

Conf. Com. Rep. 1 on S.B. No. 98

The purpose of this measure is to clarify the existing requirement for a finding of present or future public convenience and necessity for the issuance of a certificate of public convenience and necessity to a water carrier.

Your Committee on Conference finds that applications for entry into the regulated water carrier market require in-depth analyses of specific issues of public convenience and necessity to ensure that successful applications serve the public interest and protect communities from the risk of harm.

In reviewing applications to offer new services within the existing regulatory environment, the Public Utilities Commission must ensure that the entry of new services and service providers does not erode the underpinnings of the regulatory framework or threaten future investment in service and infrastructure in a manner that risks the loss of existing services.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Commission shall not make a finding of public convenience and necessity nor issue a certificate if the evidence in the record indicates that the issuance of the certificate would diminish an existing water carrier's ability to realize its allowed rate of return or if the certificate would allow an applicant to serve only high-margin or high-profit ports or lines of service that are currently served by an existing carrier;
- (2) Inserting an effective date of July 1, 2011; 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. 98, 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. 98, S.D. 2, H.D. 1, C.D. 1.

Representatives Souki, Herkes, M. Oshiro, Chong, Ichiyama, Tokioka and Johanson.
Managers on the part of the House.

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

Conf. Com. Rep. 2 on S.B. No. 172

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

- (1) Require that display fireworks bear a permanent label listing the licensee's name, address, and contact information as well as the name and business address of the manufacturer;
- (2) Authorize each county fire chief to conduct inspections of the persons conducting a display, including the site where the display is occurring or will occur within the fire chief's county to determine compliance with the applicable county code and the current editions of the National Fire Protection Association codes and standards;
- (3) Assess an inspection fee upon permittees of displays under section 132D-10(2), Hawaii Revised Statutes;
- (4) Authorize a county fire chief to immediately revoke or suspend any permit issued for display of display fireworks, articles pyrotechnic, or aerial devices within the fire chief's county for certain reasons;
- (5) Limit the times in which display fireworks, articles pyrotechnic, and aerial devices may be set off, ignited, discharged, or otherwise caused to explode from 9:00 a.m. to 9:00 p.m., with certain exceptions; and
- (6) Require license applicants for and shippers of certain fireworks to provide the counties with information regarding the proposed display event and related contact information.

Your Committee on Conference finds that this measure facilitates the arrest and prosecution for the purchase, possession, setting off, igniting, or discharging of fireworks, thereby increasing public safety.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the licensee's contact information on the permanent label required under this measure shall include only the telephone number or electronic mail address; and
- (2) Inserting an effective date of 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. 172, 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. 172, S.D. 2, H.D. 2, C.D. 1.

Representatives Aquino, Rhoads, Cullen, M. Lee, Takai and Fontaine.
Managers on the part of the House.
(Representatives M. Lee and Takai were excused.)

Senators Espero, Hee and Slom.

Managers on the part of the Senate.

Conf. Com. Rep. 3 on S.B. No. 1483

The purpose and intent of this measure is to require the association of a condominium to list its name and address as the representative agent for individual time share owners unless the individual time share owner requests the association to list the individual time share owner's name and address instead.

The intent of listing a condominium association as a representative agent rather than the names and addresses of individual fractional owners in time share properties codifies the current practice by most condominium associations. Further, allowing the listing of a time share association in place of the individual fractional owners is sufficient to ensure that individual time share owners receive important communications from the condominium association, since time share associations regularly pass on communications received from the condominium association to time share owners.

Your Committee has amended this bill by inserting an effective date of 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. 1483, 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. 1483, S.D. 1, H.D. 1, C.D. 1.

Representatives Brower, Herkes, Cabanilla, Evans, Hashem and Ching.
Managers on the part of the House.
(Representatives Cabanilla and Ching were excused.)

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

Conf. Com. Rep. 4 on S.B. No. 45

The purpose of this measure is to repeal the civil service exemptions for the first and second deputy sheriffs.

Your Committee on Conference finds that removing the current civil service exemptions for the first deputy sheriff and second deputy sheriff positions would facilitate more effective administrative and operational management of the Sheriff Division of the Department of Public Safety. There presently are an insufficient number of upper management positions above the operational segments of the Sheriff Division. To address the shortage, the Department of Public Safety has been working with the Department of Human Resources Development to expand the deputy sheriff class series to include captains and majors; however, the Department of Human Resources Development has required that the deputy sheriff positions first be converted to civil service before an expansion of the deputy sheriff class series is considered. This measure takes a necessary step toward improving the administration and operations of the Sheriff Division.

Your Committee on Conference has amended this measure by inserting an effective date of January 1, 2012.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 45, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 45, H.D. 1, C.D. 1.

Representatives Aquino, Rhoads, Cullen, Awana, Saiki and Fontaine.
Managers on the part of the House.
(Representative Saiki was excused.)

Senators Espero, Hee, Kim, Kouchi and Slom.
Managers on the part of the Senate.
(Senators Kouchi and Slom were excused.)

Conf. Com. Rep. 5 on S.B. No. 283

The purpose of this measure is to incorporate the definitions, guiding principles, and goals of the Hawaii 2050 Sustainability Plan into the Hawaii State Planning Act, codified as chapter 226, Hawaii Revised Statutes.

In 2008, the Legislature adopted Act 225, Session Laws of Hawaii 2008, directing the University of Hawaii College of Social Sciences Public Policy Center to review the Hawaii 2050 Sustainability Plan and provide a definitive framework for the Plan, including defined data, data sources, and benchmarks for each of the major goals of the Plan. One of the Center's recommendations is to incorporate the Hawaii 2050 Sustainability Plan's goals and definition of sustainability into the Hawaii State Planning Act, chapter 226, Hawaii Revised Statutes.

Your Committee on Conference finds that achieving sustainability in Hawaii requires a plan of action with clearly defined objectives and benchmarks. Your Committee on Conference further finds that the codification of the guiding elements of the Hawaii 2050 Sustainability Plan takes an important step toward realizing a sustainable Hawaii.

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

- (1) Deleting language that added a new part, including a findings and purpose and definitions section, to chapter 226, Hawaii Revised Statutes, and replacing it with language that adds one new section and amends several existing sections within chapter 226, Hawaii Revised Statutes;

- (2) Inserting the definitions of "ahupuaa", "kanaka maoli", and "sustainability" into section 226-2, Hawaii Revised Statutes, the existing general definitions section for chapter 226, Hawaii Revised Statutes;
- (3) Making numerous amendments to the language that codifies the seven priority guidelines and principles of the Hawaii 2050 Sustainability Plan to promote sustainability for the purposes of clarity, consistency, and brevity;
- (4) Deleting language establishing five major goals that are designed to achieve a preferred future by the year 2050 and replacing them with language that establishes "principles of sustainability" as one of six major areas of statewide concern that merits priority attention;
- (5) Specifying that the University of Hawaii Public Policy Center, in consultation with the Office of Planning, is to submit a status and progress report to the Legislature regarding the implementation of this Act, and streamlining the requirements for the mandatory report;
- (6) Changing the effective date from July 1, 2112, to July 1, 2011; 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. 283, 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. 283, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Hanohano, Choy, Chong, Nakashima and Ward.
Managers on the part of the House.
(Representative Ward was excused.)

Senators Dela Cruz, Solomon, Kahele, Ryan and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 6 on S.B. No. 1278

The purpose of this measure is to protect insurance consumers, particularly seniors, from abusive practices by adopting model regulations from the National Association of Insurance Commissioners in compliance with the senior investment protection provisions of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Your Committee on Conference finds that adoption of this measure will bring Hawaii's laws into conformity with the requirements of federal law, thereby enabling the Insurance Division of the Department of Commerce and Consumer Affairs to apply for federal grants to fund activities that protect seniors from misleading or fraudulent marketing in the sale of financial products. Further, there is a real and present need beyond compliance with federal law for the protections included in this measure. The Insurance Division reports the continuing receipt of complaints from consumers, particularly seniors, about abusive or misleading practices in the sale and marketing of annuities. This measure is also fiscally responsible as it allocates the bulk of the training and compliance responsibilities to insurers, thereby strengthening the Insurance Division's regulatory and oversight functions without requiring new expenditures of state resources.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2011; provided that the training and procedural requirements imposed on insurers by sections 2 through 6 shall become effective on January 1, 2012.

Your Committee on Conference finds that this measure, as amended, will allow insurers in the State adequate time to institute training programs and procedures to ensure full compliance with the requirements 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. 1278, 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. 1278, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Yamashita, Brower, Cabanilla and Marumoto.
Managers on the part of the House.
(Representatives Cabanilla and Keith-Agaran were excused.)

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

Conf. Com. Rep. 7 on S.B. No. 281

The purpose of this measure is to:

- (1) Authorize the use or rental of the Division of Animal Industry's property or facilities for commercial purposes;
- (2) Establish the Animal Industry Special Fund;
- (3) Make an appropriation in an unspecified amount to the Animal Industry Special Fund; and

- (4) Make an appropriation in an unspecified amount from the Animal Industry Special Fund to the Department of Agriculture.

Your Committee on Conference finds that authorizing the commercial use of all of the Division of Animal Industry's property and facilities, rather than limiting the authority to animal quarantine properties and facilities, provides a greater potential source of revenue to assist the Division in moving toward self-sufficiency.

Your Committee on Conference has amended this measure by:

- (1) Removing the appropriation to the Animal Industry Special Fund;
- (2) Removing the appropriation from the Animal Industry Special Fund to the Department of Agriculture; and
- (3) Making this measure effective 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. 281, 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. 281, S.D. 2, H.D. 2, C.D. 1.

Representatives Tsuji, Hashem, Awana and Riviere.
Managers on the part of the House.

Senators Nishihara, Kidani, Dela Cruz and Wakai.
Managers on the part of the Senate.
(Senator Wakai was excused.)

Conf. Com. Rep. 8 on S.B. No. 1493

The purpose of this measure is to protect the State's valuable night sky resource by requiring every new and replacement outdoor light fixture, whether commercial or residential, to use full-cutoff fixtures to direct the lighting downward, with certain exceptions.

Your Committee on Conference finds that the night sky in Hawaii is a valuable natural and cultural resource for the State. The dark night sky has tremendous scientific value for astronomers and is of vital importance for endangered species including birds and turtles. Your Committee on Conference further finds that unnecessary light pollution is threatening the dark night sky over the entire State and that much of this light pollution is caused by improperly shielded lights. Act 161, Session Laws of Hawaii 2009, formed a temporary advisory committee to assist in the development of a statewide starlight reserve strategy to preserve the quality of the night sky and its associated values. This measure is intended to implement the recommendations of that temporary advisory committee.

Your Committee on Conference recognizes the concern that the use of the term "fully shielded" as opposed to "full-cutoff" may raise issues regarding the levels of uniformity required by the Illuminating Engineering Society of North America for street lighting and force the realignment of existing light poles. As the term "fully shielded" is the preferred term of the advisory committee and the most appropriate form of light pollution reduction for the purposes of this measure, clarification is necessary to ensure that requiring fully shielded lighting does not create undue hardship for the government entities responsible for street lighting.

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

- (1) Specifying in the purpose section that it is not the Act's intent to require realignment or relocation of existing light poles;
- (2) Replacing the term "full-cutoff" with the term "fully shielded";
- (3) Deleting the language that would have allowed non-complying fixtures to be used when full-cutoff fixtures would not meet the criteria of the Illuminating Engineering Society of North America;
- (4) Adding language to specify that replacement street lighting shall be fully shielded unless a registered electrical engineer certifies that fully shielded lighting will not meet the criteria of the Illuminating Engineering Society of North America in which case partially shielded lights may be used;
- (5) Clarifying with specificity the acceptable alternatives for the lighting of athletic fields when fully shielded lighting is impractical; and
- (6) 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. 1493, 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. 1493, S.D. 1, H.D. 3, C.D. 1.

Representatives Souki, Coffman, Ichiyama, Evans and Johanson.
Managers on the part of the House.

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

Conf. Com. Rep. 9 on S.B. No. 631

The purpose of this measure is to encourage and facilitate the development of solar renewable energy facilities in Hawaii by allowing solar energy facilities to be placed on agricultural lands with soil classified as overall (master) productivity rating class B or C, subject to certain restrictions.

Your Committee on Conference finds that Hawaii is one of the most fossil fuel-dependent states in the nation with a majority of its oil being imported. Consequently, the State is extremely vulnerable to any oil embargo, supply disruption, international market dysfunction, and many other factors beyond the control of the State. Furthermore, the continued consumption of conventional petroleum fuel and price volatility can negatively impact the environment and economic health of the people of Hawaii. At the same time, Hawaii has among the most abundant solar energy resources in the world. These resources should be utilized to the maximum extent possible in order to reduce the State's dependence on fossil fuels and contribute to energy self-sufficiency.

Your Committee on Conference further finds that the development and use of renewable solar energy would be instrumental in contributing to the State's energy self-sufficiency as well as the promotion of agricultural sustainability. Hawaii's farmers and ranchers need to fight energy costs with energy revenues to become or remain viable business entities. Allowing the use of agricultural land for solar energy production provides farmers and ranchers with the opportunity to produce and sell electricity to offset their costs.

Although this measure includes additional restrictions on the construction of solar energy facilities on Important Agricultural Lands, your Committee on Conference recognizes that some areas designated as Important Agricultural Lands have soil classified as overall (master) productivity rating class D on which solar facilities are currently permitted on an unrestricted basis. Furthermore, your Committee on Conference notes that certain provisions in this measure create a conflict with section 205-4.5(a), Hawaii Revised Statutes.

Accordingly, your Committee has amended this measure by:

- (1) Deleting any reference to Important Agricultural Lands;
- (2) Amending section 205-4.5(a), Hawaii Revised Statutes, to eliminate the conflict with this measure; and
- (3) 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. 631, 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. 631, S.D. 1, H.D. 2, C.D. 1.

Representatives Coffman, Chang, Tsuji, Ito, Kawakami and Thielen.
Managers on the part of the House.
(Representative Tsuji was excused.)

Senators Gabbard, Nishihara and Dela Cruz.
Managers on the part of the Senate.
(Senator Nishihara was excused.)

Conf. Com. Rep. 10 on S.B. No. 101

The purpose of this measure is to exempt the preparation of hand-pounded poi from certain Department of Health requirements regarding food safety, under certain conditions, and to require the Department of Health to adopt rules in order to recognize the preparation of poi using traditional Hawaiian cultural food preparation practices.

Your Committee on Conference finds that this exemption is necessary to protect Hawaiian cultural practices and urges the Department of Health to expeditiously adopt rules in accordance with this measure.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Department of Health to adopt rules no later than December 31, 2011, to effectuate this measure; and
- (2) Making the measure effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 101, 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. 101, S.D. 1, H.D. 2, C.D. 1.

Representatives Hanohano, Yamane, Herkes, C. Lee, Wooley and Ward.
Managers on the part of the House.
(Representatives C. Lee and Wooley were excused.)

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

Conf. Com. Rep. 11 on S.B. No. 105

The purpose and intent of this measure is to adopt the Uniform Real Property Transfer on Death Act to authorize the transfer of real property to designated beneficiaries through a transfer on death deed that avoids the requirements of probate.

Your Committee on Conference finds that, under current law, there is no simple and straightforward means of passing on real property from a decedent to a beneficiary, even though real property is often an individual's most important or only asset. In contrast, there are existing simple methods of passing on personal property of similar value such as life insurance, pension plans, securities, or banked assets. A transfer on death deed for real property as provided by this measure offers individuals a means of distributing real property to surviving family or loved ones without a lengthy and complicated probate process and without unintended adverse effects such as complications of Medicaid eligibility for either the grantor or the beneficiary. In addition to allowing surviving families and beneficiaries to avoid the expenses and potentially lengthy processes of probate court, this measure will also provide the State cost savings by reducing the need for probate court services. This measure is based on a uniform model act that has been adopted by thirteen states to date.

Your Committee on Conference has amended this measure by specifying that the exemption from the conveyance tax contained in this measure applies to documents or instruments that conform to the transfer on death deed as authorized 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 S.B. No. 105, 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. 105, S.D. 2, H.D. 1, C.D. 1.

Representatives B. Oshiro, Choy, Brower, Luke and Thielen.
Managers on the part of the House.
(Representative Luke was excused.)

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

Conf. Com. Rep. 12 on S.B. No. 975

The purpose of this measure is to require real estate appraisers to comply with the Uniform Standards of Professional Appraisal Practice when acting as an arbitrator in an arbitration proceeding to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate.

Your Committee on Conference finds that licensed real estate appraisers often serve as arbitrators in proceedings to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate. Real estate appraisers often provide appraisal services in connection with arbitration proceedings to determine the fair market value, fair market rental value, or fair and reasonable rent of real estate. Whether acting in the capacity of arbitrator or appraiser in these proceedings, licensed real estate appraisers use their professional skills and substantive knowledge to make judgments on the value of real estate. Therefore, real estate appraisers should adhere to the same Uniform Standards of Professional Appraisal Practice regardless of whether they are acting in the capacity of a real estate appraiser or arbitrator.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to specify that the record of an award in an arbitration proceeding to determine the fair market value, fair market rental, or fair and reasonable rental of real property where the arbitrator is a licensed real estate appraiser shall include findings of fact; rationale for the award; certification of the arbitrator's compliance with the Uniform Standards of Professional Appraisal Practice; and the data, methodologies, and analysis that provided the basis for the award;
- (2) Deleting a provision stating that an arbitration agreement shall prevail in the case of conflict between the arbitration agreement and the Uniform Standards of Professional Appraisal Practice;
- (3) Inserting an effective date of upon approval; and
- (4) 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. 975, 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. 975, S.D. 1, H.D. 2, C.D. 1.

Representatives McKelvey, Herkes, Keith-Agaran, Nakashima, Tsuji and Riviere.
Managers on the part of the House.
(Representative Keith-Agaran was excused.)

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

Conf. Com. Rep. 13 on S.B. No. 1519

The purpose and intent of this bill is to update provisions of the Secure and Fair Enforcement for Mortgage Licensing Act relating to mortgage loan originators in order to meet additional regulatory objectives of the Act.

Hawaii's Secure and Fair Enforcement for Mortgage Licensing Act, chapter 454F, Hawaii Revised Statutes, was originally enacted in 2009 pursuant to the requirements of federal law. The regulatory system established by the federal law, with which Hawaii is obligated to comply, is still in the process of becoming fully developed as its component parts are implemented nationwide. As Hawaii's regulatory agencies have begun implementing the

requirements of the state and federal laws on the state level, they have identified opportunities for increasing administrative efficiency and making the law more responsive to real world regulatory concerns.

Adoption of this bill will make the process of licensing mortgage loan originators more efficient and will bring Hawaii's law into compliance with federal requirements. Your Committee notes that this bill is the result of productive collaboration among stakeholders including consumers, mortgage professionals, and regulatory bodies.

Your Committee has amended this bill by:

- (1) Clarifying that, in conformity with federal law, the prohibition on originating a residential mortgage loan based primarily on the market value of collateral rather than on the borrower's ability to repay the loan according to its terms does not apply to reverse mortgages;
- (2) Specifying that a licensee shall not advertise terms of a residential mortgage loan in violation of federal law; and
- (3) Inserting an effective date of upon approval.

The Secure and Fair Enforcement for Mortgage Licensing Act applies only to residential mortgage loans. Therefore, your Committee notes that the provisions of this bill amending the Safe and Fair Enforcement for Mortgage Licensing Act apply only to actions taken in connection with residential mortgage loans and not to any other types of financial transactions, including bridge loans. This bill is not intended to prohibit legitimate residential mortgage loan origination activities provided to consumers.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1519, S.D. 3, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1519, S.D. 3, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Chong, Cabanilla, Evans and Marumoto.
Managers on the part of the House.
(Representative Cabanilla was excused.)

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

Conf. Com. Rep. 14 on S.B. No. 44

The purpose of this measure is to:

- (1) Require the Department of Public Safety to establish and publish on its website key performance indicators or measures to be incorporated into reports that evaluate the Department's efforts to improve offender reentry and rehabilitation; and
- (2) Consolidate into one report other specified reports of the Department of Public Safety.

Your Committee on Conference finds that Act 8, First Special Session Laws of Hawaii 2007 (Act 8), enacted the Community Safety Act, which was codified as chapter 353H, Hawaii Revised Statutes. The Community Safety Act established a comprehensive offender reentry system under the purview of the Department of Public Safety. Act 8 also required the Department of Public Safety to submit to the Legislature annual reports through 2010 relating to the implementation, progress, and effectiveness of the program components specified in Act 8. Your Committee on Conference finds that performance indicators are an effective means of tracking the progress of the comprehensive reentry system.

Your Committee on Conference has amended this measure by:

- (1) Codifying into the Hawaii Revised Statutes the language requiring the Department of Public Safety to submit to the Legislature an annual consolidated corrections and program report;
- (2) Requiring the Department of Public Safety to submit an annual report to the Legislature before each Regular Session on key performance indicators that track the rehabilitation and reentry efforts for individuals who are prepared to exit the correctional system;
- (3) Inserting an effective date of upon approval; and
- (4) 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. 44, 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. 44, S.D. 1, H.D. 1, C.D. 1.

Representatives Aquino, Cullen, Ichiyama, Souki and Fontaine.
Managers on the part of the House.
(Representative Souki was excused.)

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

Conf. Com. Rep. 15 on S.B. No. 758

The purpose of this measure is to extend the use of Hawaii Compliance Express for small-business vendors, affording them the same savings of time and money in the contracting process.

