or \$50,735 per year, per inmate). Similarly, the annual cost for 68 youth offenders to participate in Juvenile Drug Courts is approximately \$1,000,000, while the annual cost to detain these same juveniles is approximately \$6,590,000 (\$278 per day, per offender, or \$101,470 per year, per offender). Significant savings are also realized under the Hawaii's Opportunity Probation with Enforcement ("HOPE") program, which costs approximately \$1.82 per day, per probationer, versus \$139 per day per inmate.

In acknowledgement of the arguments made and the information provided by the Judiciary, \$1,300,000 has been provided for the Judiciary's specialty courts. Your Committee on Conference looks forward to receiving data affirming the cost effectiveness of these programs.

In total, this measure appropriates \$130,730,624 in general funds and \$141,747,129 in all means of financing for the fiscal year 2010-2011 operating budget of the Judiciary.

Your Committee on Conference further finds that, in 2006, the Legislature appropriated funds for master planning for capital improvements and other physical facilities-related projects for the Judiciary. This plan is anticipated to be completed during the summer of 2010. Accordingly, your Committee on Conference expects that the completion of the master plan will assist the Judiciary, as well as the Legislature, in better understanding the future needs for new facilities and for repair and maintenance projects within the Judiciary's purview. Additionally, this information will prove valuable in assessing short- and long-range funding needs, as well as the ability of the Judiciary to execute and complete the work determined necessary under this plan.

Consequently, given the strained economic climate and the fact that it would be prudent to review the master plan before proceeding with further funding as requested, your Committee on Conference has provided no additional capital improvements program funding to the Judiciary for fiscal year 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2000, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2000, H.D. 2, S.D. 2, C.D. 1.

Representatives Karamatsu, M. Oshiro and Thielen.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 151-10 on H.B. No. 2200**

### **I. INTRODUCTION**

The 2009 Legislature was faced with an unprecedented budget challenge – a three-year shortfall of approximately \$2.1 billion. Although a balanced budget and financial plan were adopted by the Legislature at the end of the 2009 session, revenues continued to slide, and by January 2010 the State was faced with another daunting budget shortfall of approximately \$1.2 billion over a two-year period.

On September 4, 2009, in a statewide address, the Governor stated that she was planning "a reshaping and right-sizing of government." In her January 25, 2010, state of the state address, the Governor stated that "we must do what it takes to create a future that does not financially burden our children and grandchildren simply because we weren't willing to make those difficult, sometimes gut-wrenching decisions, when destiny called on us to do so." Your Committee on Conference appreciates the sentiments, but its examination of the budget and other fiscal measures presented reveals that the Governor's actions clearly contradict these statements.

Rather than "reshaping and right-sizing government," a serious exercise that would require considerable planning, thought, and use of the right tools, it is as if the Governor just took a mallet and hammered every state agency down to achieve her desired level of savings. The approach taken was no more complex than simply requiring that each department reduce general fund expenditures by the same proportion.

Similarly, the Governor's budget and financial plan consists of one-time solutions and quick fixes, many that pass off financial burdens to future years or simply ignore them altogether. These costs include, among others, deferred payments, delayed tax rebates, and not addressing rising Medicaid costs, restructuring debt, and employee retirement system contributions.

This is the context from which your Committee on Conference reviewed the Governor's supplemental budget request. The lack of serious proposals providing structural solutions to the current fiscal crisis and budgetary actions already imposed by the Governor has made it difficult to thoroughly assess all options.

Nevertheless, your Committee developed a budget that recognizes the need to reduce expenditures and reprioritize state spending to maintain the most essential services that state government provides: caring for those who are least able to care for themselves, cultivating an environment in which our children can thrive, and protecting our natural resources. Your Committee on Conference greatly appreciates the efforts of those who worked with us to address the issues we faced in the most positive manner possible.

## II. ECONOMIC OUTLOOK

### National Economic Outlook

According to the Congressional Budget Office, "The deep recession that began two years ago appears to have ended in mid-2009. Economic activity picked up during the second half of last year, with inflation-adjusted GDP and industrial production both showing gains."

Furthermore, the 2010 Economic Report of the President shows that the rate of average monthly job loss dropped from 690,000 in the first quarter to 69,000 jobs in the fourth quarter of 2009. The report also states that the credit market remains fragile, but that there are signs of hope.

At the end of 2009, the Standard and Poor's index was 65 per cent above its low point nine months earlier. During a similar period, monthly small business loans grew from \$830 million to \$1.3 billion.

The housing market also seems to be improving, posting fourth quarter sales that were 29 per cent higher than first quarter sales in 2009. Your Committee on Conference is hopeful that the national economy has stabilized and is slowly advancing beyond the recession.

### The Economic Outlook for Hawaii

According to the University of Hawaii Economic Research Organization (UHERO), "Hawaii's economic recovery has begun" despite the lingering effects of the recent national recession. According to UHERO:

- o Visitor arrivals edged up slightly over the course of 2009 and visitor spending stabilized by year end;
- o Stabilization of job losses in recent months has set the stage for a resumption of modest job growth in 2010; and
- o Statewide unemployment is expected to edge down from 6.9 per cent this year to 6.4 per cent in 2011.

## III. GENERAL FUND REVENUE OUTLOOK

By statute, the Council on Revenues reports its latest tax revenue forecast to the Governor and the Legislature on June 1, September 10, January 10, and March 15 of each year. The revenues come primarily from the general excise tax and the state income tax. At seven of the eight Council meetings held since the March 2008 forecast, the Council on Revenues has reduced its prediction of tax revenues for the coming fiscal years. From March 2009 to March 2010, the Council's general fund tax and non-tax revenue projection for the current biennium dropped by \$626.2 million.

The Governor based the administration's original supplemental budget request, intended to close the \$1.2 billion budget gap, on the December 2009 Council on Revenue's projection. On March 11, 2010, the Council on Revenues revised its forecast downward; the projection was adjusted by minus \$34.8 million for the current biennium and minus \$334.4 million over the six year planning period (Fiscal Years 2010-15).

Despite the slight downward adjustment in the March 2010 forecast, the Council maintained its projection for six per cent growth in revenues during fiscal years 2011-2014. The Council Chair's letter to the Governor, officially delivering the forecast and explaining the basis for the projection, referenced several positive indicators and contained optimistic statements including:

- o *Hawaii tourism volumes have been in a stable pattern for almost a year and a half;*
- o *Inflation-adjusted value of tourism receipts show signs of recovery in just the last six months;*
- o *Housing markets and valuations have also stabilized, with some upward movement on Oahu;*
- o *Job loss in Hawaii remains persistent, but in smaller monthly increments than was the case during the last two years;*
- o *Broadly, these and other indicators are consistent with gradual economic recovery in the current and coming years; and*
- o *All of these elements seem likely to underscore forthcoming economic improvement in the islands.*

In its March 2010 report, the Council on Revenues reported that "the shift in expectations for future Hawaii economic performance from negative to positive is palpable" and that indicators "are consistent with gradual economic recovery in the current and coming fiscal years."

Despite the Council's recent track record of lagging the decline in revenues, your Committee on Conference has cautiously accepted the projection and notes the significant risk that exists for revenue growth assumptions for the next two biennium.

These statements and economic indicators have allowed your Committee on Conference to address significant challenges posed by the State's current fiscal climate with cautious optimism.

## IV. BUDGET OVERVIEW

Personnel expenses comprise the greatest cost contained in the State's budget. The Governor originally planned to impose a statewide three day per month furlough which would have saved 13.85 per cent of payroll costs. However, the courts ruled that the Governor could not unilaterally impose a furlough and could employ furloughs only through the collective bargaining process. Though not able to achieve the Governor's planned savings through the

collective bargaining process, the original three day per month furlough savings estimates were used as the target reduction amounts in the development of the fiscal year 2011 supplemental budget request.

Furlough savings are now projected at close to \$200 million. In addition, a statewide hiring freeze has left numerous positions vacant. The Governor reduced many of these budgeted positions and salaries, amounting to savings of \$11.7 million. The last piece of the Governor's plan to save on labor costs was the reduction in force (RIF) implemented late last year. The reduction of the nearly 1,000 positions and salaries of persons initially subjected to the RIF results in \$43 million in savings.

In addition to vacancy reductions, RIF, and furloughs, departments were expected to make other adjustments as necessary to meet their target reduction amounts. In essence, departments have already been operating within these reduced budget ceilings due to the Governor's budget restrictions for fiscal year 2010.