Your Committee on Conference is in agreement that this measure will prove beneficial for Hawaii's small businesses, which is particularly important under the current economic conditions as small businesses account for the bulk of the registered businesses in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Including language in the purpose section regarding the current requirement that vendors provide proof of compliance with applicable laws in order to receive state and county contracts greater than \$15,000;
- (2) Clarifying that the use of Hawaii Compliance Express shall apply to all contracts and procurements of \$2,500 or more; and
- (3) Changing the effective date from October 1, 2011, 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 S.B. No. 758, 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. 758, S.D. 1, H.D. 2, C.D. 1.

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

Senators Fukunaga, Wakai and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 16 on S.B. No. 1277

The purpose and intent of this bill is to update the laws regulating legal service plans to enable the Insurance Commissioner to exert more effective oversight of these plans.

Your Committee on Conference finds that, historically, legal service plans have demonstrated a low rate of compliance with applicable regulatory laws. In addition, there is currently no periodic renewal process for legal service plans. Therefore, the Insurance Commissioner has no way to track the continued existence and legitimate operations of legal service plans within the State, or to effectively enforce compliance with the applicable laws. This bill will allow the Insurance Commissioner to operate with more certainty and efficiency in exerting oversight of legal service plans in this State.

Your Committee on Conference has amended this measure by:

- (1) Specifying a bond amount of \$100,000 required to secure the faithful performance of the obligations of a legal service plan;
- (2) Specifying fee amounts of \$1,000 and \$500 chargeable by the Insurance Commissioner for issuance of a certificate of authority for authorized legal service plans before July 1, 2014, and on or after July 1, 2014, respectively;
- (3) Specifying fee amounts of \$1,000 and \$500 chargeable by the Department of Commerce and Consumer Affairs for all services provided for authorized legal service plans before July 1, 2014, and on or after July 1, 2014, respectively;
- (4) Inserting an effective date of upon approval; and
- (5) Making technical, nonsubstantive 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. 1277, 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. 1277, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Yamashita, Cabanilla, Luke and Marumoto.
Managers on the part of the House.
(Representatives Cabanilla and Luke were excused.)

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

Conf. Com. Rep. 17 on S.B. No. 142

The purpose of this bill is to protect Hawaii's water resources by establishing safeguards and mechanisms to preserve and maintain the State's dams and reservoirs.

Your Committee on Conference finds that in addition to serving Hawaii's agricultural industry, dams and reservoirs also benefit the general public by providing drinking water, renewable energy through hydropower, and flood control and drainage for public safety. By recognizing that the maintenance of dams and reservoirs is necessary for their continued operation, this measure enables the Board of Land and Natural Resources to give due consideration to the critical importance of dams and reservoirs to the State in the Department's administration of the dam and reservoir safety program.

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 S.B. No. 142, 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. 142, S.D. 1, H.D. 1, C.D. 1.

Representatives Chang, Tsuji, Har, Nakashima and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Ige, Kouchi, Solomon and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 18 on S.B. No. 14

The purpose of this measure is to:

- (1) Expand the authorized uses of monies in the Agricultural Development and Food Security Special Fund to include the improvement of dams and reservoirs, as well as water quality testing and improvement;
- (2) Specify that the monies in the Agricultural Development and Food Security Special Fund may also be used for investigative studies to identify and assess necessary improvements to dams, reservoirs, irrigation systems, and transportation networks; and
- (3) Authorize the Director of Finance to issue general obligation bonds in an unspecified amount and deposit the revenues into the Agricultural Development and Food Security Special Fund for dam, reservoir, or irrigation system improvements.

Your Committee on Conference finds that dams and reservoirs are critical components of functioning irrigation systems. This measure will allow the use of Agricultural Development and Food Security Special Fund monies for improvements and investigative studies of dams and reservoirs.

Your Committee on Conference has amended this measure by:

- (1) Removing sections 2 and 3 of this measure relating to the issuance of general obligation bonds and deposit of the revenues into the Agricultural Development and Food Security Special Fund and the expenditure of those monies by the Department of Agriculture;
- (2) Making this measure effective on July 1, 2011; 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. 14, 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. 14, S.D. 2, H.D. 1, C.D. 1.

Representatives Tsuji, Chang, Hashem, Nakashima, Tokioka and Riviere.
Managers on the part of the House.

Senators Nishihara, Kidani, Kouchi and Dela Cruz.
Managers on the part of the Senate.
(Senator Kidani was excused.)

Conf. Com. Rep. 19 on S.B. No. 1213

The purpose of this measure is to create a temporary task force to study and make recommendations on state and county administrative rules affecting businesses, particularly those relating to county building permits, with a view toward streamlining the approval process for businesses.

A recent executive order by President Obama directs federal agencies to reduce regulatory burdens on small businesses and foster economic growth while protecting the health and safety of all Americans. The executive order essentially requires, among other things, federal agencies to review federal regulations with a view toward revising the regulations to minimize costs to businesses and to coordinate, simplify, and harmonize regulations to reduce costs and promote certainty for businesses and the public. Overall, the initiative is part of an ongoing effort to improve governmental efficiency.

Your Committee on Conference finds that Hawaii should undertake a similar review of state and county administrative rules affecting businesses to streamline the approval process for businesses by amending or repealing rules that may impose burdensome or unnecessary costs to businesses.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of upon approval; and
- (2) 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. 1213, 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. 1213, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Chang, Choy, Cabanilla, Kawakami and Marumoto.
Managers on the part of the House.

(Representative Cabanilla was excused.)

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

Conf. Com. Rep. 20 on S.B. No. 298

The purpose of this measure is to establish a regulatory framework for sustainable benefit corporations, a form of private business corporation that offers entrepreneurs and investors the option to build and invest in enterprises that operate in a socially and environmentally responsible manner.

Under general principles of corporate organization, the directors of a corporation have a singular and enforceable duty to maximize shareholder profits. Your Committee on Conference finds that this duty may prevent entrepreneurs and investors from achieving their own goals of establishing and investing in private enterprises that serve social or environmental purposes in addition to pursuing profits. Several other states have responded to market demand for opportunities to pursue good corporate citizenship by authorizing the formation of corporate entities that may be governed according to principles other than pure profit motive. Authorizing the formation of sustainable benefit corporations in this State will help to diversify Hawaii's economy by attracting entrepreneurship and investment in innovative businesses and emerging industries.

The corporate structure authorized by this measure is a voluntary designation that preserves the private nature of corporations that choose it and relies on the governing structure of the corporation itself for enforcement. Further, the registration and regulatory requirements contained in this measure are designed to avoid disruption to the registry of the Business Registration Division of the Department of Commerce and Consumer Affairs and undue burden on the State's regulators.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of upon approval; and
- (2) 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. 298, S.D. 3, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 298, S.D. 3, H.D. 3, C.D. 1.

Representatives McKelvey, Herkes, M. Oshiro, Awana, Choy and Marumoto.
Managers on the part of the House.
(Representative Marumoto was excused.)

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

Conf. Com. Rep. 21 on S.B. No. 1485

The purpose of this measure is to authorize the Superintendent of Education to:

- (1) Reconstitute a public school, except a charter school, after certain considerations have been made, that has been in restructuring for four or more school years and has not made significant advances toward improving academic performance; and
- (2) Recommend to the Charter School Review Panel actions that should be taken to reconstitute a charter school that has been in restructuring for four or more school years or recommend that the charter school's charter be revoked.

Your Committee on Conference finds that this measure is necessary to allow the Superintendent to reconstitute low performing schools and to meet various reform assurances made under No Child Left Behind and in Hawaii's Race to the Top grant application. This measure will also demonstrate the State's commitment to the transformative education reforms outlined in its Race to the Top grant application.

Your Committee on Conference has amended this measure by 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. 1485, 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. 1485, S.D. 1, H.D. 1, C.D. 1.

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

Senators Tokuda, Kidani and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 22 on S.B. No. 1282

The purpose of this measure is to repeal the administration of norm-referenced testing on July 1, 2015, and to require a school or complex that chooses to administer norm-referenced testing until July 1, 2015, to be responsible for all contracts and costs relating to the testing.

Your Committee on Conference finds that the Department of Education has adopted the Common Core Standards and this measure will prepare the Department for the implementation of these newly adopted standards by repealing the administration of norm-referenced testing for certain grades on July 1, 2015.

Your Committee on Conference has amended this measure by amending its effective date to clarify that this measure shall take effect upon approval; provided that:

- (1) The amendments made in section 2 of this measure to section 302A-201(b), Hawaii Revised Statutes, allowing voluntary administration of norm-referenced testing, shall be repealed on June 30, 2015; and
- (2) The Department's administration of norm-referenced testing for certain grades under section 302A-201(b), Hawaii Revised Statutes, shall be repealed on July 1, 2015.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1282, 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. 1282, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Belatti, Wooley and Johanson.
Managers on the part of the House.

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

Conf. Com. Rep. 23 on S.B. No. 1503

The purpose of this measure is to ensure that students who are eligible for special education and related services receive quality education by requiring:

- (1) Certain private special education schools and programs that provide services to students with disabilities who receive state funding to comply with federal and state laws, rules, and regulations; and
- (2) Any nonpublic special education school or program that is not accredited by specific accrediting agencies to apply for accreditation within ninety days from the date the student with disabilities is accepted or otherwise placed at the school or program.

Your Committee on Conference finds that situations arise in which private special education schools or programs provide placement opportunities for students with disabilities at the Department of Education's expense. Your Committee on Conference further finds that it is vital that these special education schools or programs comply with federal and state laws and are accredited to ensure that students with disabilities are receiving appropriate services.

Your Committee on Conference has amended this measure by changing the effective date 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 S.B. No. 1503, 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. 1503, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Belatti, Hanohano and Johanson.
Managers on the part of the House.

Senators Tokuda, Kidani, Ryan and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 24 on S.B. No. 986

The purpose of this measure is to:

- (1) Establish a seven-member task force to formulate policies and procedures to eliminate the disproportionate representation of native Hawaiians in Hawaii's criminal justice system by looking for new strategies to reduce or avoid unnecessary involvement of these individuals with the criminal justice system;
- (2) Require the task force to submit a final report to the Legislature prior to the Regular Session of 2013; and
- (3) Repeal the task force on August 1, 2013.

Your Committee on Conference finds that, while there are differences in approach between the Senate and House drafts of this measure, there is broad agreement regarding the importance of addressing the findings in the Office of Hawaiian Affairs 2010 study on "The Disparate Treatment of Native Hawaiians in the Criminal Justice System."

In reaching consensus, your Committee on Conference has amended this measure by:

- (1) Increasing the membership of the task force from seven to nine members to add two members: a representative from the Office of the Public Defender, and a member of the public selected by the Governor from a list of no more than four names, two submitted by the Senate President and two submitted by the Speaker of the House of Representatives;

- (2) Clarifying the requirements for submission of lists for the criminologist member;
- (3) Changing the effective date from July 1, 2030, to upon approval; and
- (4) Making technical, nonsubstantive amendments, including the capitalization of the term "Native Hawaiians" to reflect the language in the Office of Hawaiian Affairs study, 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. 986, 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. 986, S.D. 2, H.D. 3, C.D. 1.

Representatives Hanohano, Aquino, Rhoads, C. Lee, Wooley and Ward.
Managers on the part of the House.
(Representative Ward was excused.)

Senators Galuteria, Kidani, Shimabukuro and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 25 on S.B. No. 40

The purpose of this measure is to establish an electronic tracking system for the sale of pseudoephedrine to further control access to pseudoephedrine to help limit the use of pseudoephedrine in the illegal manufacturing and sale of methamphetamine.

Your Committee on Conference finds that this measure can be improved by amending section 329-75, Hawaii Revised Statutes, to establish a tracking system that will provide real-time tracking capabilities, along with the ability to generate "stop sale alerts" that automatically prevent a seller or purchaser from violating the quantity limits of products containing pseudoephedrine or ephedrine base.

Your Committee on Conference has amended this measure by:

- (1) Establishing the electronic tracking system by amending section 329-75, Hawaii Revised Statutes, rather than creating a new section within chapter 329, Hawaii Revised Statutes;
- (2) Imposing on prescription and nonprescription products containing ephedrine base, the same tracking requirements for the sales of product, mixtures, or preparations as are imposed on those products containing pseudoephedrine base and imposing a reporting requirement for wholesalers of products containing ephedrine base;
- (3) Subjecting pharmacies to the tracking requirements for the sales of product, mixtures, or preparations containing pseudoephedrine or ephedrine base and imposing a reporting requirement for wholesalers of ephedrine base;
- (4) Eliminating tracking requirements for certain products containing ephedrine's salts, isomers, or salts of isomers;
- (5) Requiring purchasers of pseudoephedrine or ephedrine base to sign a written or electronic log attesting to the validity of the information provided to the pharmacy or retailer;
- (6) Requiring that the National Precursor Log Exchange is available to retailers in the State without a charge for accessing the system;
- (7) Allowing a pharmacy or retailer selling an over-the-counter product containing pseudoephedrine or ephedrine to seek an exemption from submitting transactions to the electronic sales tracking system by placing the request in writing to the Board of Pharmacy;
- (8) Designating the Narcotics Enforcement Division of the Department of Public Safety as the appropriate entity to receive state transaction records from the National Association of Drug Diversion Investigators;
- (9) Requiring the Narcotics Enforcement Division of the Department of Public Safety to execute a memorandum of understanding with the National Association of Drug Diversion Investigators governing access to the information contained in the National Precursor Log Exchange online portal;
- (10) Designating a violation of section 329-75(b) through (f), Hawaii Revised Statutes, as a class C felony;
- (11) Making the measure effective upon approval; and
- (12) 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. 40, 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. 40, S.D. 2, H.D. 2, C.D. 1.

Representatives Yamane, Herkes, B. Oshiro, Morikawa and Pine.
Managers on the part of the House.
(Representative Pine was excused.)

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

Conf. Com. Rep. 26 on S.B. No. 181

The purpose of this measure is to establish a working group attached to the Department of Accounting and General Services to study the feasibility of requiring new single-family residential construction to provide accommodations for the addition of photovoltaic systems.

Your Committee on Conference finds that the installation of photovoltaic systems on existing homes can be hindered by design features that were incorporated at the time of initial construction of the homes. A requirement for new single-family residential construction to provide accommodations for the addition of photovoltaic systems would facilitate widespread adoption of photovoltaic systems in the future and optimize future gains from solar technology. This would result in reduced energy demand on the grid, reduced greenhouse gas emissions, and reduced dependency on imported fossil fuels. Such a requirement, however, may not be practical in all situations, and an all-encompassing mandate may be inappropriate at this time. Therefore, a thorough study of the feasibility of such a requirement is preferable at this juncture.

Your Committee on Conference recognizes that the Department of Business, Economic Development, and Tourism is more thoroughly involved in the field of renewable energy than the Department of Accounting and General Services and that certain areas in the State may have easier access to various forms of renewable energy aside from solar energy.

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

- (1) Replacing the Department of Accounting and General Services with the Department of Business, Economic Development, and Tourism as the agency to which the working group is administratively attached;
- (2) Deleting the Comptroller or Comptroller's designee from the list of working group members;
- (3) Directing the working group to identify areas in the State where the use of photovoltaic systems would be impractical or where other renewable energy resources are more readily available; 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. 181, 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. 181, S.D. 1, H.D. 1, C.D. 1.

Representatives Coffman, Chong, Chang, Herkes, Kawakami and Thielen.
Managers on the part of the House.
(Representatives Chong and Kawakami were excused.)

Senators Gabbard, Dela Cruz and Espero.
Managers on the part of the Senate.

Conf. Com. Rep. 27 on S.B. No. 49

The purpose of this measure is to require the Director of Public Safety to report the death of any correctional facility employee or inmate to the Governor, who in turn, is required to report the death to the Legislature.

Your Committee on Conference finds that since the Department of Public Safety is responsible for the well-being of incarcerated people, an incident as compelling as the death of an inmate or that of an employee warrants immediate reporting. This immediate notification would help to dispel rumors, inform anxious family members, and provide a communication link between what happens in a correctional facility and policy makers.

It is the intent of your Committee on Conference that the Director of Public Safety report to the Governor on the death of any correctional facility employee or inmate as soon as possible, regardless of whether or not the official cause of death has been determined. The Governor would in turn report the death to the Legislature. Thereafter, as soon as the official cause of death has been determined, the Director of Public Safety shall again report the official cause of death to the Governor who in turn shall report it to the Legislature.

Your Committee on Conference has amended this measure by:

- (1) Changing to forty-eight hours the time within which the Department of Public Safety shall report the death of a correctional facility employee or inmate to the Governor and within which the Governor shall report the death to the Legislature;
- (2) Requiring the Department of Public Safety to immediately report the official cause of death to the Governor upon a determination of the official cause of death and the Governor to immediately report the official cause of death to the Legislature;
- (3) Inserting an effective date of upon approval; and
- (4) 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. 49, 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. 49, S.D. 1, H.D. 2, C.D. 1.

Representatives Aquino, Yamashita, Cullen, Ichiyama and Fontaine.
Managers on the part of the House.

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

Conf. Com. Rep. 28 on S.B. No. 106

The purpose of this measure is to apply Act 193, Session Laws of Hawaii 2008 (Act 193), relating to requiring concurrent sentencing of multiple terms of imprisonment unless otherwise ordered by the court, to all terms of imprisonment imposed on, before, or after the effective date of that Act.

Your Committee on Conference finds that Act 193, when it was enacted in 2008, was intended to apply to all terms of imprisonment, including terms of imprisonment that were imposed by the courts prior to June 18, 2008, the effective date of the Act.

Your Committee on Conference notes that the recalculation of an inmate's terms of imprisonment pursuant to Act 193 is not to be construed as correcting a sentencing error, as a resentencing of the inmate, or a reopening of the court's final judgment. The Act simply requires the Department to recalculate an inmate's terms of imprisonment, at the written request of the inmate, in compliance with the legislative policy on imprisonment that is expressed in Act 193, and to release the inmate if warranted by the recalculation.

Your Committee on Conference has amended this measure by:

- (1) Inserting an effective date of July 1, 2011; and
- (2) 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. 106, 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. 106, S.D. 1, H.D. 1, C.D. 1.

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

Senators Espero, Hee and Shimabukuro.
Managers on the part of the Senate.

Conf. Com. Rep. 29 on S.B. No. 1068

The purpose of this measure is to expand the offense of cruelty to animals in the first degree to include:

- (1) Torturing any pet animal or equine animal that results in serious bodily injury or death to the pet animal or equine animal;
- (2) Killing or attempting to kill any pet animal belonging to another person without first obtaining legal authority or the consent of the pet animal's owner; and
- (3) Exempting from the prohibition in paragraph (2) the humane euthanasia of an animal or conduct that the actor believes to be necessary to avoid an imminent harm or evil to the actor or to another.

Your Committee on Conference finds that this measure will create stronger protections for pet animals from abuse and cruelty. Your Committee on Conference, however, recognizes that humane treatment and safeguarding of pet animals must be balanced with practical exceptions for emergencies, including the protection of pet animals or livestock from other animals. Your Committee on Conference acknowledges that this measure may be improved in those areas.

Humane treatment of pet animals includes the use of proper techniques when euthanizing an animal to minimize pain, distress, and anxiety experienced by the animal. Your Committee on Conference believes that inserting the requirement that humane euthanasia of an animal be performed in accordance with American Veterinary Medical Association accepted standards will help ensure that euthanasia, when necessary, is carried out in a manner that avoids pain to and stress on the animal.

Additionally, although the measure allows persons to protect themselves or others from imminent harm from an animal, your Committee on Conference believes that this exemption should extend to a person who uses reasonable force against an animal in order to defend or protect the person, another person, or another animal. With this extension, the owner of livestock or a pet may respond to an animal attack on the owner's livestock or pet without risk of prosecution.

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

- (1) Requiring euthanasia of pet animals to be performed in accordance with American Veterinary Medical Association accepted standards; and
- (2) Extending the justification for a choice of evils under section 703-302, Hawaii Revised Statutes, to include the protection of animals.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1068, 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. 1068, S.D. 1, H.D. 1, C.D. 1.

Representatives Keith-Agaran, Ito, Luke, Souki and Thielen.

Managers on the part of the House.
(Representatives Luke and Souki were excused.)

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

Conf. Com. Rep. 30 on S.B. No. 217

The purpose of this measure is to expand the ability of sex abuse victims to seek civil claims and compensation for damages by:

- (1) Allowing claims against natural persons who committed an act of sexual abuse against a minor or a legal entity;
- (2) Reviving for two years certain actions for which the statute of limitations had previously lapsed;
- (3) Allowing an award of attorney's fees if a false accusation was made with no basis in fact and with malicious intent; and
- (4) Requiring a certificate of merit to be filed for plaintiffs who are twenty-six years of age or older.

Your Committee on Conference finds that this measure is intended to expand the ability of sexual abuse victims to seek civil compensation for damages resulting from their sexual abuse. Your Committee on Conference further finds that perpetrators of abuse often target children over a lifetime. Many victims who are under the age of majority do not report their abuse to the appropriate authorities and the majority of potential claims expire before the victims are capable of going to court.

Your Committee on Conference additionally finds that organizations and adults may also contribute to childhood sexual abuse and thus should be held accountable for their actions. Your Committee on Conference notes that all entities, including the State, should be subject to civil actions for past sexual abuse of minors.

Your Committee on Conference notes that other states have enacted laws that create retroactive civil statute of limitations windows. The Delaware Child Victim's Act of 2007, codified at section 8145 of the Delaware Code, allowed a two-year window for alleged victims of child sexual abuse to file lawsuits even though the statute of limitations had expired. On February 22, 2011, the Delaware Supreme Court ruled in *Sheehan v. Oblates of St. Francis de Sales*, 2011 WL 592186 (Del.Supr.), that the Child Victim's Act of 2007 was constitutional and did not violate defendants' rights to prompt due process.

Your Committee on Conference acknowledges that reforming the statute of limitations period for victims of childhood sexual abuse is one method of identifying child predators but believes that the elimination of a statute of limitations for claims based on childhood sexual abuse is the most effective method to bring justice for past victims and help prevent abuse of children in the future.

Your Committee on Conference also notes that the elimination of a statute of limitations warrants additional protections against false claims or claims brought as a result of false memories. Your Committee on Conference therefore finds that requiring a certificate of merit to be filed on behalf of all plaintiffs is an appropriate safeguard.

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

- (1) Clarifying that an action for recovery of damages based on sexual abuse of a minor may be brought against a natural person at any time following the commission of the act or acts that constituted the sexual abuse;
- (2) Clarifying that an action for recovery of damages based on sexual abuse of a minor may be brought against a legal entity at any time following the commission of the act or acts that constituted sexual abuse;
- (3) Adding the State as an entity eligible to be sued for future claims of sexual abuse;
- (4) Clarifying that damages shall not be awarded for sexual abuse of a minor against a natural person or legal entity at any time following the sexual abuse if liability is based on simple negligence;
- (5) Deleting the requirement that an action for recovery of damages for sexual abuse of a minor against a natural person or legal entity at any time following the sexual abuse must be brought within eight years of the plaintiff attaining the age of majority or three years of the date the plaintiff discovered or reasonably should have discovered that psychological injury or illness occurring after the age of majority was caused by the sexual abuse;
- (6) Adding the State as an eligible entity to be sued for past claims of sexual abuse for which the statute of limitations had previously lapsed;
- (7) Clarifying that a certificate of merit must be filed for each plaintiff, not just plaintiffs who are twenty-six years of age or older;
- (8) Adding Registered Nurses as one of the licensed professionals whose notarized statement is required to be filed with a certificate of merit;
- (9) Changing the effective date to upon approval; and
- (10) 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. 217, 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. 217, S.D. 2, H.D. 2, C.D. 1.

Representatives Mizuno, Keith-Agaran, Jordan, Wooley and Pine.
Managers on the part of the House.
(Representative Wooley was excused.)

Senators Chun Oakland, Hee, Ihara, Shimabukuro and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 31 on S.B. No. 229

The purpose of this measure is to:

- (1) Make it an unlawful discriminatory practice for an employer to engage in discriminatory actions against an employee in certain situations because of the employee's domestic or sexual violence victim status if the employee provides notice to the person's employer of the status or the employer has actual knowledge of the status;
- (2) Require an employer to make reasonable accommodations in the workplace for an employee who is a victim of domestic or sexual violence, unless the accommodations cause undue hardship on the work operations of the employer;
- (3) Define undue hardship for purposes of the exemption;
- (4) Authorize the employer to verify that the employee is a victim of domestic or sexual violence prior to making reasonable accommodations for the employee;
- (5) List the types of items that the employer may request the employee to provide in order to allow the employer to verify the employee's status; and
- (6) Authorize an employee who is denied reasonable accommodations by an employer in violation of this measure to file a civil action against the employer.

Your Committee on Conference finds that domestic or sexual violence may have a serious and devastating impact on victims' physical and emotional health and financial security. Domestic and sexual violence takes a heavy toll on victims and their employers, including increased security and safety concerns, reduced productivity, and increased health care costs. As a result, victims of domestic and sexual violence can face the loss of their jobs at a time when employment and financial independence is critical.

While your Committee on Conference believes that employers of victims of domestic and sexual violence should not discriminate against and should provide reasonable accommodations for their victim employees, your Committee on Conference notes that the protections available to employees under section 378-2, Hawaii Revised Statutes, are broad. Accordingly, it is reasonable to allow an employer to verify the victim's status by requesting that the employee provide corroboration of their victim status in order for the protections available under section 378-2, Hawaii Revised Statutes, to apply.

Your Committee on Conference has amended this measure by:

- (1) Inserting provisions in section 378-2, Hawaii Revised Statutes, that will allow an employer to request an employee to provide verification of the victim's status initially and not more than once every six months after the employer is notified of the victim's status; and
- (2) 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. 229, 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. 229, S.D. 1, H.D. 2, C.D. 1.

Representatives Rhoads, Mizuno, Keith-Agaran, Jordan, B. Oshiro and Fontaine.
Managers on the part of the House.
(Representative B. Oshiro was excused.)

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

Conf. Com. Rep. 32 on S.B. No. 1025

The purpose of this measure is to:

- (1) Add to the offense of assault in the second degree the intentional or knowing causation of bodily injury to a firefighter or water safety officer who is engaged in the performance of duty;
- (2) Add to the offense of unauthorized entry in a dwelling the intentional or knowing entry into a dwelling with reckless disregard of the risk that another person was lawfully in the dwelling who was sixty-two years of age or older, was an incapacitated person, or had a developmental disability and making the offense committed against those individuals a class B felony; and

- (3) Add a new chapter relating to labor trafficking, which establishes the offenses of labor trafficking in the first degree, labor trafficking in the second degree, nonpayment of wages, and unlawful conduct with respect to documents, and related provisions.

Your Committee on Conference finds that the intent of this measure is to protect firefighters and water safety officers from unnecessary harm from members of the public. Similar to correctional workers, educational workers, and emergency medical services providers, firefighters and water safety officers may find themselves in hostile and volatile situations, stemming from drug use by or domestic violence between members of the public. These volatile situations can erupt and place a firefighter or water safety officer in danger trying to perform public safety functions.

Your Committee on Conference also finds that home invasions are traumatic experiences for the victims and may be especially frightening for vulnerable elderly and disabled individuals present during the intrusion. Accordingly, your Committee on Conference believes that an offense against one of these vulnerable individuals necessitates a stronger punishment in the form of a class B felony and the designation of unauthorized entry in a dwelling in the first degree. Therefore, as described below, your Committee on Conference has established a new offense of unauthorized entry in a dwelling in the first degree for intrusions into dwellings in which vulnerable individuals are present, and has redesignated the existing offense of unauthorized entry in a dwelling as a second degree offense, with one substantive amendment described below.

Your Committee on Conference notes that the element of reckless disregard of the risk that another person was lawfully present in the dwelling is part of the existing offense of unauthorized entry in a dwelling. Your Committee on Conference has repealed this element with the intent that the presence of a person lawfully present in the dwelling shall be a strict liability element, and, for purposes of prosecution of this offense, it shall not be necessary to prove that a defendant knew or had any reason to know that someone else was lawfully in the dwelling. Your Committee on Conference has also omitted this element in the offense of unauthorized entry in a dwelling in the first degree and similarly intends that the presence of a person lawfully in the dwelling shall be a strict liability element. Further, your Committee on Conference intends that it shall not be necessary to prove that a defendant knew or had any reason to know that the person lawfully in the dwelling was sixty-two years of age or older, incapacitated, or disabled.

Your Committee on Conference also notes that the provisions regarding labor trafficking have been included in a separate measure.

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

- (1) Establishing a new offense of unauthorized entry in a dwelling in the first degree, as a class B felony, for the unauthorized entry in a dwelling if another person was, at the time of entry, lawfully present in the dwelling and who:
 - (A) Was sixty-two years of age or older;
 - (B) Was an incapacitated person; or
 - (C) Had a developmental disability;
- (2) Amending the offense of unauthorized entry in a dwelling by:
 - (A) Designating the offense as unauthorized entry in a dwelling in the second degree; and
 - (B) Repealing the element regarding reckless disregard of the risk that another person was lawfully present in the dwelling;
- (3) Deleting parts III and IV of the measure, relating to labor trafficking;
- (4) Changing the effective date to upon approval; and
- (5) 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. 1025, 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. 1025, S.D. 1, H.D. 1, C.D. 1.

Representatives Aquino, Keith-Agaran, Cullen, Ichiyama, Kawakami and Fontaine.
Managers on the part of the House.
(Representatives Cullen and Ichiyama were excused.)

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

Conf. Com. Rep. 33 on S.B. No. 1067

The purpose of this measure is to clarify that the records and information in a defendant's adult probation record that relate to the defendant's:

- (1) Risk assessment and need for treatment services;
- (2) Past treatment received and risk assessments conducted; and
- (3) Therapeutic or rehabilitative treatments that benefitted the defendant,

may be provided to treatment service providers upon the screening for admission of the defendant into a program.

Your Committee on Conference finds that this measure will allow access by a substance abuse service provider to the results of an offender's risk/need profile as part of the provider's determination of the offender's admission into a treatment program. Currently, an offender's risk information is not provided to a service provider until after an offender is admitted to a program. However, offender risk information is needed to avoid mixing high-risk offenders with low-risk offenders. Because not all service providers provide high-risk offender treatment, the information is needed to match offenders with the most appropriate programs. Not having this risk information prior to admission means that a high-risk offender who is admitted to a low-risk program may be dismissed from the program. Additionally, the treatment plan developed for the offender may not address certain risk factors such that the offender does not receive programmed approaches that could have helped the offender cope with risk tendencies such as aggression and dominance.

Your Committee on Conference has amended this measure by inserting an effective date of 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. 1067, 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. 1067, S.D. 1, H.D. 2, C.D. 1.

Representatives Aquino, Rhoads, Brower, Cullen and Fontaine.
Managers on the part of the House.

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

Conf. Com. Rep. 34 on S.B. No. 285

The purpose of this measure is to provide access to telehealth services by requiring the Department of Human Services to allow the use of a mobile health van operated by a qualified provider.

Your Committee on Conference finds that providing adequate health care to certain rural areas of the State can be challenging. Your Committee on Conference further finds that utilizing a mobile health van equipped with telehealth capabilities will assist in the provision of vital services to QUEST and Medicaid members who reside in rural areas.

Your Committee on Conference additionally finds that Section 33 of Act 162, Session Laws of Hawaii 2009, appropriated \$350,000 for the purchase of a mobile medical van for medical services on the island of Hawaii. Kona Community Hospital is in the process of procuring the medical van. The Hospital has been working with Hawaii Medical Service Association, who has committed to help finance two years of operational costs.

Your Committee on Conference additionally finds that promoting innovative ideas and technologies that have the potential for improving quality and efficiency are important. However, your Committee on Conference notes that an evaluation component is also needed and that the Department of Human Services should be given the opportunity to assess the effectiveness of the mobile medical van telehealth pilot program. Determining whether the pilot program should be continued, expanded, or ended will increase the overall effectiveness of the program and encourage the prudent use of resources.

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

- (1) Clarifying the requirements of the mobile medical van telehealth pilot program, including ensuring that the mobile medical van shall be staffed by a primary care provider and equipped with certain telehealth capabilities;
- (2) Clarifying that the Department of Human Services shall not be required to cover patient self-referrals to providers outside of the mobile medical van telehealth pilot program;
- (3) Specifying that the Department of Human Services shall not be required to cover any new service;
- (4) Specifying that the mobile medical van program shall include a program operated by Kona Community Hospital through a partnership with a non-profit mutual benefit society operating in the State;
- (5) Deleting the requirement that the Department of Human Services submit a report to the Legislature prior to the convening of the Regular Sessions of 2012 and 2013 on the implementation of the mobile health van telehealth pilot program;
- (6) Requiring the Department of Human Services to assess the implementation of the mobile medical van telehealth pilot program at least six months but no later than twelve months after it begins operations;
- (7) Specifying what information should be included in the Department of Human Service's assessment;
- (8) Requiring the Department of Human Services to decide whether to continue, expand, or end the mobile medical van telehealth pilot program based on the results of the Department's assessment;
- (9) Changing the effective date to upon approval; and
- (10) 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. 285, 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. 285, S.D. 2, H.D. 2, C.D. 1.

Representatives Yamane, Mizuno, Morikawa, Herkes and Pine.
Managers on the part of the House.

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

Conf. Com. Rep. 35 on S.B. No. 1394

The purpose of this measure is to allow the Hawaii Public Housing Authority to enter into contracts with eligible developers to develop public housing projects in exchange for commercial space in the project.

Your Committee on Conference finds that this measure will expand the Hawaii Public Housing Authority's ability to develop new housing for the State's lowest income populations by enabling the agency to incentivize partnerships with market-rate housing developers. Your Committee on Conference also finds that these incentives for partnerships will improve the financial self-sufficiency of the Hawaii Public Housing Authority's developments.

Your Committee on Conference has amended this measure by changing the effective date 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 S.B. No. 1394, 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. 1394, S.D. 1, H.D. 1, C.D. 1.

Representatives Chong, Chang, Har, Nakashima and Pine.
Managers on the part of the House.
(Representatives Nakashima and Pine were excused.)

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

Conf. Com. Rep. 36 on S.B. No. 806

The purpose of this measure is to:

- (1) Allow teacher and educational officer members of the Hawaii Teacher Standards Board who retire during a term to continue to serve the remainder of their term up to three consecutive three-year terms;
- (2) Add the timely payment of fees to the requirements for license renewal;
- (3) Extend the term of the renewable advanced license from five to ten years;
- (4) Allow the Hawaii Teacher Standards Board to develop a full career and technical education license for those with appropriate industry experience who meet certain criteria; and
- (5) Authorize the Hawaii Teacher Standards Board to be responsible for approving teacher education programs that have attained national accreditation from a teacher education program approved by the United States Department of Education and the Board.

Your Committee on Conference finds that that this measure will enhance the professionalism and stability of Hawaii's public school teachers.

Your Committee on Conference has amended this measure by:

- (1) Removing section 4 of this measure, which allowed the Hawaii Teacher Standards Board to approve teacher education programs that have attained national accreditation from a teacher education program approved by the United States Department of Education and the Board;
- (2) Adding language to allow for the automatic forfeiture of a teacher's license for failure to timely renew that license, pay all fees, or comply with any other requirements provided by law or administrative rule;
- (3) Clarifying that the payment of all fees shall be done in a timely manner to avoid the automatic forfeiture of a license; 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. 806, 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. 806, S.D. 1, H.D. 2, C.D. 1.

Representatives Takumi, M. Lee, Belatti, Ito, C. Lee and Johanson.
Managers on the part of the House.
(Representative Ito was excused.)

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

Conf. Com. Rep. 37 on S.B. No. 1511

The purpose of this measure is to:

- (1) Increase the maximum lease term for aquaculture operations from thirty-five to sixty-five years;
- (2) Authorize the Department of Transportation to designate certain public lands to be used for aquaculture and to enter into agreements with the Department of Land and Natural Resources and Department of Agriculture to dispose of the designated lands; and
- (3) Authorize the Department of Land and Natural Resources to exercise any power granted to it over the public lands designated for aquaculture by the Department of Transportation.

Your Committee on Conference finds that aquaculture leases currently have a statutory limit of thirty-five years with no option for renewal. Your Committee on Conference further finds that often times, project financing and private-sector loans require applicants to have longer terms than those allowed under the current statutes. Increasing aquaculture lease terms to sixty-five years and allowing aquaculture lessees who are in good standing to renew their leases encourage greater commercial aquaculture production in the State.

Your Committee on Conference has amended this measure by:

- (1) Removing section 2 of this measure, which authorizes the Department of Transportation to designate certain lands for aquaculture use and enter into agreements with the Department of Land and Natural Resources and the Department of Agriculture for the disposition of the lands;
- (2) Removing section 3 of this measure, which authorizes the Department of Land and Natural Resources to exercise any power granted to it over the lands designated for aquaculture by the Department of Transportation; and
- (3) Changing the effective date 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 S.B. No. 1511, 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. 1511, S.D. 1, H.D. 2, C.D. 1.

Representatives Chang, Tsuji, Souki, Har, Chong and Riviere.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Nishihara, Dela Cruz, Ige, Wakai and Slom.
Managers on the part of the Senate.
(Senators Ige and Slom were excused.)

Conf. Com. Rep. 38 on S.B. No. 1290

The purpose of this measure is to amend from \$50,000,000 to an unspecified amount the limit on the amount the Department of Hawaiian Home Lands is currently authorized to borrow or guarantee on loans ("borrow or guarantee limit") in order to cover the Department's repayment guarantee requirements for its housing program.

Your Committee on Conference notes that, as initially introduced, this measure would raise the borrow or guarantee limit from \$50,000,000 to \$100,000,000, and enhance the Department's ability to deliver homesteads and home ownership opportunities to beneficiaries. Current loan guarantees are approximately \$30,000,000, with an additional \$16,800,000 in loans to be closed over the next six months, bringing the total very close to the current \$50,000,000 ceiling.

Your Committee on Conference has amended this measure accordingly, by:

- (1) Inserting a borrow or guarantee limit of \$100,000,000; and
- (2) Changing the effective date 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 S.B. No. 1290, 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. 1290, S.D. 1, H.D. 2, C.D. 1.

Representatives Hanohano, M. Oshiro, C. Lee, Mizuno and Ward.
Managers on the part of the House.
(Representatives Mizuno and Ward were excused.)

Senators Galuteria, Kidani, Kahele and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 39 on S.B. No. 1331

The purpose of this measure is to temporarily require the University of Hawaii to report projected cash flow and related estimates for certain special and revolving funds where unencumbered cash balances or cash deficits exceed an unspecified percentage of the previous fiscal year's expenditures.

Your Committee on Conference finds that this measure will result in improved efficiencies of, greater accountability of, and improved financial reporting from the University of Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the additional reporting requirements under this measure shall apply to funds with an unencumbered cash balance of \$1,000,000 or more or a cash deficit of \$1,000,000 or more at the end of the previous fiscal year, where the balance is greater than twenty-five percent of the previous fiscal year's expenditures; and
- (2) Making this measure effective 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. 1331, 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. 1331, S.D. 2, H.D. 2, C.D. 1.

Representatives Nishimoto, Tokioka, Chong, Nakashima and Johanson.
Managers on the part of the House.

Senators Tokuda, Kidani and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 40 on S.B. No. 1347

The purpose of this measure is to update the regulatory functions of the Public Utilities Commission by:

- (1) Requiring the Commission to accept any filing or application submitted by public utilities, motor carriers, and water carriers in either conventional paper document or electronic document format;
- (2) Authorizing the Commission to distribute, apportion, or allocate the costs and expenses of achieving the renewable portfolio standard among an electric utility and its affiliates;
- (3) Authorizing the utilization of automatic rate adjustment clauses to allow recovery by an electric utility and its affiliates of revenue requirement resulting from the distribution, apportionment, or allocation of costs and expenses of achieving the renewable energy standard; and
- (4) Authorizing the Attorney General to institute civil actions for recovery of fines for violation of restrictions on the operation of retail gasoline stations.

Your Committee on Conference finds that enabling the Commission to accept electronic documents will allow the Commission to function more efficiently. Further, this measure increases transparency by reducing delays in processing documents and making those documents and information about the current status of the Commission's actions available to the public. The actions of the Public Utilities Commission affect the public, not just rate-filers. Therefore, it is appropriate and important to ensure that the Commission is able to function efficiently and transparently.

Your Committee on Conference finds that the renewable portfolio standards law was enacted to accelerate the development of renewable resources, furthering the State's goal of energy independence. This measure will assist electric utility companies and their electric utility subsidiaries in meeting increased revenue requirements incurred when they aggregate to meet a renewable portfolio standard. This, in turn, will facilitate the development of renewable energy projects leading to a reduction in Hawaii's reliance on imported petroleum fuels and transitioning Hawaii to a renewable energy State.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Public Utilities Commission shall begin accepting original documents plus an electronic copy of any documents required to be filed with the Commission no later than July 1, 2011;
- (2) Deleting language authorizing the Public Utilities Commission to assess an electronic-document surcharge to recoup the cost of accepting electronic documents;
- (3) Specifying that the Public Utilities Commission shall adopt rules, which shall supersede the provisions of this measure upon final adoption of those rules, to facilitate the acceptance of electronic documents;
- (4) Specifying criteria to facilitate the acceptance of electronic documents which shall be in effect until the adoption of rules by the Public Utilities Commission;
- (5) Specifying that no later than July 1, 2013, the Public Utilities Commission shall accept any documents in either paper or electronic format;
- (6) Deleting provisions related to violations on restrictions on the operation of gasoline retail stations;
- (7) Insert language that requires the Public Utilities Commission to submit a report to the Legislature no later than twenty days prior to the convening of the 2012 Regular Session on its progress in implementing the electronic filing of documents and specifies the required elements of the report;
- (8) Inserting an effective date of July 1, 2011; and

- (9) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee on Conference finds that this measure, as amended, will facilitate transparent and efficient operations of the Public Utilities Commission.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1347, 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. 1347, S.D. 1, H.D. 2, C.D. 1.

Representatives Herkes, Coffman, M. Oshiro, Chong, Ito, Kawakami 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. 41 on S.B. No. 1520

The purpose of this measure is to add a new chapter in the Hawaii Revised Statutes to recognize the native Hawaiian people as the only indigenous, aboriginal, maoli people of Hawaii.

Your Committee on Conference has had a very difficult task – to consider and reconcile widely different concepts for Native Hawaiian recognition. The task did not begin on January 19, 2011, with the opening of the current legislative session; it began decades ago in the early days of the "Hawaiian Renaissance". It began when a few courageous individuals saw injustice and stepped forward – not away from protests, confrontation, and for some, physical danger. Your Committee on Conference pays tribute to these leaders, to these ordinary people who accomplished extraordinary feats and took the first step in the process of Native Hawaiian recognition.

This measure is one more step in a journey, long overdue, but for your Committee on Conference, better late than never. This measure builds on the past, acknowledges present reality, and moves the process forward. It is intended to move in concert with the efforts by Senator Akaka and Hawaii's Congressional Delegation to achieve federal recognition of Native Hawaiians. It is a commitment to acknowledging and recognizing the first people of Hawai'i, while preserving the diversity that has made Hawai'i home to so many.

Your Committee on Conference has greatly expanded the language in the new chapter in the Hawaii Revised Statutes, moving beyond a single statement of recognition, to the establishment of a process for Native Hawaiians to organize themselves as a step in the continuing development of a reorganized Native Hawaiian governing entity and, ultimately, the federal recognition of Native Hawaiians.