As adjusted by Governor's message items, the Governor's supplemental budget request adds \$390 thousand for fiscal year 2010 and reduces 1,291 permanent positions and \$324 million for fiscal year 2011 in general funds.

Your Committee on Conference accepted several of the Governor's requested budget adjustments, since they reflect savings that state agencies are already forced to realize through the furloughs, statewide hiring freeze, RIF, and other budget restrictions imposed by the Governor for fiscal year 2010.

With regard to the RIF, it is apparent that its execution involved minimal deliberation with the affected parties. Departments have reported being given numbers of positions to target, without regard to the amount of savings or whether the action was even necessary. However, at this point, the RIF has been implemented; people have already lost their jobs, and many others have been affected by the bumping process.

To properly account for projected expenditures, your Committee on Conference reflected much of the savings resulting from the Governor's sweeping actions. However, your Committee on Conference identified areas of importance that, to some extent, should be protected from the Governor's budget reductions. This includes the restoration of vital positions in: 1) the Department of Agriculture in order to protect our islands from invasive species; 2) the Department of Public Safety to help secure the Hawaii State Hospital; and 3) the Department of Human Services to ensure the provision of essential services to those in need.

Your Committee on Conference responded to the needs of Hawaii's public education by increasing funds to strengthen the weighted student formula. Furthermore, your Committee on Conference also recognized the importance of libraries and has provided an additional \$3 million to support their services to the public. This was accomplished within the Governor's proposed general fund budget ceiling through the careful reallocation of resources.

Your Committee on Conference developed this budget without reliance on adjustments to the general excise tax to enhance general fund revenue. The increase of a broad-based tax such as the general excise tax could jeopardize the course of Hawaii's economic recovery. Your Committee on Conference utilized alternative methods of increasing revenue to close the budget deficit.

## V. DEPARTMENT HIGHLIGHTS

### Education

School furlough days are a direct result of negotiations between the Governor, Board of Education, Superintendent, and the Hawaii State Teachers Association and were intended to help meet the budget restrictions imposed by the Governor. Your Committee's priority for education has been to eliminate school furlough days and return Hawaii's students to a level of instruction previously provided. Despite having by law (section 89-6, Hawaii Revised Statutes) three of the six employer votes required to enter into the agreement to impose furlough days, the Governor has stated repeatedly that the administration, "remains committed to getting the kids back in the classroom." At odds with this claim is the fact that the Governor's budget request before the Legislature for the Department of Education continues to be built on savings generated by maintaining school furlough days.

Unfortunately, the furlough issue remains unresolved despite countless proposals put forth by all sides. Since the Legislature cannot depend on the Governor to release the needed funds to get our children back in the classroom, your Committee on Conference allocated \$22.7 million to the weighted student formula to support the core functions of the department.

The weighted student formula is a form of student-based budgeting meant to transparently distribute funds to schools based upon recognized student educational need and characteristics to promote equity for educational opportunities across our public school system. By reallocating school dollars identified by the Board of Education from lower priority programs to the weighted student formula, the Legislature reaffirms its desire to provide each school community with flexibility in determining how best to meet student needs.

Your Committee on Conference accepted the proposal made by the Board of Education that identifies funding reductions for categorical programs. While many of these programs have merit, they use funds that could support the department's core function: student learning in the areas of math, science, and English. Your Committee on Conference understands that people value the programs identified by the Board of Education and that these programs can continue to exist if they are valued by school communities and funded through the weighted student formula, as intended by Act 51, Session Laws of Hawaii 2004.

In addition to the proposals made by the Board of Education, your Committee on Conference has eliminated the general fund subsidy to the Afterschool (A+) Program, representing a \$2 million savings. This reduction comes with the recognition that all government services cannot be subsidized at previous levels. However, afterschool care for students currently receiving free or reduced lunch status will continue to be subsidized via Temporary Assistance to Needy Families (TANF) funds. The funds saved through this adjustment will also stay within the Department of Education and are allocated for the weighted student formula.

### Charter Schools

Your Committee on Conference sought to address charter school funding issues that repeatedly surface. There has been a lackadaisical attitude toward legislative requests to provide current and complete financial and operational information. Despite hurdles in obtaining relevant information, your

Committee on Conference focused on establishing a platform upon which per pupil funding comparisons among all students will be transparent and equitable.

The Governor's proposed budget does not attempt to provide a similar per pupil amount for charter schools based upon the Department of Education's appropriation and the charter schools projected enrollment. Your Committee on Conference recognizes that additional funds are needed to make the per pupil funding amount provided to charter school students comparable to the per pupil funding amount provided to Department of Education students. This addition is largely due to a substantial enrollment increase projected by charter schools. Actual enrollment for charter schools for the 2009-2010 school year has been reported as 8,098 students. Projected enrollment for the 2010-2011 school year is 9,668 students, representing a projected 19.4 per cent increase in charter school enrollment.

To meet this need and provide comparable funding for charter school students, your Committee on Conference added a total of \$5.3 million in general funds for the new per pupil funding calculation and facility costs, using updated projected enrollment and the appropriation amounts for the Department of Education. However, over-projection of student enrollment has been a problem with charter schools, and receipt of these funds is contingent upon actual enrollment increases.

#### Libraries

Your Committee on Conference also recognizes the importance of Hawaii's public libraries in nurturing the love of reading and the habit of life-long learning. Public libraries remain a tremendously appreciated component of our communities, providing valuable services to all social strata.

The non-profit group, Friends of the Library of Hawaii, has proven itself to be an indispensable contributor to help offset some of the restrictions imposed by the Governor on libraries. Your Committee on Conference recognizes the need to sustain this invaluable service and has restored all \$3 million in general funds to the department's budget. The restoration of these funds will eliminate library furlough days, increase service hours, and prevent closure of branches.

#### Higher Education

Your Committee on Conference acknowledges the University of Hawaii as the State's premier institution for higher learning; a nationally recognized research institution; and a major contributor to our local economy.

Your Committee on Conference is aware of the fact that the University of Hawaii has the ability to generate its own funds through tuition and fees. As a result, your Committee believes that the University can use these generated funds to offset a \$7.5 million dollar general fund reduction.

Your Committee on Conference recognizes the importance of preserving the historic resources of Mauna Kea. Mauna Kea has the potential to generate over \$1.2 billion in investment to the State in coming years. Your Committee on Conference added \$1.98 million in revolving funds and \$200,000 in general funds to support the Mauna Kea Management program.

Your Committee on Conference is concerned with the University's faculty payroll increase for fiscal years 2013-2015, agreed upon through the collective bargaining process with the University of Hawaii Professional Assembly (UHPA). The agreement increases total state payroll costs by \$45.6 million over fiscal years 2013-2015. It should be noted that your Committee on Conference believes the University should be fully responsible for funding these pay increases without the use of general funds, especially in this time of great economic stress.

#### Human Services

Your Committee on Conference understands the importance of supporting the Department of Human Services (DHS) in its effort to provide for the growing numbers who need government services. A convergence of job loss, rising medical costs, and limited housing options has resulted in a devastating perfect storm, leaving many to seek assistance.

Your Committee on Conference recognizes the challenge of providing social services to Hawaii's most vulnerable under the State's fiscal constraints. Accordingly, S.B. No. 2469, S.D. 2, H.D. 2, C.D. 1 appropriates special funds from the Emergency and Budget Reserve fund to support various programs such as kupuna care, adult dental services, respite services, health aging partnership, domestic violence shelters, outreach services, and housing placement services.

Your Committee on Conference accepted the Governor's proposal to save \$13.1 million in state general funds by utilizing Temporary Assistance for Needy Families (TANF) funds to pay for the Afterschool (A+) Program and cash assistance for two-parent households receiving welfare. This is part of a larger plan to increase our expenditure of TANF funds in order to earn an additional \$49 million in Emergency Contingency Funds.

However, serious concerns were raised by the House of Representatives with regard to TANF. On February 16, 2010, DHS submitted its financial plan for the State's TANF program. A review of this plan caused the House of Representatives Committee on Finance to adjust budget provisos to conform expenditures to those stated in the department's plan.

In response, DHS expressed grave concerns in correspondence to the Legislature and press releases. These statements attributed the House of Representatives Committee on Finance with preventing the State from receiving all of the \$49 million dollars in federal stimulus funds and eliminating funding for Child Welfare Services POS contracts, Enhanced Healthy Start and UPLINK. However, at an April 12, 2010, informational briefing, DHS admitted to having already received \$25 million of this \$49 million, and DHS administrative personnel appeared surprised to learn that their own plan had eliminated funding for Child Welfare Services POS contracts, Enhanced Healthy Start, and UPLINK.