Your Committee on Conference has amended this measure accordingly, to:

- (1) Expand the findings and purpose section of the measure to include a history of the past efforts toward recognition of Native Hawaiians;
- (2) Establish the purpose of the new chapter to provide for and to implement the recognition of the Native Hawaiian people;
- (3) Establish a five-member Native Hawaiian Roll Commission, within the Office of Hawaiian Affairs for administrative purposes, to prepare and maintain a roll of qualified Native Hawaiians, and define a "qualified Native Hawaiian";
- (4) Require the Governor, within 180 days of the effective date of this measure, to appoint the members of the Native Hawaiian Roll Commission from nominations submitted by qualified Native Hawaiians and qualified Native Hawaiian membership organizations, and clarify that a qualified Native Hawaiian membership organization includes an organization that has been in existence for at least ten years, and whose purpose has been and is the betterment of the conditions of the Native Hawaiian people;
- (5) Require four members of the five-member Native Hawaiian Roll Commission to reside in the four counties, with one member to serve at-large;
- (6) Require the Native Hawaiian Roll Commission to publish the roll to facilitate commencement of a convention for the purpose of organization;
- (7) Require the Governor to dissolve the commission after publication of the roll;
- (8) Clarify that the chapter shall not diminish rights or privileges enjoyed by Native Hawaiians;
- (9) Reaffirm the delegation of federal authority, governmental authority and power, and negotiations, and clarify that consistent with the policies of the State of Hawaii, the members of the qualified Native Hawaiian roll, and their descendants, shall be acknowledged by the State of Hawaii as the indigenous, aboriginal, maoli population of Hawaii;
- (10) Clarify that nothing in the new chapter established by this measure is intended to serve as a settlement of any claims or affect the rights of Native Hawaiian people under state, federal, or international law;
- (11) Clarify that the Hawaiian Homes Commission Act, 1920, shall be amended, subject to approval by the United States Congress, if necessary, to accomplish the purposes set forth in this Act;
- (12) Require the Office of Hawaiian Affairs to provide funding for the Native Hawaiian Roll Commission;

- (13) Require the Native Hawaiian Roll Commission, in cooperation with the Office of Hawaiian Affairs, to report to the Governor and the Legislature prior to the Regular Session of 2012 on the status of the preparation of the roll, related expenditures, and concerns or recommendations; and
- (14) Change the effective date from July 1, 2030, to upon approval.

In conclusion, your Committee on Conference urges the Office of Hawaiian Affairs to work with the Native Hawaiian Roll Commission by utilizing the current Kau Inoa Native Hawaiian registration list, with the approval of the individual registrants, to support the Native Hawaiian Roll Commission's purpose of preparing and maintaining a roll of qualified Native Hawaiians.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1520, 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. 1520, S.D. 2, H.D. 3, C.D. 1.

Representatives Hanohano, Keith-Agaran, C. Lee, Chong, Jordan, B. Oshiro and Ward.
Managers on the part of the House.
(Representatives Chong, Jordan and Ward were excused.)

Senators Galuteria, Hee, Ige, Kahele and Solomon.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 42 on S.B. No. 742

The purpose of this measure is to allow the State Fire Council to employ an Administrator and Administrative Assistant.

Your Committee on Conference finds that currently, the State Fire Council has one part-time Administrative Assistant position, and there is no statutory provision for the hiring of staff. The State Fire Council needs a full-time Administrator and an Administrative Assistant to assist the Council in carrying out its statutorily mandated duties to protect the public health and safety.

Your Committee on Conference has amended this measure by inserting an effective date of 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. 742, 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. 742, S.D. 2, H.D. 1, C.D. 1.

Representatives Aquino, Rhoads, Cullen, Yamane and Fontaine.
Managers on the part of the House.

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

Conf. Com. Rep. 43 on S.B. No. 1383

The purpose of this measure is to permit the Hawaii 3R's School Repair and Maintenance Fund to receive monies transferred to it from the School-Level Minor Repairs and Maintenance Special Fund.

Your Committee on Conference finds that the backlog of repair and maintenance projects in Hawaii's public schools continues to be a concern. Since 2001, Hawaii 3R's has been highly effective in leveraging state dollars, saving the State an estimated \$36,700,000 in costs for school repairs and maintenance that otherwise would have been expended by the State. The imputed school repair and maintenance savings to the State is equal to more than \$12 worth of work completed for every \$1 of state funding expended. As federal funding becomes less available, this measure will support the continuation of Hawaii 3R's valuable work by allowing it to receive monies transferred to the Hawaii 3R's School Repair and Maintenance Fund from the School-Level Minor Repairs and Maintenance Special Fund.

Your Committee has amended this measure by making it effective 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. 1383, 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. 1383, S.D. 2, H.D. 2, C.D. 1.

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

Senators Tokuda, Kidani and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 44 on S.B. No. 2

The purpose of this measure is to facilitate the establishment of a comprehensive information system for inventorying and maintaining information about the lands of the public land trust described in section 5(f) of the Admission Act and article XII, section 4 of the Hawaii State Constitution.

Your Committee on Conference finds that the Department of Land and Natural Resources has already collected a substantial amount of information about lands that are in the public trust and established a database of information about these lands. The focus of this measure is the further study or review of the trust status of those lands to which other state agencies hold title and the disposition of those lands. This study or review will enable the Department of Land and Natural Resources to verify the accuracy of or make amendments to the trust status of those lands as indicated in the existing database.

Your Committee on Conference has amended this measure by:

- (1) Changing the source of the funds appropriated from the General Fund to the Land Conservation Fund and inserting an appropriation amount of \$275,000 for fiscal year 2011-2011 and \$85,000 for fiscal year 2012-2013;
- (2) Deleting the Office of Hawaiian Affairs matching funds requirement;
- (3) Changing the effective date to July 1, 2011; and
- (4) 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. 2, 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. 2, S.D. 2, H.D. 1, C.D. 1.

Representatives Hanohano, Chang, Har, Kawakami and Ward.
Managers on the part of the House.
(Representative Ward was excused.)

Senators Dela Cruz, Kidani, Kahele, Solomon and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 45 on S.B. No. 23

The purpose of this measure is to establish an 'Aha Kiole Advisory Council within the Department of Land and Natural Resources to advise the Office of the Chairperson of the Board of Land and Natural Resources and the Legislature on issues related to land and natural resource management.

Your Committee on Conference finds that indigenous resource management concepts related to land and natural resource management are necessary to guide the State in its stewardship of natural resources. Act 212, Session Laws of Hawaii 2007, created an 'Aha Kiole Advisory Committee to initiate a process to create a system of best practices that is based upon the indigenous resource management practice of moku (regional) boundary management, and this measure would synchronize these indigenous resource management concepts with the policy initiatives of the Executive and Legislative branches.

Your Committee on Conference has amended this measure by:

- (1) Providing that the 'Aha Kiole Advisory Council may serve in an advisory capacity to the Legislature in addition to the Office of the Chairperson of the Board of Land and Natural Resources;
- (2) Requiring the 'Aha Kiole Advisory Council to select an Executive Director;
- (3) Inserting an appropriation amount of \$64,500 from the Land Conservation Fund, rather than the General Fund, to fund the Executive Director position;
- (4) Changing the effective date of the measure to July 1, 2011; and
- (5) 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. 23, 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. 23, S.D. 1, H.D. 2, C.D. 1.

Representatives Hanohano, Chang, M. Oshiro, Har, C. Lee and Ward.
Managers on the part of the House.
(Representatives M. Oshiro and Ward were excused.)

Senators Dela Cruz, Galuteria, Hee, Kahele, Ryan, Solomon and Slom.
Managers on the part of the Senate.
(Senators Hee and Slom were excused.)

Conf. Com. Rep. 46 on S.B. No. 903

The purpose of this measure is to preserve affordable rental housing units. Specifically, this measure:

- (1) Establishes an Affordable Rental Housing Development Program that authorizes private organizations to acquire expiring federal housing subsidy contracts; and

- (2) Requires nonprofit organizations that acquire expiring federal housing subsidy contracts to preserve affordable housing units in perpetuity.

Your Committee on Conference finds that the federal government helps support the production and availability of low-income rental housing by providing subsidies to private owners of multifamily housing, but that numerous federal rental subsidy contracts are set to expire in the near future. The cost of living in Hawaii has been and continues to be high, and public-private partnerships provide an effective way to preserve affordable rental housing. However, participation in the Affordable Rental Housing Development Program will be severely limited if private organizations are required to maintain affordable housing units in perpetuity.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the purpose of the measure and the Affordable Rental Housing Development Program is only to preserve affordable rental housing, without requiring that the preservation be maintained in perpetuity and deleting language requiring that any public housing project that is managed with state or county funds or acquired by a nonprofit organization remain affordable housing in perpetuity;
- (2) Clarifying that the number of affordable housing units in publicly funded public housing projects shall increase or remain the same, regardless of redevelopment or reconstruction for certain purposes;
- (3) Inserting language preventing the impairment of the State's ability to receive federal funds;
- (4) Changing the effective date to July 1, 2011; and
- (5) 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. 903, 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. 903, S.D. 1, H.D. 1, C.D. 1.

Representatives Chong, Jordan, Kawakami and Pine.
Managers on the part of the House.
(Representative Pine was excused.)

Senators Dela Cruz, Kidani, Chun Oakland, Solomon and Slom.
Managers on the part of the Senate.
(Senators Chun Oakland and Slom were excused.)

Conf. Com. Rep. 47 on S.B. No. 1154

The purpose of this measure is to preserve the culturally and historically rich area of South Kona on the island of Hawaii by establishing the South Kona Wilderness Area to be administered by the Department of Land and Natural Resources.

Your Committee on Conference finds that the lands identified in this measure have limited development potential but immense historical, cultural, and recreational value for the citizens of Hawaii. The archaeological sites, native Hawaiian plants and animals, and historical aspects of these lands warrant protection and preservation to ensure that the current and future residents of Hawaii can enjoy the recreational opportunities and cultural and historical aspects afforded by these precious lands.

Your Committee on Conference has amended this measure by:

- (1) Making the establishment of the South Kona Wilderness Area on the island of Hawaii permanent and amending the purpose section accordingly;
- (2) Excluding the lands of Kapu'a from the South Kona Wilderness Area;
- (3) Clarifying that land use district boundaries existing as of July 1, 2011, shall continue in full force and effect within the South Kona Wilderness Area and that lands within the South Kona Wilderness Area shall not automatically be reclassified as lands within the state land use conservation district;
- (4) Limiting the prohibition on the construction of new homes or other structures and certain consolidations and subdivisions to government-owned land within the South Kona Wilderness Area, with certain exceptions, and deleting the exception for construction of dwellings with certain footprints;
- (5) Deleting language authorizing the Department of Land and Natural Resources to acquire lands using specified methods;
- (6) Amending the effective date to July 1, 2011; 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. 1154, 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. 1154, S.D. 2, H.D. 1, C.D. 1.

Representatives Chang, Har, Evans, Herkes and Riviere.
Managers on the part of the House.

Senators Solomon, Galuteria, Kahele, Ige and Kim.
Managers on the part of the Senate.
(Senators Ige and Kim were excused.)

Conf. Com. Rep. 48 on S.B. No. 1530

The purpose of this measure is to authorize the Board of Land and Natural Resources to extend hotel, resort, commercial, and industrial leases for lessees who commit to making substantial improvements to the existing improvements.

Your Committee on Conference finds that improvements to hotel and resort infrastructure are important to the growth and expansion of Hawaii businesses and the enhancement of Hawaii's visitor infrastructure. Authorizing the extension of leases will give hotels and resorts incentives to reinvest in their properties, which will improve the hotel and resort industry throughout the State.

Your Committee on Conference has amended this measure by:

- (1) Eliminating the authorization for the Board of Land and Natural Resources to extend commercial and industrial leases of public land for lessees who commit to making substantial improvements to the existing improvements;
- (2) Inserting an effective date of July 1, 2011; 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. 1530, 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. 1530, S.D. 1, H.D. 2, C.D. 1.

Representatives Chang, Brower, Har, Kawakami, Nakashima, Tokioka, Tsuji and Riviere.
Managers on the part of the House.
(Representatives Brower and Tokioka were excused.)

Senators Kim, Dela Cruz, Ige, Solomon and Slom.
Managers on the part of the Senate.
(Senators Ige and Slom were excused.)

Conf. Com. Rep. 49 on S.B. No. 1555

The purpose of this measure is establish the Public Land Development Corporation to administer an appropriate and culturally-sensitive public land development program that makes optimal use of public lands for the economic, environmental, and social benefit of the people of Hawaii by:

- (1) Identifying the public lands that are suitable for development;
- (2) Conducting marketing analysis to determine the best revenue-generating programs for the public lands identified; and
- (3) Entering into public-private agreements to:
 - (A) Appropriately develop the public lands identified; and
 - (B) Provide leadership for the development, financing, improvement, or enhancement of the selected development opportunities.

Additionally, this measure provides for the rehabilitation of certain small boat harbor facilities, including the generation of new revenue from the use of such facilities.

Your Committee on Conference has amended this measure by:

- (1) Adding a definition of "development rights";
- (2) Amending the definition of "project facilities" to include improvements;
- (3) Clarifying the duties of the Public Land Development Corporation (Corporation);
- (4) Clarifying that permissible uses of public land pursuant to the new chapter shall include but not be limited to office space; vehicular parking; commercial uses; hotel, residential, and timeshare uses; fueling facilities; storage and repair facilities; and seawater air conditioning plants;
- (5) Clarifying that the Board of Directors of the Public Land Development Corporation shall consist of five voting members, and designating those members;
- (6) Clarifying the powers of the Corporation to authorize the Corporation to acquire or contract to acquire by grant or purchase:
 - (A) Privately owned real property together with improvements in excess of that needed for use in cases where justifiable cause necessitates the acquisition; and

- (B) Encumbrances, in the form of leases, licenses, or otherwise;
- (7) Including leisure, recreational, commercial, residential, timeshare, hotel, office space, and business facilities as public land facilities that the Corporation may acquire, construct, operate, and maintain at rates or charges determined by the Corporation;
- (8) Deleting from the Corporation's powers the authority to carry out specialized programs designed to develop new markets for recreation and visitor-industry-related products;
- (9) Authorizing the Corporation to assume management responsibilities for existing contracts at small boat harbors upon full operation of the Corporation but no later than June 30, 2013;
- (10) Authorizing the Corporation to recommend to the Board of Land and Natural Resources the purchase of any privately owned properties that may be appropriate for development;
- (11) Providing that the Corporation shall not acquire, contract to acquire, own, hold, sell, assign, exchange, transfer, convey, lease, or otherwise dispose of, or encumber any real, personal, or mixed property that is owned by the Department of Land and Natural Resources as of July 1, 2011, except as expressly provided in the new chapter;
- (12) Providing that development rights of small boat harbors that have existing contracts or request for proposals shall not be transferred to the Corporation until the Corporation is able to assume the necessary negotiating, oversight, and management responsibilities, or until June 30, 2013, whichever occurs first;
- (13) Providing that if property to be developed is greater than two hundred acres, the transfer of development rights to the Corporation is subject to disapproval by the Legislature by a two-thirds vote of either chamber or a majority vote of both houses;
- (14) Providing that the Corporation may lease state lands from other public agencies, unless the lease would impair any covenant between the public agency and bond holders;
- (15) Providing that program reserves of the Hawaii public land development revolving fund shall not exceed eighty-five per cent, and that accumulated reserves shall be credited to the special land and development fund, except that reserves attributable to project facilities situated on small boat harbors shall be credited to the boating special fund;
- (16) Deleting Part II, Rehabilitation of Ala Wai Boat Harbor;
- (17) Authorizing the Hawaii Community Development Authority to assist the Corporation;
- (18) Amending the appropriation by:
- (A) Changing the amount of the appropriation from unspecified to \$135,500;
- (B) Appropriating the funds from the land conservation fund instead of the general revenues of the State; and
- (C) Funding an additional staff position to provide for an Executive Director;
- (19) Inserting a severability clause;
- (20) Changing the effective date to July 1, 2011; and
- (21) 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. 1555, 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. 1555, S.D. 2, H.D. 2, C.D. 1.

Representatives Chang, Har, Tokioka and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Ige, Galuteria, Kouchi, Solomon and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 50 on S.B. No. 34

The purpose of this measure is to amend the procedures for small claims heard in the Tax Appeal Court by:

- (1) Prohibiting pretrial discovery without the prior written approval of the Tax Appeal Court;
- (2) Limiting costs and fees that may be awarded to the prevailing party to fees paid directly to the Tax Appeal Court in the course of conducting the tax appeal at issue; and
- (3) Requiring that a notice of appeal from a decision involving a county as a party and a copy of the statement of the facts of the case that is filed by a protesting taxpayer to be served on the Real Property Assessment Division of the county involved.

Your Committee on Conference finds that while the small claims tax appeal process resolves disputes over small sums that are less than \$1,000 in an informal manner, existing rules allow pre-trial discovery even in these very small cases. Those taxpayers seeking a hearing may be inundated with voluminous written interrogatories, requests for admissions, demands for written disclosures of witness, and requests for depositions by opposing counsel. Taxpayers have no way to deal with matters like these because they are not likely to be represented by attorneys who are skilled in litigation techniques and who can therefore understand and respond to the requests.

Additionally, existing law could leave a taxpayer liable for all of the prosecuting entity's costs. For these small cases, the costs may dwarf the actual amount in dispute. Your Committee on Conference finds that this measure would clarify and limit the award of costs to those actually paid to the court, thereby leveling the playing field between taxpayers and the government.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2011; and
- (2) 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. 34, 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. 34, S.D. 1, H.D. 1, C.D. 1.

Representatives B. Oshiro, M. Oshiro, Luke, McKelvey and Thielen.
Managers on the part of the House.

Senators Hee, Ige, Ihara, Shimabukuro and Slom.
Managers on the part of the Senate.
(Senators Ihara and Slom were excused.)

Conf. Com. Rep. 51 on H.B. No. 1094

The purpose of this bill is to bring Hawaii's commercial driver's license (CDL) laws into compliance with federal regulations by conforming the CDL law with Federal Motor Carrier Safety Regulations, and in the process preserve Hawaii's ability to receive federal funds. Among other things, this measure:

- (1) Adds the definitions of "commercial driver's license downgrade" and "commercial driver's license information system driver record" to the CDL statute;
- (2) Requires the examiner of drivers to verify the certification of a self-certified driver, date-stamp any current medical examiner's certificate submitted by a driver, and post all required information on the CDL Information System;
- (3) Changing the "V" restriction designation on a CDL from indicating that the driver is restricted from operating in interstate commerce to indicating that information concerning a medical variance is on the CDL Information System driver record;
- (4) Recodifying the original "V" restriction that restricts a driver from operating in interstate commerce to a "W" code;
- (5) Requiring the examiner of drivers to mark the CDL Information System driver record as "not-certified" and initiate a CDL downgrade if a driver fails to produce certain documents to the examiner of drivers;
- (6) Providing parameters for updating information and notification requirements for certain items concerning medical certification and medical variances for CDL drivers; and
- (7) Requiring the examiner of drivers to record and maintain certain medical information regarding CDL drivers.

Individuals who possess CDLs are held to stricter medical and licensing standards than individuals who hold a standard license to operate a motor vehicle. This is due, in part, to the type of vehicles CDL drivers operate, which generally involves large trucking and transportation vehicles. Having additional, more stringent restrictions on these drivers promotes highway safety. While the examiner of drivers currently has the authority to withhold driving privileges from a CDL holder for committing a violation or posing an immediate threat to highway safety, non-compliance with the medical requirements for a CDL does not constitute either a violation or an immediate threat. This measure will allow the examiner of drivers to impose this restriction from driving in these situations.

This measure also conforms Hawaii's CDL law with Federal Motor Carrier Safety Regulations. Failure to do so will result in the withholding of federal funds for every year the law is non-compliant. As Hawaii's State Highway Fund is presently facing revenue stream problems and budgetary shortfalls, a further loss of federal funds would be devastating.

Your Committee on Conference has amended this bill by 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. 1094, 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. 1094, H.D. 1, S.D. 2, C.D. 1.

Representatives Souki, Rhoads, Cabanilla, Ito, Luke, Tsuji and Johanson.
Managers on the part of the House.
(Representatives Ito, Luke and Tsuji were excused.)

Senators Baker, English, Hee, Taniguchi and Slom.

Managers on the part of the Senate.
(Senators Taniguchi and Slom were excused.)

Conf. Com. Rep. 52 on H.B. No. 1241

The purpose of this bill is to provide a more practicable timeframe within which abandoned vehicles may be reclaimed by extending the time period during which a legal and registered owner of an abandoned vehicle may repossess the vehicle before disposal from ten days to 20 business days after mailing of a written notice of the intended disposition of the vehicle.

Currently, an abandoned vehicle will be auctioned approximately 23 days after it is marked abandoned and towed, based on statutorily-established investigation, owner notification, and auction publication requirements. Unfortunately, this negatively impacts some vehicle owners. As the registered owners of some vehicles, in particular vehicles owned by rental car companies, are located on the mainland, it may be more than 23 days before the owners of these vehicles or local representatives for these companies are aware the vehicle is going to be disposed of. This measure attempts to address this issue.

As this problem mainly affects vehicles whose registered owners reside on the mainland, your Committee on Conference finds that it is prudent to amend this bill by applying the 20-business-day notification requirement only to vehicles whose registered owner resides out-of-state and maintaining the ten-day notification requirement for in-state registered owners.

Technical, nonsubstantive amendments have also been 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. 1241, 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. 1241, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Herkes, Rhoads, Luke and Johanson.
Managers on the part of the House.
(Representative Luke was excused.)