Your Committee notes that the Emergency Contingency fund extension has yet to pass the United States Congress. Additionally, there is currently no proposal to extend the TANF Emergency Contingency funds past fiscal year 2011. If these emergency TANF funds are not available for states after the next fiscal year, Hawaii may have to reduce a considerable amount of expenditures from its TANF expenditure plan, resulting in cuts to service providers across the entire spectrum.



Understanding the importance of timely service and personal interaction when providing assistance to those in need, your Committee on Conference restored 440.5 positions and \$5.5 million in general funds to help alleviate mounting demands that are being placed on DHS.

Providing necessary health care to Hawaii's needy residents is an important service delivered by DHS. However, over the course of the Governor's tenure, Medicaid-subsidized health care has expanded far beyond what can be deemed medically necessary.

Hawaii residents eligible for Medicaid can look forward to receiving a premium health care plan, which contain benefits and services that far exceed those found in private plans. With no limits on utilization, no deductible, no co-pay, and no premiums, this program has the potential to overwhelm the ability of the State to manage its finances.

Unfettered Medicaid expansion, coupled with the economic downturn, has created a grim financial situation. DHS has looked into restricting eligibility as another means to control its shortfall. However, as a recipient of ARRA funding, the State is required to leave the current eligibility criteria in place in order to provide for those who have been affected by the recession.

Medical inflation and increasing enrollment created a budget shortfall that must be addressed. When charged with the task of finding solutions to the Medicaid shortfall, DHS chose to delay Medicaid payments, with the intent of paying off these costs with future appropriations. In effect, DHS undertook a plan that the director described as, "robbing Peter to pay Paul." As a result, a shortfall of \$64 million from fiscal year 2009 was carried over into fiscal year 2010, and it is forecasted that \$44 million will be carried over into fiscal year 2011. By fiscal year 2015, the annual Medicaid shortfall is projected to be in excess of \$200 million, an amount that the State cannot afford to put off.

Securing health care for Hawaii's most needy residents is of the utmost importance. In an effort to ensure the delivery of medical services, your Committee on Conference appropriated \$64 million to address the State's Medicaid shortfall.

### Health

Your Committee on Conference is dedicated to ensuring that essential health care, safety, and environmental health remain a legislative priority in the face of the State's economic crisis.

For the Department of Health (DOH), the Governor eliminated \$26.8 million and 339.88 positions, representing 24 per cent of the State's total budget cuts for fiscal year 2011. The Governor's severe restrictions, implemented by the DOH in fiscal year 2010, have significantly diminished public health and environmental protections for the people of Hawaii. Your Committee on Conference was unable to control the ability of the Governor to implement reductions in programs such as: mental health services; dental hygiene services for children; and environmental health for vector control and disease management.

Your Committee on Conference recognizes the critical importance of providing efficient statewide waste water and drinking water services to residents, visitors, and businesses in Hawaii. To ensure that Hawaii's counties continue their waste water and drinking water infrastructure improvements, your Committee on Conference has appropriated \$19.8 million in federal stimulus funds.

Your Committee on Conference supports preventative health services for child abuse and for families that have ongoing care responsibilities for developmentally or mentally disabled family members. To meet this need, during the 2009 regular session, the Legislature restored \$4.1 million with special funds to support programs such as Healthy Start, Respite Care, and Partnership in Community Living (PICL). Regrettably, the Governor has refused to use these funds for the services. Although your Committee on Conference disagrees with the Governor's refusal to restore these services, your Committee on Conference has made the hard choice of reducing the \$4.1 million special fund ceiling for Healthy Start, Respite Care, and PICL that would otherwise go unused, so that it may be made available for other programs.

Also, your Committee on Conference is mindful of the State's responsibility to reduce its current course of spending and level of services to accommodate the availability of revenue. To this end, your Committee on Conference has reduced five per cent, or \$5.6 million of general funds budgeted for purchase of services contracts for the department. The reductions taken were in the areas of general dentistry and nursing services, mental health, developmental disabilities, and general family health services.

In this economic downturn, Hawaii's emergency health services and community health centers have seen an unprecedented increase in uninsured and underinsured persons requiring essential primary care, mental health care, and substance abuse care services. Your Committee on Conference recognizes the importance of providing these necessary healthcare services for the people of Hawaii, especially at this difficult time. Your Committee on Conference has appropriated an additional \$4.5 million in general funds for emergency medical services and \$2 million in special funds for community health centers to ensure the people of Hawaii continue to receive essential health services.

Finally, your Committee on Conference supports re-evaluating tobacco settlement special fund and cigarette tax distributions for fiscal year 2012 and beyond.

### Hawaii Health Systems Corporation

Your Committee on Conference affirms its commitment to provide the necessary resources to help the Hawaii Health Systems Corporation (HHSC) maintain safety net acute and long term care health services to Hawaii's most vulnerable citizens and visitors; especially those of the neighbor islands. HHSC continues to face tremendous challenges in the midst of the State's financial crisis with, among other things, rising uncompensated care for the aged and uninsured, rising costs to provide care, and federal and private reimbursement rates failing to keep pace with rising medical costs.

To assist HHSC regional and corporate offices in meeting their immediate payment obligations, your Committee on Conference has restored the majority of special funds for fiscal year 2011 that the Governor reduced. However, your Committee on Conference remains concerned with the management of the HHSC regional hospitals and supports ongoing accountability and transparency for both fiscal and operational matters of the HHSC regional hospitals.

### Public Safety

Your Committee on Conference remains supportive of the Department of Public Safety's responsibility for custody of Hawaii's inmates and protection of the State's general population.

However, your Committee on Conference is uncomfortable with the Governor's quick closure of Kulani Correctional Facility and subsequent transfer of the facility to the Department of Defense's Youth Challenge Academy; the Governor eliminated the Kulani Correctional Facility without any community consultation and despite outspoken legislative concern. The Governor's abrupt action reportedly saves approximately \$5.8 million dollars; however, these savings come at the cost of eradicating one of the top Sex Offender Treatment Programs (SOTP) in the nation, ending a successful re-entry program, and eliminating a significant economic engine for Big Island vendors.

Additionally, your Committee on Conference has difficulty understanding the rationale of subjecting all of the department's security officers to RIF, especially with the recent escapes from the Hawaii State Hospital. The loss of these officers has severely compromised the safety of the surrounding area. Accordingly, your Committee on Conference has restored all security officers assigned to Hawaii State Hospital, in addition to those stationed at Waimano Training School and Hospital and Fort Ruger.

Your Committee on Conference finds that overtime and compensatory time provided by the department remains exorbitant: there is \$8.8 million in overtime and \$2.4 million in compensatory time on the books. The millions of dollars paid out for these costs can artificially inflate the pensions of workers and result in serious financial liabilities for the State. Your Committee on Conference expects the department to better address this issue. In light of this significant problem, your Committee on Conference has reduced the department's overtime budget by \$500,000, which will be applied proportionately throughout the facilities and programs.

### Agriculture

Agriculture remains an integral component of Hawaii's future. Your Committee on Conference is dedicated to decreasing Hawaii's dependence on imported food products, increasing our export presence, and protecting our State from invasive species.

Your Committee on Conference is dismayed not just by the Governor's staggering 44 per cent general fund reduction to the department's budget, but also by the department's seeming reluctance to protect its budget from the Governor. Not only would deep reductions to the department severely compromise the State's efforts to prevent the establishment of new invasive species, it would also inevitably jeopardize Hawaii's agricultural industry.

The Governor's proposal to change the means of financing for 22 Plant Quarantine Inspectors provides a temporary remedy. These inspectors are necessary to keep Neighbor Island ports open; however, the Governor's budget fails to acknowledge that the greatest need for additional Plant Quarantine Inspectors is at the epicenter of the distribution network, Honolulu. As such, your Committee on Conference has restored a total of 25 positions with full funding to Plant Pest and Disease Control to reinstate essential positions both on Oahu the Neighbor Islands.

Your Committee on Conference has also reestablished positions imperative to the following programs: Rabies Quarantine, Quality and Price Assurance, Aquaculture Development, Agricultural Development and Marketing, Measurement Standards, Administration and Pesticides. The restoration of these positions will ensure that Hawaii's agribusiness development, agricultural productivity, and frontline defense from invasive species and harmful diseases are effectively supported.

### Business, Economic Development, and Tourism

Your Committee on Conference recognizes the importance of Hawaii's businesses as a driving force behind the State's economic recovery and that proper support must be in place to assist them.

As a premier filming destination, Hawaii has a reputation for being an attractive, film-friendly location that draws industry leaders to our shores. These film projects not only promote the beauty of the State, but also generate between \$150-200 million annually, which will aid in Hawaii's economic recovery. Surprisingly, the Governor chose to substantially reduce the state program that supports this industry, firing four of six Film Industry Branch employees.

Your Committee on Conference rejects the Governor's actions that would inhibit the growth of an industry that significantly affects Hawaii's economy in a positive manner. Your Committee on Conference understands the importance of the Film Industry Branch and restores the positions reduced by the Governor in H.B. No. 2690, which moves the function and funding of the program to the Hawaii Tourism Authority (HTA).

Alignment of the Film Industry Branch with the HTA will support growth of the film industry in Hawaii and also result in the effective marketing of Hawaii. With access to the HTA's resources and marketing expertise, the Film Industry Branch will be better able to draw film projects to Hawaii. Your Committee on Conference supports the important role of the Film Industry Branch, which serves to support a clean industry that has a significant positive economic impact for Hawaii.

Supporting Hawaii's businesses with funds that are in limited supply has been difficult. Your Committee on Conference understands the need to find creative solutions and has identified positions that can utilize new sources of funding. In particular, your Committee on Conference has saved general funds by utilizing the energy security special fund to support the Energy Program and Hawaii's Clean Energy Initiative.

In recognition of the State's Aerospace program, your Committee on Conference has established the Energy, Environment, and Aerospace program of the State of Hawaii. The Aerospace program will coexist with other state programs that are able to access substantial amounts of federal and other non-general funds. Receipt of these non-general funds should reduce the need for general fund expenditures. Your Committee on Conference encourages access of the freed general funds by the Aerospace program for expansion of its programs.

Modernizing Hawaii's harbors will play an important role in reviving the struggling economy. Your Committee on Conference finds that Aloha Tower Development Corporation is unable to carry-out its function and effectively lead the Harbors Modernization Plan; consequently, your Committee on Conference assigned the responsibility of improving harbors to the more capable and appropriate Department of Transportation, Harbors Division.

### Budget and Finance

Your Committee on Conference recognizes the importance of the Department of Budget and Finance as a provider of vital fiscal and administrative services for the State. However, it notes the combination of the Governor's hiring freeze and budget restrictions have left the department unable to perform its duties efficiently within the Hawaii Employer-Union Health Benefits Trust Fund Division.

In addition, furloughs have caused the division to pay out hundreds of hours in overtime a month just to stay afloat. Most other divisions are not authorized to use overtime and remain severely backlogged and unable to function efficiently. Your Committee on Conference believes that the excessive use of overtime is unacceptable and has ensured that permanent and temporary positions were added to EUTF to assist with their current and future shortfall.

### Accounting and General Services

Programs within the Department of Accounting and General Services were among those severely affected by the RIF imposed by the Governor. The Information Processing and Computer Services Division (ICSD) and Central Services – Custodial Services are two programs that experienced substantial reductions. Though assured the impacts do not significantly affect core services, your Committee on Conference raised concerns over the department's ability to function at an acceptable level and thus restored 29.5 positions that the Governor abolished.

Additionally, your Committee is concerned that a potential \$2 million or more shortfall exists for electricity costs. This is a matter of continual concern since the department has historically been unable to budget appropriate amounts for this expenditure.

### Attorney General

Your Committee on Conference understands the importance of legal counsel for the State of Hawaii. Calculative efforts have been made to reduce the department's budget in areas of limited impact. Your Committee on Conference reduced positions amounting to \$308,896 in the Legal Services division of the department. However, your Committee on Conference recognizes that there are areas of need. As such, your Committee on Conference restored vital positions in all three programs as well as funding in the State Criminal Justice Identification and Child Support Enforcement Programs.

Your Committee on Conference recognizes the value of programs such as the Career Criminal and Victim Witness Protection programs; however, the State can no longer subsidize county programs to the extent it once could. As such, the state subsidy to these county programs was reduced by \$317,032.

### Defense

Your Committee on Conference recognizes the importance of maximizing the use of federal funds during these times of financial strain. Your Committee on Conference has restored federally funded positions reduced by the Governor and approved an increase of over \$12 million in federal funds, which will stimulate Hawaii's economy with new jobs and increased spending.

Your Committee on Conference also recognizes the importance of state-supported veteran services and has thus provided funding to establish financial, counseling, and cemetery staff positions.

### Human Resources Development

The Department of Human Resources Development is responsible for unemployment payments for most state agencies. Your Committee on Conference provided \$6 million requested by the Governor for unemployment insurance benefits related to the RIF of state employees.

### Labor and Industrial Relations

Your Committee on Conference is supportive of the Department of Labor and Industrial Relations' continued involvement in improving job opportunities, providing work placement, and protecting the employment rights of state workers. Your Committee on Conference focused intently on creating savings in areas that could absorb reductions while restoring areas that were in need.

Your Committee on Conference saved \$700,000 in general funds in the Office of Community Services, which will still be able to function and maintain employment service programs of various community organizations. Your Committee on Conference restored positions and \$4.2 million in federal funds for the Workforce Development Program. This program provides a valuable resource to both potential employees and prospective employers. Federal funds for the positions were recently secured in December 2009. Your Committee on Conference also restored 12 positions and funds for the Hawaii Occupational Safety and Health Program to help ensure safe workplaces and to better protect our workers.

Your Committee on Conference also restored positions and funding in the Hawaii Civil Rights Commission Program, the Workforce Development Council, Unemployment Insurance Program, the Employment Security Appeals Referees' Office, Data Gathering, the Disability Compensation Program, and the Office of Language Access.

### Land and Natural Resources

Your Committee on Conference recognizes the importance of managing and maintaining Hawaii's unique and limited natural resources for both residents and visitors. However, it notes the Governor's budget cuts have left the department struggling to perform some of its core duties efficiently in several programs such as the Historic Preservation Division.

The recent economic downturn has especially hurt the department because of its heavy reliance on leasing and geothermal revenues, which are closely tied to the economy. However, your Committee on Conference does see signs of economic recovery on the horizon and thus has restored key positions originally cut by the Governor, which can be funded in better economic times.

Consumer Affairs

Your Committee on Conference provided a \$4 million special fund ceiling increase to support the matching requirement for an ARRA grant that will be awarded to promote Broadband Technology at the University of Hawaii. This project will install fiber optic connectivity for 302 public schools, 51 public libraries, and seven community colleges.

Further, your Committee on Conference notes that the department relies on special funds for its operations. However, as the department prides itself on being self-sufficient, your Committee on Conference expects the department, to the extent possible, to fully reimburse state agencies providing the department services through the use of general funds.

Taxation

Your Committee on Conference recognizes the need to prioritize revenue generating positions to aid in the fair and uniform application of taxes in Hawaii. The logic behind the Governor's decision to reduce positions in this department is unclear; therefore, your Committee on Conference restored seven positions that have the potential to collect \$3 million in the first year.

Transportation

Managing the State's public airports, commercial harbors, and highways is of great importance to supporting commerce. Your Committee on Conference is concerned with the Aloha Tower Development Corporation's (ATDC) ability to effectively lead the Harbors Modernization Plan. Accordingly, your Committee on Conference denied the Governor's appropriation to ATDC and welcomes the participation of the Harbors Division in managing the Harbors Modernization Plan.

Additionally, your Committee on Conference was concerned about the department's ability to effectively function after suffering substantial vacancy reductions. Thus, your Committee on Conference restored most of the positions and funds that the Governor abolished.

**VI. CAPITAL IMPROVEMENTS PROGRAM**

Your Committee on Conference finds that in a struggling economy, the State must endeavor to practice fiscal responsibility through not only the reduction of expenditures, but also proper investment to avoid escalated costs in the future. At the same time, however, your Committee on Conference believes that capital investments will result in long-term economic efficiency and competitiveness, while contributing to the improvement in our roads, schools, and other state facilities and programs that are relied upon by our residents. In addition, such state-driven development leads to job preservation and creation, which is a prime objective of the Committee.

Your Committee on Conference finds that the Administration's capital improvements program (CIP) supplemental biennium budget, as amended pursuant to Governor's Messages, included reductions of \$30.4 million in fiscal year 2010 as well as an additional \$39.754 million in proposed lapses, resulting in a negative general obligation (G.O.) bond supplemental budget request of \$23.856 million. This budget signifies a retreat from the Administration's more aggressive approach of one year ago, including its five-point plan, CIP Strike Force, consisting of \$1.8 billion in capital improvement projects. Although the Administration's current approach demonstrates a curbing on spending, given decreased revenues, it also frustrates earlier efforts by the federal government, the Legislature, and even the Administration itself to create jobs, increase the disposal income of consumers, and, in turn, stimulate the economy.