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

Conf. Com. Rep. 53 on H.B. No. 555

The purpose of this bill is to amend the sentencing measures for defendants convicted of criminal property damage offenses when the property damage is caused by graffiti by:

- (1) Extending the area applicable to graffiti removal requirements to reach 250 yards of the site of the offense;
- (2) Limiting graffiti removal requirements to cases where the removal will not endanger the convicted person or others nor inconvenience the public; and
- (3) Allowing the court to impose a sentence of 100 hours of community service instead of the removal of graffiti in cases where the government agency that is responsible for supervising the graffiti removal lacks the necessary resources to ensure the person's compliance with removing the graffiti.

Your Committee on Conference has amended this bill by:

- (1) Making this measure effective upon approval; and
- (2) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 555, 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. 555, H.D. 1, S.D. 1, C.D. 1.

Representatives Rhoads, Aquino, Brower and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 54 on H.B. No. 866

The purpose of this bill is to help address challenges faced by the apiary industry in Hawaii by allowing beekeepers to register with the Department of Agriculture (DOA). This bill also appropriates funds to establish an apiary program within DOA.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation while retaining the provisions establishing the apiary program;

- (2) Changing its effective date to July 1, 2011; 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. 866, 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. 866, H.D. 2, S.D. 2, C.D. 1.

Representatives Tsuji, Hashem, Evans and Riviere.
Managers on the part of the House.

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

Conf. Com. Rep. 55 on H.B. No. 319

The purpose of this bill is to clarify that a property owner with an open owner-builder permit shall not be prohibited from selling or leasing the property within one year of the construction or improvement if the owner-builder suffers an unforeseen hardship which the owner-builder documents.

Your Committee amended this measure by clarifying the language to ensure that it reflects the purpose of this bill. Your Committee also changed its effective date 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. 319, 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. 319, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 56 on H.B. No. 663

The purpose of this bill is to require the clear and conspicuous disclosure of automatic renewal clauses and cancellation procedures for all consumer contracts and offers containing such provisions except in the case of the regulated activities of insurers and financial institutions subject to the Insurance Code and Code of Financial Institutions, respectively.

Your Committee on Conference has amended this measure by:

- (1) Exempting mutual and fraternal benefit societies and health maintenance organizations from these requirements;
- (2) Limiting penalties to knowing violations or knowingly failing to cancel an automatic renewal contract on the request of the consumer; and
- (3) Changing its effective date to "upon approval" with the substantive provisions taking effect on July 1, 2012.

As affirmed by the record of votes of the managers 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. 663, 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. 663, H.D. 2, S.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, Brower, Evans and Marumoto.
Managers on the part of the House.
(Representatives Brower and Marumoto were excused.)

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

Conf. Com. Rep. 57 on H.B. No. 680

The purpose of this bill is to strengthen the future of the Kakaako Makai area of Honolulu by, among other things:

- (1) Establishing the Kakaako Makai Community Development Subdistrict;
- (2) Amending the membership of the Hawaii Community Development Authority (HCDA) to include the Director of the Department of Planning and Permitting of the City and County of Honolulu; and

- (3) Allowing for a broader range of public input into the future of Kakaako Makai by repealing the requirement that the HCDA consider recommendations by the Kakaako Makai Community Planning Advisory Council (CPAC).

After careful consideration, your Committee on Conference has amended this bill by retaining only the provisions that repeal the requirement that HCDA consider recommendations by the CPAC.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 680, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 680, S.D. 2, C.D. 1.

Representatives Chang, Har, Hashem, Ito, Nakashima and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon, Galuteria and Ryan.
Managers on the part of the Senate.
(Senator Galuteria was excused.)

Conf. Com. Rep. 58 on H.B. No. 931

The purpose of this bill is to address the problems of:

- (1) Numerous vessels moored within small boat harbor facilities that rarely leave the harbor confines and offshore mooring areas; and
- (2) Derelict vessels occupying space in small boat harbors,

by adding a definition for the term "regularly navigated" under chapter 200, Hawaii Revised Statutes, to require vessels that are moored within small boat harbors or in offshore mooring areas to be moved under their own power at least once every six months.

After careful consideration, your Committee on Conference has amended this bill by changing the frequency of movement of a "regularly navigated" vessel from at least once every six months to at least once in a 90-day period.

As affirmed by the record of votes of the managers 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. 931, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 931, S.D. 1, C.D. 1.

Representatives Chang, Har, Tokioka and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 59 on H.B. No. 227

The purpose of this bill is to help protect owners of unimproved and unused land by, among other things:

- (1) Making entering or remaining unlawfully on unimproved or unused agricultural lands without permission the offense of criminal trespass in the second degree if the lands are fenced, enclosed, or secured, or if a sign that meets certain criteria is displayed to provide notice;
- (2) Deleting the statutory provision that a person who enters or remains on unimproved and apparently unused land that is not fenced or otherwise enclosed in a manner designed to exclude intruders, unless notice against trespass has been given, is allowed to be on the land and is not trespassing;
- (3) Including evidence of livestock-raising, such as cattle, horses, water troughs, shelters, or paddocks, as a characteristic of agricultural lands onto which unauthorized entry constitutes entering or remaining unlawfully on agricultural lands;
- (4) Making entering or remaining unlawfully on agricultural lands without permission a civil offense if the land is fenced, enclosed, or secured; is marked with a sign that meets certain criteria to provide notice; or is fallow or has a visible presence of livestock-raising or a crop;
- (5) Limiting the liability of agricultural landowners for any injury, death, loss, or damage suffered by a trespasser, with certain exceptions; and
- (6) Adding definitions for "agricultural land", "fallow", "owner", "trespasser", and "unimproved or unused lands".

Your Committee on Conference has amended this bill by:

- (1) Simplifying the characteristics of agricultural lands onto which unauthorized entry constitutes criminal trespass in the second degree to lands that are fallow or have a visible presence of livestock or a crop at the time of entry; 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. 227, 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. 227, H.D. 2, S.D. 2, C.D. 1.

Representatives Chang, Tsuji, Keith-Agaran, Har, Nakashima, Tokioka and Riviere.
Managers on the part of the House.
(Representative Tokioka was excused.)

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

Conf. Com. Rep. 60 on H.B. No. 985

The purpose of this bill is to provide for the selection of the most qualified offerors for design-build contracts and to encourage the participation of Hawaii-based companies, including local small firms, in the design-build contract proposal process.

Your Committee on Conference finds that the current procurement process for design-build contracts requires offerors to prepare, in most instances, conceptual design drawings as part of their proposals. This requires a considerable initial investment and may prevent many local firms from submitting proposals for design-build contracts. As a result, purchasing agencies may experience a decrease in competition and an increase in prices, and may potentially be forced to sacrifice design and construction creativity.

The intent of your Committee on Conference is to improve the selection of proposals for construction projects and allow agencies to choose the most qualified offerors. In addition, the payment of a conceptual design fee would provide an incentive for smaller local firms to submit proposals and allow for the smaller local firms to more effectively compete with larger national design and construction firms for public contracts.

Your Committee on Conference has amended this measure by:

- (1) Inserting the contents of S.B. No. 779, S.D. 2, H.D. 2, Regular Session of 2011, which is substantially similar but makes the following amendments:
 - (A) Deletes language specifying that the design-build method shall be used only in contracts that have a high cost of preparing proposals;
 - (B) Deletes language referencing a second request for proposals to be issued to pre-qualified offerors;
 - (C) Inserts language requiring a request for proposals to be issued to prequalify offerors to select a short list of no more than three responsible offerors; and
 - (D) Deletes the savings clause;
- (2) Amending the definition of "design-build" to mean a project delivery method in which the procurement officer enters into a single contract for design and construction;
- (3) Clarifying that a conceptual design fee may be paid to non-selected offerors that submit a technically responsive proposal; provided that the cost of the entire project is greater than \$1,000,000;
- (4) Requiring criteria for pre-qualification of offerors, design requirements, development documents, proposal evaluation criteria, terms of the payment of a conceptual design fee, and any other pertinent information to be stated in the request for proposals;
- (5) Changing its effective date to July 1, 2011; and
- (6) 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 H.B. No. 985, 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. 985, H.D. 2, S.D. 2, C.D. 1.

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

Senators Espero, Ige, Kidani and Ryan.
Managers on the part of the Senate.

Conf. Com. Rep. 61 on H.B. No. 117

The purpose of this bill is to prudently facilitate development in Special Management Areas by:

- (1) Expediting and facilitating work on construction projects by allowing the Board of Land and Natural Resources (BLNR)--regardless of Part II of Chapter 205A, Hawaii Revised Statutes--to plan, design, construct, operate, and maintain any lands or facilities under its jurisdiction without the need to obtain a Special Management Area Minor Permit or Special Management Area Use Permit;
- (2) Amending the definition of "development" under the Special Management Areas law to exclude:

- (A) Construction of a single-family residence that is not part of a larger development, as long as a single-family residence that is situated on a Tax Map Key parcel that is subject to a shoreline setback is included within the definition of "development"; and
- (B) Preliminary or tentative subdivision approval;
- (3) Amending the definition of "Special Management Area Minor Permit" to mean an action by the applicable county authority authorizing development the valuation of which does not exceed \$500,000 and which has no substantial adverse environmental or ecological effect, taking into consideration potential cumulative effects;
- (4) Amending the definition of "Special Management Area Major Use Permit" to mean an action by the applicable county authority authorizing development the valuation of which exceeds \$500,000 or which may have a substantial adverse environmental or ecological effect, taking into consideration potential cumulative effects;
- (5) Allowing an agency authorized to issue permits pertaining to any development within the Special Management Area to authorize any development in accordance with the procedures adopted pursuant to the Special Management Areas law; and
- (6) Making it a violation of Special Management Area guidelines for the applicable county authority to approve a development unless the authority has provided adequate notice to the public.

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

- (1) Allowing BLNR--regardless of Part II of Chapter 205A, Hawaii Revised Statutes--to plan, design, construct, operate, and maintain any lands or facilities under the jurisdiction of the Division of Boating and Ocean Recreation of the Department of Land and Natural Resources without the need to obtain a Special Management Area Minor Permit or Special Management Area Use Permit;
- (2) Amending the definition of "development" under the Special Management Areas law to exclude:
 - (A) Construction or reconstruction of a single-family residence that is less than 7,500 square feet of floor area and is not part of a larger development; and
 - (B) Final subdivision approval;
- (3) Changing the name of the "Special Management Area Major Use Permit" back to the "Special Management Area Use Permit";
- (4) Removing the provisions allowing an agency authorized to issue permits pertaining to any development within the Special Management Area to authorize any development in accordance with the procedures adopted pursuant to the Special Management Areas law;
- (5) Removing the provisions making it a violation of Special Management Area guidelines for the applicable county authority to approve a development unless the authority has provided adequate notice to the public;
- (6) Changing its effective date to July 1, 2011; 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. 117, 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. 117, H.D. 2, S.D. 2, C.D. 1.

Representatives Chang, Coffman, Keith-Agaran, Har, Ito and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon, Gabbard and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 62 on H.B. No. 1088

The purpose of this bill is to authorize the Department of Public Safety to timely render involuntary medical treatment, including medication, if the court finds that:

- (1) The inmate or detainee poses a danger of physical harm to self or others;
- (2) Treatment with medication is medically appropriate; and
- (3) Considering less intrusive alternatives, treatment is essential to forestall the danger posed by the inmate or detainee.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1088, 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. 1088, H.D. 1, S.D. 1, C.D. 1.

Representatives Aquino, Yamane, Cullen, Wooley and Fontaine.
Managers on the part of the House.
(Representative Wooley was excused.)

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

Conf. Com. Rep. 63 on H.B. No. 1049

The purpose of this bill is to update the Hawaii Insurance Code and related provisions.

Your Committee on Conference amended this measure by 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. 1049, 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. 1049, H.D. 2, S.D. 2, C.D. 1.

Representatives Herkes, Chong, Hashem, Ito, Souki and Marumoto.
Managers on the part of the House.
(Representatives Ito and Souki were excused.)

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

Conf. Com. Rep. 64 on H.B. No. 909

The purpose of this bill is to:

- (1) Require the family court, once a complaint for annulment, divorce, or separation is filed in this State, to:
 - (A) Order each of the parties to timely provide to the other party full financial and property disclosure on forms provided by the court; and
 - (B) Issue financial restraining orders;
 and
- (2) Specify that the unauthorized dissipation, if any, of the marital estate by either party shall be considered by the family court in issuing further support orders and when ordering payment of attorney's fees and costs.

Your Committee on Conference has amended this bill by:

- (1) Specifying that the concealment of or failure to disclose income or an asset, or violation of a restraining order issued under section 580-10(a) or (b), Hawaii Revised Statutes, if any, by either party rather than the unauthorized dissipation, if any, of the marital estate shall be considered by the family court in issuing further support orders and when ordering payment of attorney's fees and costs; and
- (2) Changing its effective date to October 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. 909, 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. 909, H.D. 2, S.D. 2, C.D. 1.

Representatives Mizuno, B. Oshiro, Belatti, Jordan and Pine.
Managers on the part of the House.
(Representative Belatti was excused.)

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

Conf. Com. Rep. 65 on H.B. No. 1005

The purpose of this bill is to amend various sections of chapter 576D, Hawaii Revised Statutes, to bring the State law into compliance with federal law that requires the provision of child support services to certain tribal agencies and foreign countries by, among other things, defining "other state" in the State Child Support Enforcement Law to include certain tribal agencies and foreign countries.

Your Committee on Conference has amended this bill by making clarifying amendments to the information contained in the State's Case Registry relating to the names, addresses, and telephone numbers of the parents' employers.

As affirmed by the record of votes of the managers 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. 1005, 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. 1005, H.D. 2, S.D. 2, C.D. 1.

Representatives Mizuno, B. Oshiro, Jordan, Cabanilla and Pine.
Managers on the part of the House.
(Representative Cabanilla was excused.)

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

Conf. Com. Rep. 66 on H.B. No. 56

The purpose of this bill is to clarify the process for a petition of grandparents' visitation rights by:

- (1) Permitting the family court to award grandparents reasonable visitation rights; provided that denial of reasonable visitation rights would cause significant demonstrable harm to the child;
- (2) Establishing a rebuttable presumption that a parent's decision regarding visitation is in the best interests of the child; and
- (3) Identifying factors that the family court shall consider when awarding grandparent visitation rights.

Your Committee on Conference has amended this bill by changing its effective date 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. 56, 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. 56, H.D. 2, S.D. 2, C.D. 1.

Representatives Mizuno, B. Oshiro, Jordan and Pine.
Managers on the part of the House.

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

Conf. Com. Rep. 67 on H.B. No. 1230

The purpose of this bill is to exempt the construction of low-risk nonresidential temporary or permanent structures used for agricultural or aquacultural operations from county building permit requirements, under certain conditions.

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

- (1) Instead of low-risk nonresidential temporary or permanent structures, making the county building permit exemption applicable to non-residential structures;
- (2) Deleting definitions for "temporary" and "low-risk";
- (3) Making the provisions indemnifying the State against any liability resulting from the lack of building permits applicable to the counties;
- (4) Requiring the owner and/or occupier to obtain a certification from a duly qualified third party reviewer that certifies, in the reviewer's professional opinion, that the proposed building plans for the non-residential structure are in compliance with all applicable codes, rules, and requirements of the appropriate county planning and permitting department and the State;
- (5) Requiring the owner and/or occupier to submit the proposed building plans, indemnification and hold harmless attestation, and third party review certification to the appropriate county planning and permitting department;
- (6) Prohibiting the exemption unless the non-residential structure is constructed in accordance with the proposed building plan;
- (7) Establishing a limit of 1,500 square feet on the floor area of the non-residential structure and inserting a definition for "floor plan";
- (8) Establishing a minimum acreage requirement of at least three acres for the property upon which the non-residential structure is to be built;
- (9) Establishing reporting requirements related to this measure for the Hawaii Farm Bureau Federation and each county planning and permitting department;
- (10) Changing its effective date to July 1, 2011; and

- (11) 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. 1230, 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. 1230, H.D. 2, S.D. 1, C.D. 1.

Representatives Tsuji, Chang, B. Oshiro, Hashem, Nakashima and Riviere.
Managers on the part of the House.
(Representative B. Oshiro was excused.)

Senators Nishihara, Dela Cruz, Espero, Kahele, Kouchi and Slom.
Managers on the part of the Senate.
(Senators Kahele and Slom were excused.)

Conf. Com. Rep. 68 on H.B. No. 44

The purpose of this bill is to establish a misdemeanor offense for solicitation of prostitution near schools or public parks if, within seven hundred fifty feet of a school or a public park, a person offers or agrees to pay a fee to another person to engage in sexual conduct.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 44, 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. 44, H.D. 1, S.D. 1, C.D. 1.

Representatives Rhoads, Cabanilla, Ito, Souki and Thielen.
Managers on the part of the House.
(Representative Cabanilla was excused.)

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

Conf. Com. Rep. 69 on H.B. No. 1520

The purpose of this bill is to support the State's overall clean energy objectives by, among other things:

- (1) Directing the Public Utilities Commission (PUC) to consider implementing an on-bill financing program for residential electric utility customers to finance purchases of energy efficient or renewable energy devices and systems through their regular electric utility bills;
- (2) Specifying that all administrative costs of establishing an on-bill financing program shall be paid from the public benefits fee;
- (3) Requiring the PUC to determine a reasonable percentage of collected public benefits fees in any given year that shall be expended on an on-bill financing program;
- (4) Requiring the PUC to ensure that all reasonable costs incurred by electric utilities to start up and implement the on-bill financing program are recovered as part of the utility's revenue requirement; and
- (5) Directing the PUC to seek to address the problem of underinvestment in solar energy and energy efficiency in certain underserved markets when it considers implementing an on-bill financing program.

Hawaii is one of the most fossil fuel dependent states in the nation despite having some of the most diversified renewable energy options and sources in the world. Unfortunately, financial barriers often prohibit Hawaii residents and businesses from purchasing renewable energy systems or energy efficient devices. On-bill financing is one tool to promote the adoption of energy efficiency and renewable energy technology by overcoming the barrier of up-front costs.

While your Committee on Conference agrees that an on-bill financing program does have the potential to increase the use of energy efficient devices and the purchase of renewable energy technology, your Committee on Conference also finds that numerous questions remain regarding the implementation of such a program. Accordingly, your Committee on Conference has amended this bill by:

- (1) Requiring the PUC to investigate an on-bill financing program that would allow an electric utility company customer to purchase or otherwise acquire a renewable energy system or energy efficient device by providing for billing and payment of such a system or device through an assessment on the customer's electricity bill rather than requiring the PUC to consider implementing such a program;
- (2) Stipulating considerations the PUC may take into account when investigating the on-bill financing program;

- (3) Allowing the PUC to implement an on-bill financing program by decision and order or by rules pursuant to Chapter 91, Hawaii Revised Statutes, if on-bill financing is determined by the PUC to be viable;
- (4) Deleting language that:
 - (A) Specified that all administrative costs of establishing an on-bill financing program shall be paid from the public benefits fee;
 - (B) Required the PUC to determine a reasonable percentage of collected public benefits fees in any given year to be expended on an on-bill financing program;
 - (C) Required the PUC to ensure that all reasonable costs incurred by electric utilities to start up and implement the on-bill financing program are recovered as part of the utility's revenue requirement; and
 - (D) Directed the PUC to seek to address the problem of underinvestment in solar energy and energy efficiency in certain underserved markets when it considers implementing an on-bill financing program;
- (5) Changing its effective date to July 1, 2011; 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. 1520, 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. 1520, H.D. 2, S.D. 2, C.D. 1.

Representatives Coffman, Herkes, Ito, Kawakami and Thielen.
Managers on the part of the House.
(Representatives Ito and Kawakami were excused.)

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

Conf. Com. Rep. 70 on H.B. No. 1654

The purpose of this bill is to terminate county conditional use permits for group living facilities or group homes if a permit is not put into use for one year following issuance or if a facility or home ceases operations for one year.

Your Committee on Conference amended this bill by making it effective upon approval and making technical, nonsubstantive amendments for clarity, conformity, 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. 1654, 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. 1654, H.D. 1, S.D. 1, C.D. 1.

Representatives Yamane, Mizuno, Chang, Cabanilla and Ching.
Managers on the part of the House.
(Representatives Cabanilla and Chang were excused.)

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

Conf. Com. Rep. 71 on H.B. No. 484

The purpose of this bill is to help ensure that advanced practice registered nurses are used to their full potential by:

- (1) Requiring each hospital in the State to allow licensed advanced practice registered nurses to practice within the full scope of their authorized practice, including as primary care providers;
- (2) Removing statutory provisions governing prescriptive authority for qualified advanced practice registered nurses that require the:
 - (A) State Board of Nursing (Board) to determine an exclusionary formulary for qualified advanced practice registered nurses with prescriptive authority;
 - (B) Department of Commerce and Consumer Affairs (DCCA) to establish a Joint Formulary Advisory Committee that shall recommend the applicable formulary for qualified advanced practice registered nurses to the Board; and
 - (C) Board to adopt rules reflecting an appropriate working relationship between a qualified advanced practice registered nurse and a licensed physician;

and

- (3) Authorizing qualified advanced practice registered nurses with prescriptive authority to request, receive, and dispense manufacturers' samples of over the counter and non-controlled legend drugs.

Your Committee on Conference has amended this bill by:

- (1) Reinserting statutory provisions governing prescriptive authority for qualified advanced practice registered nurses that require the:
- (A) Board to determine an exclusionary formulary for qualified advanced practice registered nurses with prescriptive authority; and
- (B) DCCA to establish a Joint Formulary Advisory Committee that shall recommend the applicable formulary for qualified advanced practice registered nurses to the Board;
- 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. 484, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 484, S.D. 2, C.D. 1.

Representatives Yamane, Herkes, M. Lee, Tsuji and Ching.
Managers on the part of the House.