While mindful of the burden of increased debt service at a time when revenues are down, your Committee on Conference still believes that it is crucial to continue to undertake projects to help stimulate the economy. Additionally, your Committee on Conference believes that the State should continue to take advantage of available incentives and programs, as well as the favorable market conditions the State has recently experienced in selling bonds to secure financing for these necessary projects. In February 2010, the State was able to successfully issue a larger than initially anticipated amount of new bonds and refinanced old general obligation bonds utilizing the Build America Bonds (BABs) program. The BABs program was established under the American Recovery and Reinvestment Act of 2009 and is intended to assist state and local governments in financing capital projects at lower borrowing costs, through the provision of a direct federal subsidy for interest costs, and to stimulate the economy and create jobs. This is in line with your Committee on Conference's main objectives. Your Committee on Conference notes that this program is currently available only through the end of calendar year 2010 and, therefore, supports and urges continued consideration of the program's utilization before its expiration.

With the previously stated objectives in mind, your Committee on Conference has carefully crafted a capital improvements program budget that provides for a total of in excess of \$1.149 billion for projects funded by G.O. bonds for the biennium and \$4.221 billion for projects funded by all means of financing. Given the current economic situation and the changing nature of priorities, this budget was designed through the critical examination of all previously appropriated G.O. bond funded projects to determine the propriety of lapsing projects in order to provide funding for more critical or necessary projects. Many projects that the Administration, departments, agencies, and even non-profit organizations have deemed unnecessary or no longer a priority were considered for lapsing. Although your Committee on Conference believes that each previously appropriated project possesses merit on its own, priorities have shifted to make it necessary to lapse and redirect funds to other worthy projects at this time.

As a result, your Committee on Conference has lapsed expiring, lower priority, or unnecessary previously appropriated projects and redirects such funds to higher priority needs as identified by the Administration, the departments, and your Committee on Conference. Through this effort, your Committee on Conference has sought to ensure projects are executed, funds are utilized, and facilities needs are addressed. Lapses include the following types of projects:

- (1) Projects identified by the Administration or departments that have been completed with excess unrequired balances;
- (2) Projects where allotments requests made by departments have been denied, indicating that funds will likely not be released prior to the upcoming June 30, 2010 lapse date, including projects identified by the Department of Education that will not be pursued, mainly due to the fact that the department has received insufficient allotments from the Administration to complete such projects; and
- (3) Projects that no longer represent current Administration, department, or legislative priorities.

Your Committee on Conference has focused on the following areas in this budget:

- (1) Investment in new construction;
- (2) Reduction of repair and maintenance backlogs for state facilities throughout several departments;
- (3) Addressing critical health, safety, and other code requirements of various departments;
- (4) Creating or saving jobs for our residents; and
- (5) Providing the framework for growth and expansion of essential services, programs, and facilities.

Given the massive destruction and suffering resulting from recent earthquakes in Haiti and Chile, as well as the potentially damaging results from the recent tsunami warning experienced in our State, your Committee on Conference believes that this supplemental budget also reflects an appreciation for the need to invest in preventative measures to improve emergency efforts and thwart possible damage and destruction in the State.

As previously mentioned, many prior appropriated projects that are scheduled to lapse on June 30, 2010, which the Department of Education has indicated it will not be pursuing, are lapsed early under this budget. However, your Committee on Conference remains steadfastly committed to improving and maintaining our public school facilities, and, as a result, has redirected those lapsed funds back to the Department of Education to invest in necessary infrastructure for our schools. Your Committee on Conference believes that crucial and critical repairs must be made to ensure safe and adequate facilities are provided to our students and to ensure against state liability. The inclusion of \$30 million for repair and maintenance projects for fiscal year 2011 and \$15 million for electrical upgrades at schools statewide, as well as a total of \$144.07 million for all fiscal year 2011 projects for the department, demonstrates an important investment in our schools and our students. Your Committee on Conference believes that the continued investment in reducing the repair and maintenance backlog will assist the department in reaching a point of maintenance within approximately the next four years. This accomplishment will further enable the department to look forward to constructing necessary new school facilities and concentrate on other capital priorities as well.

Similarly, your Committee on Conference maintains its commitment to reducing and eventually eliminating the backlog of repair and maintenance needs within the University of Hawaii system. Crucial repairs must be addressed to ensure the safety of our University students, faculty, and visitors, as well as to allow the University to move forward with new construction initiatives and upgrades for facilities throughout the system. After close examination of the current capital renewal and deferred maintenance (CRDM) backlog, your Committee on Conference has provided the following:

- (1) \$64.285 million for capital renewal and deferred maintenance projects throughout the University of Hawaii System, which includes \$2 million for CIP projects at community college campuses;
- (2) \$20 million for the University's Renovate to Innovate initiative, which not only addresses some of the current CRDM backlog, but also focuses on research facilities to help ensure increased funds from federal grants and other related funding; and
- (3) \$18.625 million for health, safety and code requirements to provide for safe and compliant facilities for students, faculty and staff, and visitors.

Your Committee on Conference has also provided necessary funding for campus development at the University of Hawaii at West Oahu (\$48 million) and for the construction of a new College of Hawaiian Language building at the University of Hawaii at Hilo (\$28 million). Such funding will assist the University system in expanding and continuing to flourish as a premier academic institution.

Additionally, your Committee has provided critical funding for the following:

- (1) An additional \$3 million in fiscal year 2011 to ensure completion of roof repairs at Aloha Stadium, as well as \$2 million in fiscal year 2011 for turf replacement at Aloha Stadium to help provide safe conditions for spectators, players, participants, and workers and to allow the facility to maintain and attract sports and other entertainment events, including the NFL Pro Bowl;
- (2) \$5 million in fiscal year 2011 for repair and maintenance needs for Hawaii Health Systems Corporation facilities, in addition to funding for critical hospital-specific projects;
- (3) \$5.4 million in fiscal year 2011 for repairs, upgrades, and expansion of critical communications backbone systems to help establish and maintain uninterrupted communication lines, particularly for emergency first responders;
- (4) \$500,000 in fiscal year 2011 for health, safety, and code requirements for Department of Agriculture facilities throughout the State;
- (5) Additional funds for various new projects of the Department of Transportation to ensure the provision of safe and adequate roads and airport and harbor facilities; and
- (6) Additional funds for current projects within the Department of Transportation, Department of Defense, and Department of Health to ensure that matching federal fund contributions are maximized and not lost or forfeited.

Accordingly, your Committee on Conference believes that this supplemental capital improvements program budget addresses the highest priorities of the State, while also reflecting an important balance between increased investment and fiscal responsibility.

## VII. Conclusion

All indications are that the long awaited economic recovery is underway. This is fortunate, since the Governor's budget relies heavily upon a number of temporary measures to address the current fiscal crisis. Although your Committee on Conference reflected much of the savings that result from the Governor's actions, it prioritized those functions of government most needed by Hawaii's residents.

While the House of Representatives and the Senate approached important budgetary issues from perspectives that differ significantly from each other and that of the Governor, a collaborative effort has resulted in the development of a budget that will move the State through this difficult time. Your Committee on Conference believes it has found reasonable solutions to the problems that confront us.

In total, this measure appropriates \$4,943,348,231 in general funds and \$10,241,967,263 in all means of financing for the fiscal year 2011 operating budget. These figures represent reductions to Act 162, Session Laws of Hawaii 2009, appropriations of \$324,300,460 in general funds and \$225,362,710 in all means of financing for fiscal year 2011.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2200, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2200, H.D. 1, S.D. 2, C.D. 1.

Representatives, M. Oshiro, Aquino, Awana, Brower, Choy, Coffman, Har, Keith-Agaran, C. Lee, M. Lee, Nishimoto, Sagum, Tokioka, Wooley, Yamashita, Finnegan and Ward.  
Managers on the part of the House.

Senators, Kim, Chun Oakland, English, Fukunaga, Galuteria, Hee, Hooser, Kidani, Kokubun, Tokuda, Tsutsui and Hemmings.  
Managers on the part of the Senate.  
(Senators Hee, Hooser and Hemmings were excused.)

### **Conf. Com. Rep. 152-10 on H.B. No. 2698**

The purpose of this bill is to increase access to high-speed broadband communications for all households, businesses, and organizations throughout Hawaii by, among other things:

- (1) Requiring the Director of the Department of Commerce and Consumer Affairs (DCCA), in conjunction with the expansion of digital cable programming and services, to promote telework and affordable and accessible broadband services in Hawaii;
- (2) Authorizing the DCCA Director to employ assistants necessary for these activities without regard to chapter 76;
- (3) Establishing the Telework Promotion and Broadband Assistance Advisory Council (Council) to promote telework alternatives and broadband development in Hawaii;
- (4) Requiring the administrator of DCCA's Cable Television Division to establish a work group to develop streamlined permitting procedures for broadband services development; and
- (5) Requiring DCCA to report annually to the Legislature on the receipt and expenditure of federal funds for broadband facilities, services, or equipment for broadband related projects.

Your Committee on Conference finds that high-speed broadband is critical infrastructure for advancing every aspect of our society, and is a key element in our recovery from the current recession. This bill seeks to make statewide access to affordable high-speed broadband a reality in Hawaii by implementing the recommendations of the Hawaii Broadband Task Force established by Act 2, First Special Session Laws of Hawaii 2007.

Your Committee on Conference has amended this bill by:

- (1) Providing that the DCCA Director is to facilitate development and deployment of broadband services, instead of digital cable programming and applications, programs, and services;
- (2) Requiring the DCCA Director to promote, advocate, and facilitate implementation of the findings and recommendations of the Hawaii Broadband Task Force;
- (3) Providing that the Council be composed of 13 instead of 14 members, to be equally appointed by the President of the Senate and Speaker of the House of Representatives, instead of the Governor;
- (4) Appropriating \$500,000 from the Compliance Resolution Fund for fiscal year 2010-2011 to fund DCCA's telework and broadband activities;
- (5) Changing the effective date to July 1, 2010; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2698, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2698, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Wakai, Yamashita and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 153-10 on S.B. No. 2849**

The purpose of this measure is to improve the efficiency and accountability of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) by among other things:

- (1) Exempting the procurement of carriers, administrators, consultants, actuaries, and auditors from the Procurement Code;
- (2) Imposing fiduciary duties, restrictions, and liabilities on fiduciaries of the EUTF;
- (3) Enabling the Board of Trustees of the EUTF (Board) to access attorneys with specific experience in highly technical legal field and independent of the Attorney General;
- (4) Changing the number of trustees on the Board from ten to twelve, how they are appointed, their terms of office, and quorum and voting requirements;
- (5) Transferring jurisdiction over the EUTF from the Department of Budget and Finance to the Department of Human Resources Development;
- (6) Requiring the Director of Human Resources Development to report to the Legislature prior to the Regular Sessions of 2013 and 2015 on the cost effectiveness of the amendments made pursuant to this measure; and
- (7) Stipulating that the arbitration panel shall render a final and binding decision on state and county contributions to the EUTF.

Your Committee on Conference finds that in providing for the effective operation of the EUTF in paying for trust fund benefits it is essential that all funds appropriated to the EUTF by the Legislature are paid directly to the EUTF and not be subject to the allotment procedures under chapter 37, Hawaii Revised Statutes, or subject to the powers granted to the Governor and Director of Finance under sections 37-32 through 37-41, Hawaii Revised Statutes. Your Committee on Conference also finds that providing each trustee of the EUTF with a vote will promote more efficiency and fairness in deciding Board actions. Your Committee on Conference further finds that it is imperative that any sums contributed or paid to the EUTF remain within the EUTF for the exclusive use and benefit of employee-beneficiaries and dependent-beneficiaries.

Your Committee on Conference has amended this measure by replacing its contents with a new part in chapter 37, Hawaii Revised Statutes, and two amendments to chapter 87A, Hawaii Revised Statutes.

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

- (1) Creating a restriction in chapter 37, Hawaii Revised Statutes, that requires all appropriations made to the EUTF by the Legislature be transferred directly to the EUTF and not be subject to the allotment procedures under chapter 37, Hawaii Revised Statutes, or subject to the powers granted to the Governor and the Director of Finance under sections 37-32 through 37-41, Hawaii Revised Statutes;
- (2) Changing the voting requirements to transact Board business from one vote for all public employer trustees and one vote for all employee-beneficiaries trustees to one vote for each individual trustee; and
- (3) Clarifying under section 87A-30, Hawaii Revised Statutes, that all sums contributed or paid to the EUTF shall be for the exclusive use and benefit of the EUTF employee-beneficiaries and dependent-beneficiaries and shall not be subject to appropriation or transfer for any other purpose.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2849, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2849, S.D. 2, H.D. 1, C.D. 1.

Representatives M. Oshiro, Rhoads and Yamashita.  
Managers on the part of the House.

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

**Conf. Com. Rep. 154-10 on H.B. No. 1015**

The purpose of this bill is to establish a two-year pilot project to enable the Department of Hawaiian Home Lands (DHHL) to begin housing projects without having the full cost of the projects on hand at the start of the housing project, by authorizing DHHL to incur obligations in excess of the moneys in the DHHL trust fund subject to certain conditions.

Your Committee on Conference has amended this bill by:

- (1) Clarifying that the provisions authorizing DHHL to incur obligations in excess of the moneys in the fund applies to any trust fund established under the Hawaiian Homes Commission Act, 1920, as amended;
- (2) Providing that no suit for damages may be brought against the State or its agencies and officers, for allowing or refusing to allow expenditures in excess of moneys in the trust fund;

- (3) Directing DHHL to establish a process for consulting with beneficiaries prior to awarding leases for commercial and multipurpose projects;
- (4) Authorizing one-time extensions of commercial and multipurpose project leases of up to 20 years to make improvements to the property;
- (5) Setting aside 15 percent of all lease revenues from extensions of commercial and multipurpose project leases to be deposited into the Native Hawaiian Rehabilitation Trust Fund under section 213(i) of the Hawaiian Homes Commission Act, 1920, as amended (HHCA), to be used for the benefit of native Hawaiian beneficiaries, beneficiary-controlled organizations, and homestead community associations;
- (6) Establishing reporting requirements regarding leases of Hawaiian Home Lands for commercial and multipurpose projects;
- (7) Establishing reporting requirements regarding the expenditures of the Native Hawaiian Rehabilitation Trust Fund that are derived from the amounts deposited from the commercial and multipurpose project lease extensions;
- (8) Directing all lease revenues from commercial and multipurpose project leases to which the provisions of this bill applies, besides those revenues to be deposited into the Native Hawaiian Rehabilitation Fund, to be deposited into the Hawaiian Home Lands Trust Fund established under section 213.6, HHCA;
- (9) Changing the effective date to July 1, 2010; and
- (10) Making technical, nonsubstantive amendments for style, clarity, and consistency, including updating the report and repeal dates for the provisions authorizing DHHL to incur obligations in excess of the moneys in its trust funds.

Your Committee on Conference finds that the Legislature should have an opportunity to evaluate the funds deposited into the Native Hawaiian Rehabilitation Fund under this bill, including how the moneys are being expended. Accordingly, it is the intent of your Committee on Conference that the Legislature examine these issues through a resolution at the appropriate time to determine whether any changes should be made to the provisions requiring DHHL to deposit 15 percent of all revenues generated from these leases from the time lease extensions are granted, into the Native Hawaiian Rehabilitation Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1015, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1015, H.D. 1, S.D. 2, C.D. 1.

Representatives Carroll, Ito, M. Oshiro, Har and Ward.  
Managers on the part of the House.

Senators Hee, Kim, Sakamoto, Fukunaga and Hemmings.  
Managers on the part of the Senate.  
(Senator Hemmings was excused.)

#### **Conf. Com. Rep. 155-10 on H.B. No. 2377**

The purpose of this bill is to improve the accountability of Hawaii's public education system by requiring the members of the Board of Education (BOE) to be nominated and, with the advice and consent of the Senate, appointed by the Governor from pools of qualified candidates presented to the Governor by the Board of Education Candidate Nomination Commission.