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

Conf. Com. Rep. 72 on H.B. No. 597

The purpose of this bill is to expand the definition of "quality assurance committee" to include interdisciplinary quality assurance committees composed of members from various health care organizations. The intent of this measure is to establish that the proceedings and records of interdisciplinary quality assurance committees composed of members from various health care organizations have similar protections as those committees formed by hospitals, health maintenance organizations, and statewide trauma care systems.

Your Committee on Conference heard concerns regarding the impact this bill may have on discoverable information. Your Committee on Conference asserts that this measure does not seek to change discovery rules; rather, the goal of this measure is to encourage collaborative discussions regarding health care policies, procedures, and practices. Accordingly, the expansion of the definition of "quality assurance committee" to include representatives of different groups of organizations does not alter the limited scope of confidentiality accorded in section 624-25.5 (c) and (d), Hawaii Revised Statutes. Quality assurance committees may not prevent discovery of otherwise discoverable information and material simply by using or considering the information or material in its proceedings.

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. 597, 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. 597, H.D. 1, S.D. 1, C.D. 1.

Representatives Yamane, Rhoads, Morikawa, Wooley and Ching.
Managers on the part of the House.
(Representatives Wooley and Ching were excused.)

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

Conf. Com. Rep. 73 on H.B. No. 616

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

- (1) Clarify that awards of visitation rights to parents may include visitation by electronic communication;
- (2) Establish factors that the court shall consider in awarding visitation by electronic communication; and
- (3) Authorize courts to set guidelines for visitation by electronic communication, including supervision as ordered by the court.

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

- (1) Generally incorporating its provisions in section 571-46, Hawaii Revised Statutes, relating to the criteria and procedure in awarding custody and visitation and the best interest of the child;
- (2) Requiring the court in its determination to award visitation by electronic communication to consider:
- (A) The potential for abuse or misuse of the electronic communication; and

- (B) Whether adequate provision can be made for the physical safety and psychological well-being of the child and for the safety of the custodial parent;
- (3) Prohibiting visitation by electronic communication to replace or substitute an award of custody or physical visitation except where physical visitation may subject the child to physical or extreme psychological harm, among other exceptions;
- (4) Changing its effective date to July 1, 2011; and
- (5) 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. 616, 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. 616, H.D. 2, S.D. 2, C.D. 1.

Representatives Mizuno, B. Oshiro, Evans, Jordan and Ching.
Managers on the part of the House.

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

Conf. Com. Rep. 74 on H.B. No. 1003

The purpose of this bill is to provide greater protection to victims of domestic violence by establishing first and second degree murder, second degree assault, and first degree terroristic threatening for a person who causes death or bodily injury to a person or threatens a person who:

- (1) The defendant has been restrained, by order of any court from contacting, threatening, or physically abusing pursuant to domestic abuse protective orders; or
- (2) Is being protected by a police officer ordering the defendant to leave the premises of that protected person during the effective period of the restraining order.

Additionally, this bill establishes that a person commits the offense of murder in the first degree if the person intentionally or knowingly causes the death of a person known by the defendant to be a witness in a family court proceeding and the killing is related to the person's status as a witness.

Your Committee on Conference has amended this bill by:

- (1) Removing language that establishes second degree murder for a person who recklessly causes the death of a person who:
 - (A) The defendant has been restrained from, by order of any court, contacting, threatening, or physically abusing pursuant to domestic abuse protective orders; or
 - (B) Is being protected by a police officer ordering the defendant to leave the premises of that protected person during the effective period of the restraining order;
- and
- (2) Removing language specifying that second degree assault is established for a person who recklessly causes bodily injury to a person who:
 - (A) The defendant has been restrained from, by order of any court, contacting, threatening, or physically abusing pursuant to domestic abuse protective orders; or
 - (B) Is being protected by a police officer ordering the defendant to leave the premises of that protected person during the effective period of the restraining order.

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

Representatives Mizuno, Keith-Agaran, Jordan and Pine.
Managers on the part of the House.

Senators Chun Oakland, Hee, Fukunaga, Shimabukuro and Slom.
Managers on the part of the Senate.
(Senators Fukunaga and Slom were excused.)

Conf. Com. Rep. 75 on H.B. No. 243

The purpose of this bill is to address the inhumane conditions of the feral cat and stray dog population by prohibiting pet retailers from selling unsterilized cats or dogs.

Your Committee on Conference has amended this measure by:

- (1) Limiting the definition of an unsterilized cat or dog to a cat or dog that has not been spayed or neutered by a licensed veterinarian; 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. 243, 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. 243, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 76 on H.B. No. 240

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

- (1) Provide witnesses to cases involving promoting prostitution the highest priority to government security and protection;
- (2) Include the use of fraud to compel a person to engage in prostitution as an element of promoting prostitution in the first degree;
- (3) Increase the penalties for promoting prostitution in the first and second degrees to a class A and B felony respectively;
- (4) Amend promoting prostitution in the second degree to reflect the elements of promoting prostitution in the third degree;
- (5) Repeal the crime of promoting prostitution in the third degree;
- (6) Extend the offenses of prostitution and solicitation of prostitution to reach those who pay, agree to pay, or offer to pay a fee to another person to engage in sexual conduct;
- (7) Amend habitual solicitation of prostitution to apply to those who habitually pay, agree to pay, or offer to pay a fee to another person to engage in sexual conduct;
- (8) Raise habitual solicitation of prostitution to a class C felony; and
- (9) Make the provisions for the crime of habitual solicitation of prostitution permanent.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the elements of promoting prostitution in the first degree by adding inducing a person to act by specified means;
- (2) Broadening the definition of "fraud" as it relates to promoting prostitution in the first degree to mean simply making material false statements, misstatements, or omissions;
- (3) Changing its effective date to July 1, 2011; 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. 240, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 240, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Ito, Luke, Rhoads, Souki and Thielen.
Managers on the part of the House.
(Representatives Ito and Souki were excused.)

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

Conf. Com. Rep. 77 on H.B. No. 141

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

- (1) Establish a class A and B felony offense for labor trafficking;
- (2) Establish an offense for nonpayment of wages; and

- (3) Establish an offense for unlawful conduct with respect to documents.

Your Committee on Conference finds that Hawaii is one of only five states without a specific labor trafficking statute, yet labor trafficking has occurred at an unprecedented level in the State. Over this legislative session there has been lengthy discussion about several labor trafficking bills put forward for consideration. As explained in testimony submitted during the hearings, supplementing and enhancing current law by establishing specific offenses for labor trafficking will be beneficial to the prosecution of these crimes.

This measure will send an unmistakable warning to individuals and entities engaged in labor trafficking and provide a clearer and more structured means for law enforcement agencies to protect and aid victims of trafficking. Further, this measure will be a catalyst for law enforcement agencies, service providers, and other state agencies and community organizations to engage in needed training and education on labor trafficking.

Your Committee on Conference has amended this measure by:

- (1) Specifying that where extortion or kidnapping are used as a means to commit labor trafficking in the first degree, "labor" and "services" shall be as defined in the labor trafficking statute;
- (2) Removing any individual employed by the individual's parent to work for hire from the definition of "employee";
- (3) Requiring the Attorney General to report to the Legislature before the 2014 legislative session; 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. 141, 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. 141, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 78 on H.B. No. 1138

The purpose of this bill is to:

- (1) Establish a lien in favor of certified shorthand reporter to be imposed on the assets of an attorney's firm, partnership, corporation, company, or other legal entity for outstanding debts for services rendered;
- (2) Include arbitration in those proceedings to which attorney's liens may be attached; and
- (3) Eliminate the one-year filing deadline for liens.

Your Committee on Conference has amended this measure by:

- (1) Deleting those portions of the bill that extended attorney's liens to include arbitration proceedings and removed the one year deadline for filing;
- (2) Changing its effective date to July 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. 1138, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1138, S.D. 2, C.D. 1.

Representatives Keith-Agaran, Luke, B. Oshiro and Thielen.
Managers on the part of the House.

Senators Hee, Kidani, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 79 on H.B. No. 1071

The purpose of this bill is to require the Department of Health to:

- (1) Establish and monitor a fitness restoration program consistent with the conditions set by a court order of release when a defendant is released on conditions after a finding of unfitness to proceed; and
- (2) Inform the prosecuting attorney of the county that charged the defendant of the program and report the defendant's compliance therewith.

Your Committee on Conference has amended this measure by changing its effective date to July 1, 2011, and 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. 1071, 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. 1071, H.D. 2, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Yamane, Morikawa, Ito, B. Oshiro, Souki and Thielen.
Managers on the part of the House.
(Representatives Ito, Souki and Yamane were excused.)

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

Conf. Com. Rep. 80 on H.B. No. 593

The purpose of this bill is to require that any candidate for elective county office file a sworn certification by self-subscribing oath by the candidate that the candidate has complied with the relevant provisions of the applicable county charter and county ordinances pertaining to elected officials.

Your Committee on Conference has amended this bill by changing its effective date 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. 593, 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. 593, H.D. 1, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Luke, McKelvey and Fontaine.
Managers on the part of the House.
(Representative McKelvey was excused.)

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

Conf. Com. Rep. 81 on H.B. No. 716

The purpose of this bill is to amend specified election deadlines in conformity with Act 126, Session Laws of Hawaii 2010, which changed the date of the State's primary election to comply with the National Defense Authorization Act for Fiscal Year 2010, P.L. 111-84, mandating the mailing of absentee ballots to uniformed and overseas voters no later than 45 days prior to elections for federal offices.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 716, 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. 716, H.D. 1, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Brower, Luke, B. Oshiro and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 82 on H.B. No. 747

The purpose of this bill is to remove the definition of "convenience minimarts" as a neighborhood "mom and pop store" from section 281-31, Hawaii Revised Statutes, which addresses liquor liability insurance requirements for certain liquor licensees.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 747, 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. 747, H.D. 1, S.D. 2, C.D. 1.

Representatives Keith-Agaran, Herkes, Evans, McKelvey and Thielen.
Managers on the part of the House.
(Representative McKelvey was excused.)

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

Conf. Com. Rep. 83 on H.B. No. 1155

The purpose of this bill is to:

- (1) Specify which Class A and B felonies require mandatory minimum prison terms under the repeat offender statute; and
- (2) Reinstate, add, and delete certain Class C felonies that require mandatory minimum prison terms under the repeat offender statute.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1155, 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. 1155, H.D. 1, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Hanohano, B. Oshiro, Souki and Marumoto.
Managers on the part of the House.
(Representative Souki was excused.)

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

Conf. Com. Rep. 84 on H.B. No. 945

The purpose of this bill is to implement the minimum student school year and instructional hours requirements established under Act 167, Session Laws of Hawaii 2010 (Act 167) in a feasible and fiscally responsible manner by:

- (1) Exempting multi-track schools from the requirements of Act 167;
- (2) Delaying the implementation of Act 167 for three years;
- (3) Requiring the Department of Education (DOE) to re-examine what constitutes student instructional hours, determine current levels of instructional hours at each school, and assess the ability of all schools to comply with the requirements of Act 167, and to report its findings to the Legislature prior to the 2012 Regular Session; and
- (4) Requiring DOE, with the Board of Education (BOE) and the Governor, to consult with representatives of affected public worker collective bargaining units and report to the Legislature annually prior to the Regular Sessions of 2013 through 2018 on the progress and efforts to meet the requirements of Act 167.

Your Committee on Conference has amended this bill by:

- (1) Requiring all schools to implement a school year of 180 instructional days beginning with the 2011-2013 school years;
- (2) Requiring 50 percent of elementary schools in the State, excluding charter schools and multi-track public schools, to implement a school year of 915 student instructional hours for the 2011-2012 school year;
- (3) Requiring all elementary schools in the State, excluding charter schools and multi-track public schools, to implement a school year of 915 student instructional hours beginning with the 2012-2013 school year;
- (4) Permitting BOE to grant a waiver to any individual school subject to the student instructional hours or 180 day school year requirements and requiring BOE to adopt policies and procedures to grant the waiver;
- (5) Requiring DOE's report on what constitutes student instructional hours to be submitted by September 1, 2011, rather than 20 days prior to the convening of the 2012 Regular Session; 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. 945, 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. 945, H.D. 2, S.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Belatti, Har and Johanson.
Managers on the part of the House.

Senators Tokuda, Kidani and Nishihara.
Managers on the part of the Senate.

Conf. Com. Rep. 85 on H.B. No. 4

The purpose of this bill is to help ensure educational stability and transferability for the children of military personnel who transfer to Hawaii by making permanent the Interstate Compact on Educational Opportunity for Military Children (Compact). This bill also amends the Compact by, among other things, clarifying military representation on the State Council on Educational Opportunity for Military Children (State Council) within the Board of Education.

Your Committee on Conference has amended this bill by:

- (1) Replacing the Executive Branch representative on the State Council with the Governor or the Governor's designee; 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. 4, 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. 4, H.D. 2, S.D. 2, C.D. 1.

Representatives Takumi, Aquino, Cullen and Johanson.
Managers on the part of the House.

Senators Tokuda, Espero, Kidani, Kouchi and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 86 on H.B. No. 739

The purpose of this bill is to:

- (1) Amend the definition of "community care foster family home" to include the requirements that:
 - (A) Community care foster family homes be certified and in operation for at least one year prior to being certified for a third client; and
 - (B) The substitute caregiver be a Nurse Aide (NA) who has completed a minimum of 12 hours of continuing education every calendar year and the primary caregiver be a Certified Nurse Aide (CNA) for community care foster family homes certified for a maximum of three clients;

and
- (2) Require a community care foster family home to:
 - (A) Individually name each substitute caregiver on its liability insurance policy; and
 - (B) Ensure that the following are current and made available for inspection by the Department of Human Services (DHS) and the clients of the community care foster family homes:
 - (i) Proof that a substitute caregiver possesses the requisite skills to qualify as a NA; and
 - (ii) Proof of certifications for CNAs.

Your Committee on Conference finds that DHS has indicated an interest in working with the Office of Language Access to assist NAs and CNAs with test-taking and continuing education.

Your Committee on Conference has amended this bill by:

- (1) Specifying that for community care foster family homes certified for a maximum of three clients, the substitute caregiver must be an NA who has completed a state-approved training program and other training as required by DHS;
- (2) Removing provisions that require a community care foster family home to:
 - (A) Individually name each substitute caregiver on its liability insurance policy; and
 - (B) Ensure that the following are current and made available for inspection by DHS and the clients of the community care foster family homes:
 - (i) Proof that a substitute caregiver possesses the requisite skills to qualify as a NA; and
 - (ii) Proof of certifications for CNAs;

- (3) Requiring DHS to adopt rules relating to various requirements, including caregiver age and continuing education, absence and presence of primary caregivers in community care foster family homes, and work experience for substitute caregivers caring for three clients in community care foster family homes;
- (4) Requiring DHS to evaluate the implementation of the provisions of this bill and provide a report to the Legislature no later than 20 days prior to the convening of the Regular Session of 2012;
- (5) Changing its effective date to July 1, 2011, with a repeal date of June 30, 2013; 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. 739, 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. 739, H.D. 2, S.D. 1, C.D. 1.

Representatives Mizuno, M. Lee, Hashem and Pine.
Managers on the part of the House.

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

Conf. Com. Rep. 87 on H.B. No. 605

The purpose of this bill is to establish the Reduced Ignition Propensity Cigarette Program Special Fund as a mechanism for the State Fire Council to fund administrative staff positions and carry out the duties of the Reduced Ignition Propensity Cigarette Program.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the full-time administrator and full-time assistant within the State Fire Council shall, among their duties:
 - (A) Receive certifications for approximately 600 different brands and styles of cigarettes from the manufacturers;
 - (B) Compile a list of the cigarette brands and styles for which manufacturers have submitted certifications, verify tax stamp compliance with the Department of the Attorney General, and post the list of certified brands and styles on a state website for informational purposes only; and
 - (C) If needed, submit certified cigarettes to an accredited laboratory for testing to verify that performance standards have been met; 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. 605, 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. 605, H.D. 2, S.D. 2, C.D. 1.

Representatives Aquino, Cullen, Morikawa, Yamane and Fontaine.
Managers on the part of the House.
(Representative Yamane was excused.)

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

Conf. Com. Rep. 88 on H.B. No. 1085

The purpose of this bill is to amend the State's controlled substances law.

Specifically, this measure:

- (1) Makes the Hawaii statutes on controlled substances consistent with federal laws on controlled substances;
- (2) Adds substances of concern to the list of controlled substances that must be electronically reported to Hawaii's electronic prescription monitoring program; and
- (3) Increases the fee for the registration certificate for qualifying patients for the medical use of marijuana.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the fee charged for registration certificates to qualifying patients for the medical use of marijuana is not to exceed \$35;
- (2) Changing its effective date to July 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. 1085, 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. 1085, H.D. 2, S.D. 2, C.D. 1.

Representatives Aquino, Keith-Agaran, Cullen, Yamane and Fontaine.
Managers on the part of the House.

Senators Hee, Kidani and Shimabukuro.
Managers on the part of the Senate.

Conf. Com. Rep. 89 on H.B. No. 1052

The purpose of this bill is to adopt amendments to provisions of the Insurance Code relating to surplus lines insurance to comply with the federal Nonadmitted and Reinsurance Reform Act of 2010 and to participate in a multistate cooperative to collect and distribute surplus lines insurance premium taxes and fees among compact members.

Your Committee on Conference amended this bill by changing the effective date to June 1, 2011, and making technical, nonsubstantive amendments for style and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1052, 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. 1052, H.D. 2, S.D. 1, C.D. 1.

Representatives Herkes, Keith-Agaran, Chong, Ito, Souki and Marumoto.
Managers on the part of the House.
(Representatives Keith-Agaran and Souki were excused.)

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

Conf. Com. Rep. 90 on H.B. No. 1079

The purpose of this bill is to protect Hawaii's threatened and endangered species by:

- (1) Authorizing the Department of Land and Natural Resources (DLNR) to collect fees to cover the costs of their Habitat Conservation Technical Assistance Program, which assists landowners in the development, review, and monitoring of habitat conservation plans;
- (2) Requiring DLNR to adopt rules for the establishment of the fees; and
- (3) Providing for the fees to be deposited into the Endangered Species Trust Fund.

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

- (1) Allowing DLNR to collect fees and payment for costs incurred for use of the Habitat Conservation Technical Assistance Program in the development, review, or monitoring of a specific habitat conservation plan;
- (2) Specifying that the fees will be charged at an hourly rate of \$50;
- (3) Specifying that the fees and payment for costs collected by DLNR must be deposited into the Endangered Species Trust Fund; 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. 1079, 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. 1079, H.D. 2, S.D. 1, C.D. 1.

Representatives Chang, Har, Ito, Tokioka and Riviere.
Managers on the part of the House.
(Representative Ito was excused.)

Senators Dela Cruz, Solomon and Kidani.
Managers on the part of the Senate.
(Senator Kidani was excused.)

Conf. Com. Rep. 91 on H.B. No. 1000

The purpose of this bill is to clarify and update the Enhanced 911 Law, Chapter 138, Hawaii Revised Statutes.

Specifically, this measure, among other things:

- (1) Renames the Wireless Enhanced 911 Board the Enhanced 911 Board (Board);
- (2) Expands the Board's membership from eleven to 13 to include an additional representative from the City and County of Honolulu and a representative of a provider of voice over internet protocol communications service;
- (3) Expands the monthly enhanced 911 surcharge to all communication service connections, except those provided by the public utility providing land line enhanced 911 services;
- (4) Expands the authority of the Board to make expenditures from the Enhanced 911 Fund from those necessary to recover the cost of providing wireless enhanced 911 service to include expenditures for sustaining current enhanced 911 service and funding future technologies;
- (5) Permits the public utility providing land line enhanced 911 services to retain the land line enhanced 911 service surcharge authorized by section 269-16.95, Hawaii Revised Statutes;
- (6) Prohibits the Board from retaining an accounting firm, consultant, or other third party if the third party has a conflict of interest;
- (7) Extends the State's limitation of liability with regard to provision of enhanced 911 services to accounting firms, consultants, or other third parties retained by the Board; and
- (8) Authorizes the Board to adopt administrative rules pursuant to Chapter 91, Hawaii Revised Statutes.

Your Committee on Conference has amended this measure by:

- (1) Adding the definition of "911 coordinator";
- (2) Adding the definition of "911 service";
- (3) Changing its effective date to July 1, 2011; 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. 1000, 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. 1000, H.D. 2, S.D. 2, C.D. 1.

Representatives Aquino, Herkes, Cullen, Ichiyama and Fontaine.
Managers on the part of the House.
(Representative Ichiyama was excused.)

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

Conf. Com. Rep. 92 on H.B. No. 688

The purpose of this bill is to create a safe and civil learning environment for all students in public schools by, among other things, requiring the Board of Education (BOE) to:

- (1) Monitor the Department of Education (DOE) for compliance with administrative rules or statutes governing bullying, cyberbullying, and harassment; and
- (2) Establish reporting requirements by which DOE can report on its compliance to BOE.

Your Committee on Conference notes that while this bill is specifically tailored to address bullying within the public school system, the issue is pervasive throughout society as a whole and it is incumbent on the Legislature to consider the subject within that context. It is your Committee on Conference's intent to take up the subject with a more universal emphasis during the interim, including consideration of broader offenses and specific consequences and penalties for those who engage this type of negative behavior.

Your Committee on Conference has amended this bill by:

- (1) Removing definitions for "bullying", "cyberbullying", and "harassment";
- (2) Specifying that "bullying", "cyberbullying", and "harassment", as used in the bill, will have the same meaning as in any Department of Education administrative rules or statutes governing bullying, cyberbullying, and harassment;
- (3) Changing its effective date to July 1, 2011; 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. 688, 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. 688, H.D. 2, S.D. 2, C.D. 1.

Representatives Takumi, B. Oshiro, M. Lee, Awana, Saiki and Johanson.
Managers on the part of the House.
(Representative Saiki was excused.)