Upon further consideration, your Committee on Conference has amended this bill by adopting the language of S.B. No. 2571, S.D. 2, H.D. 2. Your Committee on Conference has further amended this bill by, among other things:

- (1) Changing the number of BOE members to 10, of whom nine are voting members who shall represent and reside in certain geographic areas, including six members from the City and County of Honolulu;
- (2) Changing the term of each member to three years, except in the case of the members who are initially appointed to BOE, whose terms shall be changed as follows:
  - (A) Three members shall serve one-year terms;
  - (B) Three members shall serve two-year terms; and
  - (C) Three members, including the BOE Chairperson, shall serve three-year terms;
- (3) Limiting members to serving no more than two consecutive three-year terms;
- (4) Clarifying that if the Senate is not in session after a member's reappointment and prior to the 120-day deadline by which the Senate shall have considered the question of the member's reconfirmation, the member shall continue to serve until the Senate takes final action on the reconfirmation when it convenes for the next regular session or the next special session during which the Senate is authorized to consider the question of reconfirmation;
- (5) Requiring the BOE Chairperson to be selected from amongst BOE's voting members;



- (6) Clarifying that at any time BOE has fewer than six voting members, the concurrence of three voting members is necessary to make any BOE action valid;
- (7) Clarifying that for the first and subsequent presentations of a list of qualified candidates to the Governor, the BOE Selection Advisory Council (Council) shall present a list of qualified candidates to the Governor for each vacant BOE seat as provided by law, with no fewer than two and no more than four qualified candidates for each seat;
- (8) Requiring the Council to present a list of qualified candidates to the Governor within 150 days prior to the expiration of a BOE member's term;
- (9) Deleting the requirement that the Council set appropriate minimum and maximum numbers of candidates to present to the Governor when there are more than three vacant BOE seats;
- (10) Clarifying that the members initially appointed to BOE shall not serve until five voting members are appointed and the elected BOE members are discharged from office;
- (11) Changing the membership of the Council as follows:
  - (A) Removing the parent appointed by the Hawaii State Parent Teacher Student Association;
  - (B) Removing the current public school teacher appointed by the Hawaii State Teachers Association;
  - (C) Removing the current public school student appointed by the Hawaii State Student Council;
  - (D) Removing the member appointed by the Hawaii Business Roundtable; and
  - (E) Including four members appointed by the Hawaii P-20 Council, of which two members shall be parents one of whom shall be a currently-serving school community council parent representative, one member shall be from the business or nonprofit community, and one member shall be an educator;
- (12) Disallowing individuals who are or have served as members of the Hawaii P-20 Council within the last two years immediately preceding the establishment of or a vacancy on the BOE Selection Advisory Council from being eligible to serve as members of the BOE Selection Advisory Council;
- (13) Limiting Council members to serving no more than two consecutive four-year terms;
- (14) Clarifying that Council members shall be entitled to reimbursement for expenses necessary for the performance of their duties;
- (15) Clarifying that the elected BOE members serving on the day of the enactment of the bill shall continue to serve until the appointment of five voting interim BOE members, at which time the elected members are discharged from office;
- (16) Specifying that any vacancy occurring between the enactment of the bill and the discharge from office of all the elected BOE members, shall not be filled;
- (17) Clarifying that all employees serving BOE on the day of the enactment of the bill shall continue to be exempt employees of the Department of Education;
- (18) Changing the effective date to upon ratification of the constitutional amendments requiring BOE members to be appointed; provided that Part III of the bill shall take effect when the elected BOE members are discharged from office; and
- (19) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2377, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2377, H.D. 3, S.D. 2, C.D. 1.

Representatives Takumi, Karamatsu, M. Oshiro, Berg, M. Lee, Nakashima and Ching.  
Managers on the part of the House.  
(Representative Ching was excused.)

Senators Sakamoto, Kim and Galuteria.  
Managers on the part of the Senate.

**Conf. Com. Rep. 156-10 on S.B. No. 2589**

The purpose of this measure is to require the Department of Education to give reasonable consideration to making available all or portions of school facilities to charter schools when it considers whether to close a public school.

Your Committee on Conference finds that Hawaii's charter schools have made significant advances while facing unique challenges, such as a lack of facilities and high facilities rental costs. This measure is cost-effective and presents charter schools with an opportunity to make use of buildings or facilities that are unused or underutilized by the Department of Education.

Your Committee on Conference finds that this measure should be further amended to provide for situations in which a charter school exclusively or jointly occupies or uses buildings or facilities of a public school immediately prior to converting to a charter school. Your Committee on Conference also finds that the growth of the charter school system has prompted a need for greater accountability by charter schools and more efficient management and administration of the system.

In accordance with these findings, your Committee on Conference has amended this measure by:

- (1) Inserting language to direct the Department of Education to give preference to instructional uses over administrative uses if it elects to use the facilities of a closing public school, rather than making it available for use by a charter school;
- (2) Requiring the Department of Education to submit a notice of vacancy to the Charter School Review Panel no later than thirty days after the establishment of the vacancy;
- (3) Upon the selection of a charter school to use a vacant school facility or portion of a school facility, requiring the Department of Education and the Charter School Review Panel to enter into necessary agreements within ninety days of the selection;
- (4) Inserting language to provide that if a charter school exclusively or jointly occupies or uses buildings or facilities of a public school immediately prior to converting to a charter school, upon conversion that charter school shall be given continued exclusive or joint use of the buildings or facilities, with certain exceptions;
- (5) Adding the following additional powers and duties to the Charter School Review Panel:
  - (A) Adopting a clear process and rigorous organizational and educational criteria, including student achievement as a significant factor, for the authorization and reauthorization of school charters;
  - (B) Evaluating each school charter, for the purpose of determining reauthorization, no later than four years following the initial issue of a charter and every six years thereafter; and
  - (C) Evaluating and investigating charter schools when concerns arise that necessitate the resolution or assistance with the resolution of legal, fiscal, health, safety, and other serious issues;
- (6) Allowing the Charter School Review Panel to authorize up to three new start-up charter schools for each existing accredited start-up charter school and one new start-up charter school for each start-up charter school whose charter is revoked or that voluntarily closes;
- (7) Requiring the Charter School Administrative Office to withhold not more than two per cent of the annual general fund allocation for its operational expenses, including salaries for its staff and Executive Director;
- (8) Requiring the Charter School Administrative Office to report annually to the Charter School Review Panel individual and aggregate expenditures of charter schools, clearly distinguishing between expenditures for operational and instructional purposes;
- (9) Clarifying the requirements of the general fund per-pupil request for each regular education and special education student, to align that statutory provision with the Administration's practice of excluding adult education and the After-School Plus program from the per-pupil calculation;
- (10) Making changes to charter school funding, including changes to the distribution of funds for charter schools, reporting requirements for enrollment estimates and actual enrollment counts, and the creation of the charter schools account as a separate account in the state treasury, to further encourage fairness in funding and the availability of resources to charter schools;
- (11) Revising the purpose section to reflect the changes in the measure;
- (12) Changing the effective date from July 1, 2050, to July 1, 2010; and
- (13) Making technical, nonsubstantive changes for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2589, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2589, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, M. Oshiro, Nakashima, Yamashita and Finnegan.  
Managers on the part of the House.  
(Representative Finnegan was excused.)

Senators Sakamoto, Kim, Chun Oakland, Kidani and Hemmings.  
Managers on the part of the Senate.  
(Senators Chun Oakland and Hemmings were excused.)

#### **Conf. Com. Rep. 157-10 on S.B. No. 2124**

The purpose of this bill is to ensure that Hawaii's students receive the education they deserve by restoring public school instructional days in the 2009-2010 and 2010-2011 school years that would otherwise be lost to furloughs pursuant to a collective bargaining agreement with the Hawaii State Teachers Association (HSTA). Specifically, this bill appropriates funds out of the Hawaii Hurricane Relief Fund (HHRF) to the public schools, including charter schools; provided that the funds shall only be released upon completion of all negotiations of the parties necessary to execute the restoration of instructional days pursuant to the collective bargaining process.

Your Committee on Conference has amended this bill by:

- (1) Deleting the appropriation out of HHRF to restore instructional days in the 2009-2010 school year that would otherwise be lost to furloughs;
- (2) Specifying that \$67,000,000 shall be appropriated out of HHRF to restore instructional days in the 2010-2011 school year that would otherwise be lost to furloughs;
- (3) Deleting the specification that a certain amount of these funds be allocated to charter schools and other public schools;
- (4) Removing the Charter School Administrative Office as an expending agency for the appropriation;
- (5) Specifying that the moneys appropriated in this bill shall only be expended for the purpose of restoring public school instructional days for the 2010-2011 school year and shall not be transferred or used for any other purpose; and
- (6) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2124, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2124, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, Rhoads, Herkes, M. Oshiro, Nakashima and Finnegan.  
Managers on the part of the House.

Senators Sakamoto, Baker, Kim, Kokubun and Tsutsui.  
Managers on the part of the Senate.

**Conf. Com. Rep. 158-10 on S.B. No. 2469**

The purpose of this measure is to appropriate moneys from the emergency and budget reserve fund of the State of Hawaii to maintain levels of programs determined to be essential to education, public health and public welfare.