Senators Tokuda, Hee, Kidani, Kouchi and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 93 on H.B. No. 491

The purpose of this bill is to require the Department of Public Safety to seek and obtain accreditation for the Sheriff Division from the Commission on Accreditation for Law Enforcement Agencies, Inc.

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. 491, 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. 491, H.D. 1, S.D. 1, C.D. 1.

Representatives Aquino, Cullen, Awana, Saiki and Fontaine.
Managers on the part of the House.
(Representative Saiki was excused.)

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

Conf. Com. Rep. 94 on H.B. No. 423

The purpose of this bill is to help to reduce the State's dependence on fossil fuels, its need for increased landfill space, and costs associated with transportation and disposal of waste, including organic feedstock and tires, by authorizing the issuance of special purpose revenue bonds in a total amount not to exceed \$40,000,000 to assist Carbon Bio-Engineers, Inc., or a partnership in which Carbon Bio-Engineers, Inc. is a general partner, with the establishment of cogeneration and related energy-production facilities at various locations in the State.

Your Committee on Conference has amended this bill by changing its effective date 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. 423, 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. 423, H.D. 1, S.D. 1, C.D. 1.

Representatives Coffman, Kawakami, Chong, Ichiyama and Thielen.
Managers on the part of the House.
(Representative Chong was excused.)

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

Conf. Com. Rep. 95 on H.B. No. 855

The purpose of this bill is to assist in the development of clean and renewable energy by authorizing the issuance of up to \$25,000,000 in special purpose revenue bonds to assist Pacific Power and Water Company, Inc., in the development of hydropower facilities in Hawaii.

Your Committee on Conference has amended this bill by changing its effective date 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. 855, 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. 855, H.D. 1, S.D. 1, C.D. 1.

Representatives Coffman, Kawakami, Ichiyama and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 96 on H.B. No. 1286

The purpose of this bill is to help increase the availability of energy in the form of electricity or biofuels by authorizing the issuance of up to \$100,000,000 in special purpose revenue bonds to assist BioEnergy Hawaii, LLC, in establishing a cogeneration facility and related energy production facilities for electrical output or biofuels energy, or both.

Your Committee on Conference has amended this bill by changing its effective date 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. 1286, 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. 1286, H.D. 2, S.D. 1, C.D. 1.

Representatives Coffman, Kawakami, Evans and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 97 on H.B. No. 301

The purpose of this bill is to require fees prescribed by the Hawaii Supreme Court for electronic document certification, electronic copies of documents, and for providing bulk access to electronic court records and compilations of data to be deposited into the Judiciary Computer System Special Fund.

Your Committee on Conference has amended this measure by changing its effective date 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. 301, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 301, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Choy, Brower, Luke, Tokioka and Thielen.
Managers on the part of the House.
(Representative Tokioka was excused.)

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

Conf. Com. Rep. 98 on H.B. No. 545

The purpose of this bill is to require the Chief Election Officer to create, implement, and maintain an electronic system for voter registration that is publicly available on the website of the Office of Elections.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 545, 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. 545, H.D. 1, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Choy, B. Oshiro and Thielen.
Managers on the part of the House.

Senators Hee, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 99 on H.B. No. 828

The purpose of this bill is to:

- (1) Require that those businesses conducting more than ten taxable transactions per day in cash must offer a receipt or other record and maintain a contemporaneously generated record of all business transactions whether generated by hand or cash register;
- (2) Provide that where the violator is otherwise in compliance with Title 14, Hawaii Revised Statutes, relating to taxation, the fine imposed shall be as determined by the Department of Taxation; and
- (3) Repeal the current provision prohibiting businesses from conducting more than ten taxable business transactions per day in cash without recording the transaction in a cash register, if available.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 828, 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. 828, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 100 on H.B. No. 838

The purpose of this bill is to allow the Reapportionment Commission to complete its work by:

- (1) Funding five full-time, temporary positions in the Office of Elections to provide support to the Reapportionment Commission; and
- (2) Providing funds for the functions of the Reapportionment Commission, Office of Elections, and the Elections Commission in regards to reapportionment.

Pursuant to the requirements set forth in Article VII, Section 9, of the Hawaii State Constitution, the Governor, in Governor's Message No. 103, requested immediate consideration and passage of this bill by the Legislature.

Your Committee on Conference has amended this measure by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 838, 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. 838, H.D. 2, S.D. 1, C.D. 1.

Representatives Keith-Agaran, M. Oshiro, Evans, C. Lee, B. Oshiro and Thielen.
Managers on the part of the House.
(Representative B. Oshiro was excused.)

Senators Hee, Ige, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 101 on S.B. No. 1089

The purpose of this measure is to authorize the Department of Labor and Industrial Relations to exercise enforcement powers against an employer in a covered establishment that does not provide its employees and the Director of Labor and Industrial Relations sufficient written notification of a closing, divesture, partial closing, or relocation of the employer's covered establishment.

Your Committee on Conference finds that, under current law, when an employer of a covered establishment does not provide sufficient written notification of a closing, divesture, partial closing, or relocation of the employer's covered establishment, an aggrieved worker can enforce the penalties provided in the law against the violating employer only by filing a claim in court, which subjects the worker to expenses and delays that ultimately serve as a disincentive to the worker to assert that worker's rights under the law. The Department of Labor and Industrial Relations is in a far better position to enforce the notification law.

Your Committee on Conference has amended this measure by:

- (1) Deleting the language stating that the authorization for the Department of Labor and Industrial Relations to enforce the dislocated employees shall be "[n]otwithstanding any law to the contrary" because that provision is overly broad;
- (2) Making a conforming amendment to section 371-12, Hawaii Revised Statutes, relating to the powers and duties of the Department of Labor and Industrial Relations, to clarify that the Department of Labor and Industrial Relations shall have the duty to enforce the provisions of section 394B-9, Hawaii Revised Statutes, regarding dislocated workers;
- (3) Changing the effective date to July 1, 2011; and
- (4) 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. 1089, 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. 1089, S.D. 1, H.D. 2, C.D. 1.

Representatives Rhoads, McKelvey, Keith-Agaran, M. Oshiro, Choy, Yamashita and Johanson.
Managers on the part of the House.
(Representative McKelvey was excused.)

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

Conf. Com. Rep. 102 on S.B. No. 1328

The purpose of this measure is to:

- (1) Increase the annual motor vehicle registration fee from \$25 to \$45 and to increase the portion thereof that is deposited into the state highway fund from \$20 to \$40; and
- (2) Make an unspecified appropriation for each fiscal year of the next fiscal biennium out of the state highway fund for expenditure by the Department of Transportation for the operations and maintenance of the state highway system.

Your Committee finds that the Department of Transportation must provide a safe, efficient, and effective land transportation system for the movement of people and goods. However, the maintenance of state highways has not kept pace with the State's growing economy, land use development patterns, and increased demand for travel. Land transportation programs and projects will continue to deteriorate as demand for travel continues to increase. Concomitantly, the costs to manage, construct, and administer the transportation system continue to increase.

This measure improves the Department of Transportation's ability to construct, operate, and maintain the state highway system, including funding capital improvement projects and special maintenance programs. Failure to maintain state highways could bring a loss in federal funding for highways, including state matching funds for highway federal-aid programs.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation for the operations and maintenance of the state highway system, as that is included in the state budget; and
- (2) Changing the effective date 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 S.B. No. 1328, 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. 1328, S.D. 1, H.D. 2, C.D. 1.

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

Senators English, Ige, Kouchi, Galuteria and Kahele.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 103 on S.B. No. 1329

The purpose of this measure is to increase the annual State vehicle weight tax for the various weight categories of vehicles, and to make an unspecified appropriation for each fiscal year of the next fiscal biennium to fund the operation and maintenance of the state highway system.

Your Committee on Conference finds that the Department of Transportation must provide a safe, efficient, and effective land transportation system for the movement of people and goods. However, the maintenance of state highways has not kept pace with the State's growing economy, land use development patterns, and increased demand for travel. Land transportation programs and projects will continue to deteriorate as demand for travel continues to increase. Concomitantly, the costs to manage, construct, and administer the transportation system continue to increase.

This measure improves the Department of Transportation's ability to construct, operate, and maintain the state highway system, including funding capital improvement projects and special maintenance programs. Failure to maintain state highways could result in a loss of federal funding for highways, including state matching funds for highway federal-aid programs.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation to fund the operation and maintenance of the state highway system, as that is included in the state budget; and
- (2) Inserting an effective date of 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. 1329, 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. 1329, S.D. 1, H.D. 2, C.D. 1.

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

Senators English, Ige, Kouchi, Galuteria and Kahele.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 104 on S.B. No. 163

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) Correcting 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. 163, 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. 163, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 105 on S.B. No. 52

The purpose of this measure is to:

- (1) Include within the definition of "sexual offense" for purposes of requiring registration as a sex offender, the following offenses:
 - (A) Promoting prostitution in the first degree pursuant to section 712-1202(1)(a), Hawaii Revised Statutes;
 - (B) Promoting prostitution in the second degree pursuant to section 712-1203(1), Hawaii Revised Statutes; and
 - (C) Violation of privacy in the first degree pursuant to section 711-1110.9, Hawaii Revised Statutes;
- (2) Add the offense of violation of privacy in the first degree pursuant to section 711-1110.9, Hawaii Revised Statutes, to the list of Tier 1 offenses for purposes of determining the length of time an offender would need to register; and
- (3) Apply the amendments regarding violation of privacy in the definition of "sexual offense" retroactively to any person convicted of or charged with that offense.

Your Committee on Conference finds that the offense of violation of privacy in the first degree involves the installation or use of "any device for observing, recording, amplifying, or broadcasting another person in a stage of undress or sexual activity in that place." The statute clearly prohibits sexual misconduct, and the legislative history of section 711-1110.9, Hawaii Revised Statutes, confirms a specific legislative intent to address misconduct of a sexual nature. Therefore, the inclusion of this offense within the group of offenses that are subject to sex offender registration is logical.

Your Committee on Conference notes that section 846E-10(c), Hawaii Revised Statutes, designates certain offenses as Tier 2 offenses and provides the time period for which an offender must register when convicted of a specific offense. The list of Tier 2 offenses includes section 712-1203(1)(b), Hawaii Revised Statutes; however, section 712-1203, Hawaii Revised Statutes, was amended by Act 147, Session Laws of Hawaii 2008, as described more fully below, and the current version of section 712-1203, Hawaii Revised Statutes, does not contain a subsection (1)(b). Due to the effect that repealing the reference to section 712-1203(1)(b) may have on the length of time an offender must register, your Committee on Conference believes that Act 147 should be referenced in conjunction with the obsolete statutory reference.

Act 147 (2008) amended section 712-1203, Hawaii Revised Statutes, to repeal the conduct described in section 712-1203(1)(b), Hawaii Revised Statutes, promoting prostitution in the second degree, which consisted of knowingly advancing or profiting from prostitution of a person less than eighteen years old. Prior to Act 147's enactment, section 712-1202, Hawaii Revised Statutes, promoting prostitution in the first degree, contained a similar prohibition, but concerned the prostitution of persons less than sixteen years of age. Act 147 (2008) amended the offense of promoting prostitution in the first degree to revise the age of the victim from less than sixteen to less than eighteen years of age. This change essentially upgraded the conduct described in section 712-1203(1)(b), Hawaii Revised Statutes, from a class C felony to a class B felony. Your Committee on Conference believes that a person convicted of knowingly advancing or profiting from the prostitution of a person less than eighteen years old, no matter under which statutory section, should

be required to register as a sex offender. Accordingly, your Committee on Conference believes that that the statutory references should be updated to avoid a different result.

Your Committee on Conference has amended this measure by:

- (1) Amending the statutory reference to section 712-1203(1)(b), Hawaii Revised Statutes, in section 846E-10(c), Hawaii Revised Statutes, which designates Tier 2 offenses, to reference the form of section 712-1203(1)(b), Hawaii Revised Statutes, in effect prior to the enactment of Act 147 (2008);
- (2) Amending section 846E-10(d), Hawaii Revised Statutes, relating to Tier 1 offenses, to include the offenses of:
 - (A) Violation of privacy in the first degree under section 711-1110.9, Hawaii Revised Statutes;
 - (B) Promoting prostitution in the first degree under section 712-1202(1)(a), Hawaii Revised Statutes; and
 - (C) Promoting prostitution in the second degree under section 712-1203(1), Hawaii Revised Statutes; and
- (3) Changing the effective date 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 S.B. No. 52, 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. 52, S.D. 1, H.D. 1, C.D. 1.

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

Senators Hee, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 106 on S.B. No. 1274

The purpose of this measure is to update Hawaii's Patients' Bill of Rights and Responsibilities Act, chapter 432E, Hawaii Revised Statutes, to conform to the requirements of the federal Patient Protection and Affordable Care Act of 2010, Public Law No. 111-148.

Your Committee on Conference finds that the enactment of the amendments to Hawaii's Patients' Bill of Rights and Responsibilities as contained in this measure is necessary to ensure that Hawaii remains in compliance with federal law. When the external review provisions of the federal Patient Protection and Affordable Care Act are fully effectuated, Hawaii's health care consumers will be prohibited from using the current procedure for external review of insurers' adverse decisions contained in the Patients' Bill of Rights and Responsibilities. Further, irrespective of any federal mandates, Hawaii's external review process has devolved from a broad consumer protection program to a narrowly available process that is inaccessible to most of Hawaii's insured individuals. Amendment of the available external review process is necessary to provide this important avenue of relief to all of the State's health care consumers.

Your Committee on Conference is mindful that many individuals have found remedy for denials of service or coverage in Hawaii's process and that the current external review system has served as a valuable locus of advocacy for equitable health care policy. However, the system is currently broken and, in the face of its narrowing applicability and a federal mandate for reform, the State is obligated to implement new and innovative measures that still provide a high level of consumer protection.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the filing fee for a request for external review shall be \$15, with an aggregate annual limit of \$60, and shall be deposited into the Compliance Resolution Fund established pursuant to section 26-9(o), Hawaii Revised Statutes;
- (2) Restoring a provision from previous Senate Drafts of this measure, which authorizes the Insurance Commissioner to approve up to three independent review organizations to serve beginning on the effective date of this measure until the initial procurement process is completed and to approve up to three independent review organizations, notwithstanding chapter 103D, Hawaii Revised Statutes, to serve in any year in which the procurement process does not yield at least three eligible independent review organizations;
- (3) Directing the Insurance Commissioner to submit a report to the Legislature prior to the convening of the 2012 Regular Session on the implementation of this measure including the names of independent review organizations contracted by the State and data on outcomes of external reviews;
- (4) Directing the Insurance Commissioner to assist the Department of Human Services and the Hawaii Employer-Union Health Benefits Trust Fund in collecting data on outcomes of each of those organization's review processes, comparing the outcomes to those of independent review organizations, and analyzing the relative benefit to health care consumers of each review process; and
- (5) Inserting an effective date of June 30, 2011, and deleting the retroactive application of this measure 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. 1274, 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. 1274, S.D. 2, H.D. 3, C.D. 1.

Representatives Yamane, Herkes, Keith-Agaran, M. Lee, Mizuno, Morikawa and Pine.
Managers on the part of the House.
(Representative M. Lee was excused.)

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

Conf. Com. Rep. 107 on S.B. No. 1221

The purpose of this measure is to:

- (1) Authorize a contractor to withdraw a bid prior to an award of a contract if the contractor finds that it is unable to comply with the eighty percent Hawaii resident workforce requirement; and
- (2) Amend the sanctions for general contractors and subcontractors who fail to comply with requirements under state resident employment requirements under chapter 103B, Hawaii Revised Statutes.

Section 103B-3, Hawaii Revised Statutes, requires that at least eighty percent of the workforce on certain construction projects must be Hawaii residents. This measure is intended to ease the administrative burden on general contractors and subcontractors by, among other things, requiring them to certify compliance with section 103B-3, Hawaii Revised Statutes, only once at final completion of the contract.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the withdrawal of a bid by the contractor is without penalty;
- (2) Deleting the sanction of recovery by the State or county of any monies expended on the contract or subcontract; and
- (3) Inserting an effective date of 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. 1221, 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. 1221, S.D. 2, H.D. 1, C.D. 1.

Representatives Rhoads, McKelvey, Yamashita, Cullen, Ichiyama and Fontaine.
Managers on the part of the House.
(Representative McKelvey was excused.)

Senators Espero, Hee and Ryan.
Managers on the part of the Senate.

Conf. Com. Rep. 108 on S.B. No. 1348

The purpose of this measure is to establish a nonprofit health insurance exchange, to be known as the Hawaii Health Connector, to facilitate the purchase and sale of qualified health plans and to facilitate the regulation of health plans in compliance with the federal Patient Protection and Affordable Care Act of 2010.

Your Committee on Conference finds that the federal Patient Protection and Affordable Care Act requires each state to establish a health insurance exchange to regulate health insurance plans and distribute information to consumers. Under the federal law, if a state does not establish an exchange that complies with minimum standards, the federal government will take over that function, thus removing the state's regulatory authority. Because of Hawaii's unique health care market and in deference to the State's local culture, it is in the best interest of the State to retain regulatory control over all aspects of its domestic health insurance industry.

The establishment and implementation of the Hawaii Health Connector will be an ongoing process requiring continuing dialogue among stakeholders and consideration of a variety of issues. Therefore, this measure empowers the State Health Insurance Exchange Task Force initially convened by the Insurance Commissioner to thoroughly investigate the issues and make recommendations for the management of the Hawaii Health Connector. It is the prudent course of action to take concrete steps now to ensure that the State is able to timely implement the Hawaii Health Connector in accordance with federal law in order to preserve the State's continuing eligibility for federal grants and technical assistance.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that qualified dental plans are included in all applicable provisions of the measure;
- (2) Specifying a \$750,000 amount for the appropriation from the federal funds received pursuant to the Catalog of Federal Domestic Assistance number 93.525;
- (3) Inserting an effective date of upon approval; and
- (4) Specifying that the appropriation made from Catalog of Federal Domestic Assistance number 93.525 shall be effective 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. 1348, 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. 1348, S.D. 2, H.D. 3, C.D. 1.

Representatives Yamane, Herkes, M. Oshiro, Chong, Morikawa and Pine.
Managers on the part of the House.

(Representatives Chong and M. Oshiro were excused.)

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

Conf. Com. Rep. 109 on S.B. No. 1174

The purpose of this measure is to:

- (1) Require the Charter School Administrative Office to include with its budget and capital improvement projects request, a detailed explanation of the formula used for needs-based facilities funding requests and a funding request breakdown by school;
- (2) Re-establish the Charter Schools Facilities Funding Task Force and require the task force to develop a needs-based facilities funding formula, process, or both, for charter schools;
- (3) Permit charter schools to appeal a denial of reauthorization by the Charter School Review Panel to the Board of Education;
- (4) Require charter schools and their local school boards to develop internal policies and procedures consistent with ethical standards of conduct;
- (5) Change the frequency of each charter school's evaluation to every six years from every five years after the initial evaluation; and
- (6) Establish the Task Force on Charter School Governance, Accountability, and Authority to provide clarity to the relationships, responsibilities, and lines of accountability and authority among stakeholders of the charter school system.

Your Committee on Conference finds that as charter schools continue to become a visible component of the education system in Hawaii, it is imperative to clarify the duties and responsibilities of the Charter School Review Panel and the local school boards to ensure that all charter schools are using funds effectively and transparently while meeting their educational goals.

Your Committee on Conference has amended this measure by:

- (1) Deleting the language that re-established the Charter Schools Facilities Funding Task Force;
- (2) Adding language to require local school boards to have oversight over charter schools and to task the Charter School Review Panel with ensuring that local school boards are fulfilling their oversight responsibilities;
- (3) Adding language to give the Charter School Review Panel the power to conduct special monitoring of and temporarily withhold an allocation from a charter school for noncompliance issues;
- (4) Requiring that all notices and agendas for local school board meetings be posted on the Charter School Administrative Office's internet website;
- (5) Requiring local school boards to maintain a list of the names and contact information of current local school board members and officers and post the information on the Charter School Administrative Office's internet website;
- (6) Specifying that the Chair of the Senate Committee on Education and the Chair of the House Committee on Education, or their designees, shall serve as co-chairs of the Task Force on Charter School Governance, Accountability, and Authority;
- (7) Amending the membership of the Task Force on Charter School Governance, Accountability, and Authority, by removing the member from a start-up charter school and adding the Executive Director of the Hawaii Charter Schools Network, or the Executive Director's designee;
- (8) Clarifying that the Task Force on Charter School Governance, Accountability, and Authority shall also:
 - (A) Identify oversight and monitoring responsibilities of the Charter School Review Panel, the Charter School Administrative Office, and the local school boards and develop a process for enforcement; and
 - (B) Discuss funding-related issues, including but not limited to appropriate funding levels for the Charter School Administrative Office; and
- (9) 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. 1174, 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. 1174, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, M. Oshiro, Belatti, M. Lee and Johanson.
Managers on the part of the House.
(Representative Belatti was excused.)

Senators Tokuda, Kidani and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 110 on S.B. No. 1284

The purpose of this measure is to:

- (1) Authorize the Department of Education to monitor students with disabilities who are placed, at the Department's expense, at private special education schools or placements;
- (2) Require private special education schools or placements to post rates, fees, and tuition by April of each year; and
- (3) Require the Department to pay only for private special education school or placement services that are specified in a student's Individualized Education Program and to withhold payment to private special education schools or placements that restrict or deny monitoring by the Department.

Your Committee on Conference finds that the Department of Education has the responsibility to ensure that students with disabilities who are placed in private special education schools or placements are provided special education and related services in conformance with their Individualized Education Programs. In order for the Department to fulfill this obligation, it must have access to monitor students with disabilities in private special education schools or placements.