Your Committee on Conference finds that in 1999, the Legislature established the emergency and budget reserve fund as a temporary supplemental source of funding for the State of Hawaii in times of emergency, economic downturn, or unforeseen reduction in revenues. As set forth in section 328L-3, Hawaii Revised Statutes, specific purposes for the fund include the maintaining of levels of programs determined to be essential to public health, safety, welfare, and education. Specifically prohibited from appropriation allowances is funding items in collective bargaining contracts.

Your Committee also finds that difficult economic times and declining tax revenues have resulted in budget cuts for all state services, and that some of the most vulnerable and needy members of the community will be the hardest hit by the reduction in services. Your Committee further finds that funding of certain programs and entities such as community centers, domestic violence shelters, the Shelter Plus program and housing placement services allows members of the community to continue working as opposed to being forced to quit their jobs due to economic downturn or personal difficulties. Funding programs such as respite services, the Kupuna Care Program, Volunteer Legal Services Hawaii, the Legal Aid Society of Hawaii, the Hawaii Family Law Clinic and the employment core services of the Office of Community Services promotes the hiring or retention of current staff positions, all of which in turn keeps our citizens working and fosters a stronger economy.

Your Committee has amended this measure by appropriating the following:

(1)	Respite Services	\$200,000
(2)	Healthy Start Program	\$1,500,000
(3)	Senior Centers	
	Catholic Charities Hawaii	\$350,000
	Kapahulu Center	\$300,000
	Moiliili Community Center	\$150,000
	Waikiki Community Center	\$150,000
(4)	Kupuna Care Program	\$3,000,000
(5)	Aging and Disability Resource Center	\$100,000
(6)	Developmental Disabilities Medicaid Waiver Program	\$1,500,000
(7)	Mental Health Services	\$1,500,000
(8)	Partnerships in Community Living Program	\$150,000
(9)	Substance Abuse Treatment	\$1,400,000
(10)	Healthy Aging Partnerships Program	\$125,000

(11)	Waianae District Comprehensive Health and Hospital Board, Incorporated	\$332,000
(12)	HIV/AIDS related services	\$270,000
(13)	Housing First pilot program	\$1,000,000
(14)	Meals for the elderly for Kupuna Care	\$500,000
(15)	Kokua Kalihi Valley Comprehensive Family Services	\$500,000
(16)	HMSA's Keiki Care	\$600,000
(17)	Windward Oahu Spouse Abuse Shelter	\$200,000
(18)	Blueprint for Change for Neighborhood Place Walk-in Centers	\$200,000
(19)	Hawaii Immigrant Health Initiative Program	\$550,000
(20)	Statewide domestic violence shelters	\$762,500
(21)	Hale Mahaolu for personal care services	\$210,000
(22)	Shelter Plus Care Program	\$200,000
(23)	Adult Dental Care	\$2,000,000
(24)	Outstationed eligibility worker services	\$100,000
(25)	Outreach services	\$80,000
(26)	Outreach services to locate uninsured children	\$44,636
(27)	Child care subsidies	\$800,000
(28)	General Assistance Program	\$1,000,000
(29)	Adult Friends for Youth	\$200,000
(30)	Domestic Violence Shelters	\$1,000,000
(31)	Volunteer Legal Services Hawaii	\$200,000
(32)	Legal Aid Society of Hawaii	\$720,000
(33)	Hawaii Family Law Clinic	\$282,000
(34)	Catholic Charities Hawaii for intra-familial sex assault services	\$150,000
(35)	Children's Alliance of Hawaii, Inc.	\$150,000
(36)	Office of Community Services for employment core services	\$400,000
(37)	YMCA of Honolulu for Weed and Seed Program	\$75,000
(38)	Kapiolani Medical Center for Women and Children for the Sex Abuse Treatment Center	\$466,000
(39)	Families for R.E.A.L.	\$300,000

Your Committee has also amended this measure by deleting the fee provision attached to the QUEST adult dental appropriation, clarifying the legal names of entities, and making technical, nonsubstantive stylistic changes for purposes of clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2469, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2469, S.D. 2, H.D. 2, C.D. 1.

Representatives Mizuno, Yamane, M. Oshiro, M. Lee, Shimabukuro and Ward.  
Managers on the part of the House.  
(Representative Shimabukuro was excused.)

Senators Chun Oakland, Ige, Taniguchi, Kim and Ihara.  
Managers on the part of the Senate.  
(Senator Ihara was excused.)

**Conf. Com. Rep. 159-10 on H.B. No. 2774**

The purpose of this bill is to help maintain the level of services in programs administered by the Department of Human Services (DHS) by, among other things:

- (1) Requiring DHS to include certain provisions regarding co-payments, prescription drug formularies, and medical necessity coverage in all contracts with managed-care organizations for the provision of Medicaid benefits under the QUEST program;
- (2) Specifying requirements for the provision of psychotropic medication to patients covered under the QUEST, QUEST Expanded Access, and certain fee-for-service programs administered by DHS;
- (3) Allowing DHS to issue death benefits in an amount equal to the Social Security Administration's lump-sum death benefit for qualifying individuals; and
- (4) Prohibiting DHS from expending funds appropriated for Medicaid on any programs not specifically related to Medicaid or not authorized by the Legislature.

Your Committee on Conference has amended this bill by:

- (1) Deleting the provisions that require DHS to include certain provisions regarding co-payments, prescription drug formularies, and medical necessity coverage in all contracts with managed-care organizations for the provision of Medicaid benefits under the QUEST program;
- (2) Prohibiting DHS from imposing any restriction or limitation on the coverage for, or a recipient's access to anti-anxiety medication with specified exceptions;
- (3) Requiring prior authorization by the contracted health plan rather than the prescriber for coverage of a brand-name antidepressant or anti-anxiety medication if the individual does not have two failed attempts on a generic medication;
- (4) Requiring that a supply of the prescribed antidepressant or anti-anxiety medication sufficient to last until a prior authorization request is resolved be covered, rather than a three-day supply;
- (5) Specifying that a "failed attempt" refers to the prescribed generic antidepressant or anti-anxiety medication up to the maximum FDA-approved dosage;
- (6) Deleting language that stated that measures to ensure patient safety shall not constitute a restriction or limitation on the coverage for, or a recipient's access to antidepressant or anti-anxiety medication;
- (7) Authorizing DHS and its QUEST contracted health plans to investigate fraud, abuse, or misconduct;
- (8) Requiring DHS, in conjunction with health care providers, health care plans, and mental health advocates to submit a report detailing the status of the implementation of the changes to psychotropic medication regulations, including specified information, to the 2011 Legislature;
- (9) Inserting a ceiling of \$5,000,000 on funds DHS may spend on the Hawaii Premium Plus Program for nine months beginning on May 1, 2010;
- (10) Inserting a two-year sunset date of June 30, 2012;
- (11) Changing the effective date to July 1, 2010; and
- (12) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 2774, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2774, H.D. 2, S.D. 2, C.D. 1.

Representatives Mizuno, Yamane, M. Oshiro, Chong and Ward.  
Managers on the part of the House.

Senators Chun Oakland, Ige, Tsutsui, Baker and Green.  
Managers on the part of the Senate.

**Conf. Com. Rep. 160-10 on H.C.R. No. 297**

The purpose of this concurrent resolution is to request:

- (1) A status report on the economic impact of expanded workforce development outcomes; and
- (2) An update on the Science, Technology, Engineering, and Math (STEM), Research Experiences for Teachers – Middle School, Project Environmental and Spatial Technology (Project EAST), and robotics programs within public schools.

Your Committee on Conference finds that the STEM initiatives launched in 2007 have been highly successful, providing expanded learning opportunities for thousands of public school students throughout the state, and involving untold numbers of private sector supporters and mentors.

For example, participation in robotics has expanded dramatically in three years, from 95 programs in early 2007, to 422 programs today attracting 3,000 students in public, charter, and private schools statewide. Project EAST, which began in a handful of neighbor island public schools, has expanded to 15 schools statewide and served over 4,400 students from middle school through grade 12. Even more impressive, nearly 100 percent of Project EAST participants plan to attend college, and over 60 percent plan STEM-related majors.

Your Committee on Conference commends the agencies – both public and private – that have been instrumental in the success of these programs and believes that the reporting requested by this measure will provide the agencies and the individuals involved with an opportunity to further highlight their successes and their plans for the continued expansion of these programs.

Your Committee on Conference has amended this resolution for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference concurs with the intent and purpose of H.C.R. No. 297, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 297, S.D. 1, C.D. 1.

Representatives McKelvey, Choy, Evans and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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