Your Committee has amended this measure by:

- (1) Deleting the exemption from the requirements of this measure for those schools that are full and accredited members in good standing of the Hawaii Catholic Schools; and
- (2) Changing the effective date 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 S.B. No. 1284, 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. 1284, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, M. Lee, Belatti, C. Lee and Johanson.
Managers on the part of the House.
(Representative Belatti was excused.)

Senators Tokuda, Chun Oakland, Kidani and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 111 on H.B. No. 1070

The purpose of this bill is to amend the law to establish a specific time limit for an order of post-acquittal conditional release when the defendant is charged with a petty misdemeanor, misdemeanor, or violation.

Your Committee on Conference has amended this measure by changing its effective date 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. 1070, 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. 1070, H.D. 2, S.D. 2, C.D. 1.

Representatives Keith-Agaran, Choy, Ito, B. Oshiro, Souki and Thielen.
Managers on the part of the House.
(Representative Souki was excused.)

Senators Hee, Kidani, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 112 on H.B. No. 1333

The purpose of this bill is to increase the maximum amount for which a claim may be filed in the small claims division of the district court to a monetary claim that is less than \$5,000.

Your Committee on Conference has amended this measure by 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. 1333, 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. 1333, H.D. 1, S.D. 1, C.D. 1.

Representatives Keith-Agaran, Choy, Belatti, Luke and Thielen.
Managers on the part of the House.
(Representative Belatti was excused.)

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

Conf. Com. Rep. 113 on H.B. No. 1368

The purpose of this bill is to:

- (1) Establish that a candidate who withdraws the candidate's own nomination papers prior to the close of the filing deadline will not be considered to have caused a vacancy that may be filled by a party; and
- (2) Define the term "party candidate" as it applies to the laws governing the filling of vacancies caused by the death, withdrawal, or disqualification of a candidate.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 1368, 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. 1368, H.D. 2, S.D. 1, C.D. 1.

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

Senators Hee, Shimabukuro and Slom.
Managers on the part of the Senate.

Conf. Com. Rep. 114 on H.B. No. 1613

The purpose of this bill is to improve access to voter registration by:

- (1) Requiring that applications to register to vote in person or by mail include a space to request a permanent absentee ballot;
- (2) Removing the limitation that a person registered to vote may not request an absentee ballot or permanent absentee ballot in person or in writing from the clerk earlier than the 60th day prior to the election, provided the request is made no later than seven days prior to the election;
- (3) Requiring the Chief Election Officer to inform persons applying to register to vote of the option of applying for permanent absentee voter status and provide necessary forms to request the option; and
- (4) Requiring the Office of Elections to continue to use existing voter registration application forms where possible until new forms are available.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2011; 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. 1613, 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. 1613, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 115 on H.B. No. 889

The purpose and intent of this bill is to establish health care-associated infection reporting requirements to ensure that Hawaii is consistent with the efforts of federal agencies to control health care-associated infections and to ensure that the Department of Health has access to health care-associated infection data reported by Hawaii's health care providers to the federal government.

Your Committee on Conference has amended this bill by:

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 889, 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. 889, H.D. 2, S.D. 2, C.D. 1.

Representatives Yamane, Keith-Agaran, Morikawa, Nishimoto and Ching.
Managers on the part of the House.

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

Conf. Com. Rep. 116 on H.B. No. 761

The purpose and intent of this bill is to amend references in the Hawaii Revised Statutes by substituting "intellectual disability", or like term, wherever the term "mental retardation", or like term, appears, in order to bring language within the Hawaii Revised Statutes in line with language recognized by the federal government under Public Law 111-256.

Your Committee on Conference has amended this measure by 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. 761, 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. 761, H.D. 1, S.D. 2, C.D. 1.

Representatives Yamane, M. Oshiro, Mizuno, Morikawa, Wooley and Ching.
Managers on the part of the House.
(Representative Mizuno was excused.)

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

Conf. Com. Rep. 117 on H.B. No. 1045

The purpose of this bill is to update the State's Insurance Code by adopting:

- (1) The revisions to the National Association of Insurance Commissioners model laws; and
- (2) Regulations for risk-based capital trend test for property and casualty insurers required for accreditation.

Your Committee on Conference has amended this measure by 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. 1045, 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. 1045, H.D. 1, S.D. 2, C.D. 1.

Representatives Yamane, Herkes, Morikawa, Ito, Souki and Ching.
Managers on the part of the House.
(Representatives Ito and Souki were excused.)

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

Conf. Com. Rep. 118 on H.B. No. 801

The purpose of this Act is to clarify the Department of Taxation's (DOTAX) subpoena authority for civil or criminal inquiries, investigations, and hearings.

Your Committee on Conference finds that this measure will assist DOTAX in enforcing the tax laws of the State. Facilitating the collection of delinquent taxes, which is particularly important in light of the State's current fiscal crisis, will help the State meet its financial obligations.

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

- (1) In lieu of civil or criminal inquiries, clarifying the Director of DOTAX's authority to conduct civil audits and criminal investigations;
- (2) Changing its effective date to July 1, 2011; 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. 801, 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. 801, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Choy, Awana, Jordan, B. Oshiro and Marumoto.
Managers on the part of the House.
(Representatives Jordan and Marumoto were excused.)

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

Conf. Com. Rep. 119 on H.B. No. 667

The purpose of this bill is to establish a food safety and security program within the Department of Agriculture to provide training, certification, support, and assistance to the agricultural industry in the areas of food safety and security.

Your Committee on Conference finds that food safety problems represent a potentially serious threat to public health. The program established by this measure should help to provide overall support and leadership on this important matter.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provisions requiring DOA to establish rules for the production, processing, and distribution of food products or agricultural commodities to meet state and federal food safety standards;
- (2) Changing its effective date to July 1, 2011; 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. 667, 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. 667, H.D. 1, S.D. 2, C.D. 1.

Representatives McKelvey, Tsuji, Choy, Evans, Hashem and Marumoto.
Managers on the part of the House.
(Representative Marumoto was excused.)

Senators Nishihara, Fukunaga, Kidani, Dela Cruz and Slom.
Managers on the part of the Senate.
(Senator Kidani was excused.)

Conf. Com. Rep. 120 on H.B. No. 1342

The purpose of this bill is to expedite the deployment of broadband infrastructure by:

- (1) Temporarily exempting actions relating to the installation, improvement, construction, or development of infrastructure relating to broadband service or broadband technology (broadband infrastructure development) from county permitting requirements and state permitting and approval requirements, under certain conditions; and
- (2) Establishing that no person or entity shall be required to upgrade or replace an existing utility pole when using that utility pole to install new or improve existing telecommunications cables, under certain conditions.

Your Committee on Conference finds that the implementation of broadband technology is critical to improving the productivity of various sectors of our economy. Your Committee on Conference finds that the exemptions from certain permitting requirements contained in this measure represent an important step in promoting investment in broadband infrastructure in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that broadband infrastructure development shall be exempt from Public Utilities Commission (PUC) rules under Hawaii Administrative Rules, Chapter 6-73;
- (2) Making the permitting and approval exemptions for broadband infrastructure development not applicable in the event that such permitting and approval are required by federal law or are necessary to protect eligibility for federal funding;
- (3) Specifying as a condition for the permitting and approval exemptions for broadband infrastructure development that the development be directly related to the improvement of existing telecommunications cables or the installation of new telecommunications cables:
 - (A) On existing or replacement utility poles and conduits; and
 - (B) Using existing infrastructure and facilities;
- (4) Requiring a person or entity to use reasonable best efforts to comply with all applicable safety and engineering requirements related to the broadband infrastructure development;
- (5) Requiring a person or entity taking any action relating to broadband infrastructure development to provide notice, at least thirty days before the action, to the Director of Commerce and Consumer Affairs (Director), with certain exceptions;

- (6) With respect to the prohibition on requiring upgrade or replacement of utility poles:
 - (A) Deleting the condition that the overall weight load on the utility pole shall not exceed maximum utility pole safe weight capacities established by the PUC and the Federal Communications Commission;
 - (B) Clarifying the condition that the overall weight load and the diameter of the attachment on the utility pole following the installation or improvement shall not exceed the overall weight load and diameter of the attachment prior to the installation or improvement;
 - (C) Clarifying that the new installation or improvement of telecommunication cables shall not cause the utility pole to be less safe or reliable;
 - (D) Clarifying that the PUC may allow a public utility to recover all prudently incurred costs through rates, charges, or clauses approved or established by PUC, and specifying that recovery of all prudently incurred costs shall apply to a broadband service provider; and
 - (E) Establishing requirements for a utility in cases where the utility denies a written request for access to a utility pole;
- (7) With respect to the review and reporting requirements, deleting the provision specifying that the Director consult with the Cable Television Administrator (Administrator);
- (8) In lieu of the Administrator, making the Director the chair and a member of the Broadband Assistance Advisory Council and the convenor and a member of the broadband working group;
- (9) Changing its effective date to July 1, 2011; and
- (10) 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. 1342, 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. 1342, H.D. 1, S.D. 2, C.D. 1.

Representatives McKelvey, Herkes, Yamashita, Choy, Tokioka and Marumoto.
Managers on the part of the House.
(Representatives Choy and Herkes were excused.)

Senators Fukunaga, Espero, Baker, Solomon and Slom.
Managers on the part of the Senate.
(Senators Solomon and Slom were excused.)

Conf. Com. Rep. 121 on H.B. No. 1060

The purpose of this bill is to clarify laws relating to information technology established in Act 200, Session Laws of Hawaii 2010, including:

- (1) Specifying that the Chief Information Officer's (CIO) staff be exempt from civil service, public service, and collective bargaining laws;
- (2) Transferring the Shared Services Technology Special Fund (Special Fund) from the Department of Budget and Finance to the Department of Accounting and General Services;
- (3) Authorizing the CIO and Comptroller to raise funds and accept donations for the Special Fund;
- (4) Requiring the CIO to submit annual reports to the Governor and the Legislature; and
- (5) Appropriating funds to the Special Fund.

Your Committee on Conference has amended this bill by:

- (1) Adding a purpose and findings section;
- (2) Clarifying that CIO staff only be exempt from civil service and collective bargaining laws;
- (3) Correcting the name of the Information Technology Steering Committee Trust Account to the Information Technology Trust Account;
- (4) Allowing the CIO to receive donated services and property for which funding is not required;
- (5) Specifying that 3 percent of central service fees be deposited into the Special Fund;
- (6) Appropriating \$1,200,000 from the Special Fund to fund the operations of the CIO and Information Technology Steering Committee;
- (7) Changing its effective date to July 1, 2011; and

- (8) 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. 1060, 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. 1060, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 122 on H.B. No. 1089

The purpose of this bill is to conform Hawaii income tax law to the Internal Revenue Code.

Your Committee on Conference has amended this bill by changing its effective date to "upon approval" and 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 H.B. No. 1089, 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. 1089, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 123 on H.B. No. 960

The purpose of this bill is to authorize:

- (1) The Hawaii Housing Finance and Development Corporation (HHFDC) to grant no-interest low-income housing tax credit loans to certain owners of qualified low-income buildings; and
- (2) The issuance of general obligation bonds for Fiscal Year (FY) 2011-2012 to fund the low-income housing tax credit loans.

It is your Committee on Conference's understanding that the authorization to issue \$7 million in general obligation bonds for FY 2011-2012 for low-income housing tax credit loans will be included in the General Appropriations Act of 2011.

Your Committee on Conference has amended this bill by:

- (1) Including a purpose section that sets forth the purpose of this bill, which is to encourage the development and preservation of rental housing for lower income household by creating a cost-effective financing mechanism for projects that are awarded state low-income housing tax credits;
- (2) Authorizing, rather than requiring, HHFDC to forgive, if the owner is not in default, the amount remaining under the no-interest loan to the owner of the qualified low-income building after 30 years;
- (3) Repealing provisions authorizing the issuance of general obligation bonds for FY 2011-2012 for low-income housing tax credit loans;
- (4) Changing its effective date to July 1, 2011; 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. 960, 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. 960, H.D. 1, S.D. 2, C.D. 1.

Representatives Chong, Jordan, Chang and Pine.
Managers on the part of the House.
(Representative Pine was excused.)

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

Conf. Com. Rep. 124 on H.B. No. 1405

The purpose of this bill is to:

- (1) Recognize the Native Hawaiian people as the only indigenous, aboriginal, maoli people of Hawaii; and
- (2) Establish a nine-member Native Hawaiian Roll Commission to, among other things, prepare and maintain a roll of qualified Native Hawaiians that will serve as the basis for eligibility to participate in the organization of the Native Hawaiian governing entity.

After careful consideration, your Committee on Conference has amended this bill by deleting its contents and reinserting House Draft No. 1 provisions that promote smart growth and sustainability in Hawaii by requiring the Office of Planning to develop a plan to establish a statewide system of greenways and trails. In addition, the effective date was changed 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. 1405, 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. 1405, H.D. 1, S.D. 1, C.D. 1.

Representatives Chang, Hanohano, Keith-Agaran, M. Oshiro, Har, Jordan, Nakashima and Riviere.
Managers on the part of the House.
(Representative M. Oshiro was excused.)

Senators Solomon, Kidani, Dela Cruz, Galuteria and Hee.
Managers on the part of the Senate.
(Senators Hee and Kidani were excused.)

Conf. Com. Rep. 125 on H.B. No. 1505

The purpose of this bill is to address the State's significant backlog of deferred facility maintenance and promote new construction projects by establishing public-private partnerships through the establishment of the State Facility Renovation Partnership Program.

Your Committee on Conference has amended this bill by changing its effective date 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. 1505, 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. 1505, H.D. 2, S.D. 1, C.D. 1.

Representatives Chang, M. Oshiro, Har, Ichiyama, Kawakami and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon, Kouchi and Ige.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 126 on H.B. No. 1082

The purpose of this bill is to establish a Conservation and Resources Enforcement Special Fund (Fund) to be administered by the Department of Land and Natural Resources.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provision that required general revenues to be deposited into the Fund for fiscal year 2011-2012;
- (2) Appropriating \$250,000 out of the Fund for fiscal year 2011-2012 to cover expenses related to enforcing natural, cultural, and historic resources protection laws and rules;
- (3) Changing its effective date to July 1, 2011; 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. 1082, 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. 1082, H.D. 1, S.D. 2, C.D. 1.

Representatives Chang, Har, Kawakami and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon and Ige.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 127 on H.B. No. 331

The purpose of this bill is to:

- (1) Change the maximum aggregate of the initial term and any extension of certain leases of public lands from 55 years to 65 years;
- (2) Broaden the restriction against introducing any species of aquatic life or wildlife, as defined in section 197-1, Hawaii Revised Statutes, to apply to any persons, rather than only to the Department of Land and Natural Resources; and
- (3) Establish a Public Land Development Corporation to administer a public-land development program.

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

- (1) Retaining only the provisions that change the maximum aggregate of the initial term and any extension of certain leases of public lands from 55 years to 65 years; and
- (2) 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. 331, 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. 331, H.D. 2, S.D. 2, C.D. 1.

Representatives Chang, Har, Kawakami, Nakashima, Tokioka, Tsuji and Riviere.
Managers on the part of the House.
(Representative Tsuji was excused.)

Senators Dela Cruz, Solomon, Kouchi, Ige, Ryan and Slom.
Managers on the part of the Senate.
(Senators Ige and Slom were excused.)

Conf. Com. Rep. 128 on H.B. No. 1164

The purpose of this bill is to:

- (1) Authorize the Department of Land and Natural Resources (DLNR) to consider the exchange of Sand Island parcels to leaseholders; and
- (2) Require DLNR to report its findings and recommendations to the Legislature no later than 20 days prior to the convening of the Regular Session of 2012.

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

- (1) Authorizing DLNR to review and consider the sale or exchange of Sand Island parcels to leaseholders;
- (2) Changing its effective date to July 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. 1164, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1164, H.D. 1, S.D. 1, C.D. 1.

Representatives Chang, M. Oshiro, Har, Ito, Tokioka and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Solomon, Ige, Kouchi and Slom.
Managers on the part of the Senate.
(Senators Ige and Slom were excused.)

Conf. Com. Rep. 129 on H.B. No. 300

The purpose of this bill is to appropriate funds for the operating budget and capital improvement project budget of the Judiciary for the 2011-2013 fiscal biennium.

Operating

Your Committee on Conference has carefully considered the Judiciary's budget request and sought to provide general funds to further the Judiciary's mission of administering justice in an impartial, efficient, and accessible manner.

Furlough days that were instituted because of the continued economic downturn have severely hampered the Judiciary's mission and resulted in an increase in workload over the past year, thereby decreasing service delivery and resulting in the elimination of some programs.

Your Committee on Conference finds that collective bargaining agreements for the upcoming biennium will eliminate the furlough of Judiciary employees. The agreement is expected to provide the state with approximately \$4,100,000 in general fund savings. This amount is reflected as a lump sum reduction to be allocated to programs by the Judiciary in accordance with accrued labor savings. Further, your Committee on Conference recommends that the Judiciary reduce spending by \$2,000,000 in general funds as its part of a statewide effort to balance the state's overall budget.

Capital Improvement Projects

Your Committee on Conference recommends total appropriations of \$31,424,000 in general obligation bond funding for capital improvement projects. Among other things, your Committee on Conference recommends:

- (1) \$12,000,000 for land acquisition and design for a new judiciary complex in Kona, Hawaii;
- (2) \$10,000,000 for general alterations, upgrades, and improvement to judiciary facilities statewide; and
- (3) \$4,645,000 for plans, design, and construction for roof and lanai upgrades and improvements at Kaahumanu Hale, Oahu.

As affirmed by the record of votes of the managers 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. 300, 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. 300, H.D. 2, S.D. 2, C.D. 1.

Representatives Keith-Agaran, M. Oshiro, Brower, M. Lee, Rhoads and Thielen.
Managers on the part of the House.
(Representative Rhoads was excused.)

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

Conf. Com. Rep. 130 on H.B. No. 1566

The purpose of this bill is to address the needs of the State's small boat harbors by, among other things:

- (1) Requiring that any fees collected within small boat harbors be expended only for costs related to the operation, upkeep, maintenance, and improvement of the small boat harbors;
- (2) Allowing the limited issuance of commercial use permits for vessels with assigned moorings in Ala Wai and Keehi boat harbors;
- (3) Specifying that future mooring fees will be established by appraisal by a state-licensed appraiser approved by the Department of Land and Natural Resources (DLNR) and assigned a schedule B rate, while existing mooring holders remain in a schedule A class whose rates will increase each year until they equal schedule B rates over a three-year period; and
- (4) Directing DLNR to lease certain fast lands at the Ala Wai Boat Harbor using the request for proposals process for the public-private development, management, and operation of areas of Ala Wai Boat Harbor.

Your Committee on Conference has amended this bill by:

- (1) Permitting DLNR to lease submerged lands within an existing state boating facility;
- (2) Specifying those fast lands and submerged lands of the Ala Wai Boat Harbor that may be leased;
- (3) Permitting DLNR to lease fast lands and submerged lands through the request for proposals process, subject to certain conditions;
- (4) Subjecting the lease of fast lands and submerged lands to the requirements of ocean and submerged lands leasing under Chapter 190D, Hawaii Revised Statutes (HRS);
- (5) Granting DLNR rulemaking authority to implement the disposition of state boating facility properties under section 200-2.5, HRS;
- (6) Amending the requirements for vessels issued commercial use permits at Ala Wai Boat Harbor;
- (7) Amending the permissible uses of fast lands and submerged lands leased by DLNR;
- (8) Specifying that the lease of fast lands and submerged lands of Ala Wai Boat Harbor are subject to the requirements of the disposition of state boating facility properties under section 200-2.6(a), HRS;
- (9) Specifying that prior authorization of the Legislature by concurrent resolution is not required for the lease of submerged lands and lands beneath tidal waters at Ala Wai Boat Harbor;
- (10) Changing its effective date to July 1, 2011; and
- (11) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1566, 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. 1566, H.D. 1, S.D. 1, C.D. 1.

Representatives Chang, Har, Ito, Tokioka and Riviere.
Managers on the part of the House.

Senators Dela Cruz, Ige, Kouchi and Solomon.
Managers on the part of the Senate.
(Senator Ige was excused.)

Conf. Com. Rep. 131 on S.B. No. 1073

The purpose of this measure is to amend the provisions regarding indigent legal services fee surcharges established in section 607-5.7, Hawaii Revised Statutes, by:

- (1) Increasing the amount of the indigent legal services fee surcharge on certain court filing fees by gradually increasing the surcharge over a two-year period, so that on January 1, 2012, the indigent legal services fee surcharge on certain filings in circuit and appellate courts will increase by \$25, and then by an additional \$15 on January 1, 2014, and the indigent legal services fee surcharge on certain filings in district court will increase by \$15 on January 1, 2012, and an additional \$10 on January 1, 2014; and
- (2) Requiring the Hawaii Justice Foundation to review, on a biennial basis, whether the Indigent Legal Assistance Fund is meeting the civil legal needs of indigent persons, and report its findings and recommendations to the Legislature in even-numbered years beginning with the Regular Session of 2014.

Your Committee on Conference finds that there is a need to fund legal services for low- and moderate-income individuals who would not otherwise have access to them. The increases proposed by this measure on the surcharges for indigent legal services are the first since section 607-5.7, Hawaii Revised Statutes, was enacted in 1996, as well as the first proposed changes to the filings which are subject to the indigent legal services fee surcharges. Under the current law, the only district court filings subject to the surcharge are summary possession filings; this measure will make the surcharge applicable to other filings, such as assumpsit cases, which may involve individuals who need legal representation or services provided by the Indigent Legal Assistance Fund.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Administrative Director of the Courts, or the contractor administering the Fund pursuant to contract with the Administrative Director of the Courts, rather than the Hawaii Justice Foundation, as the entity responsible for biennially reviewing the Indigent Legal Assistance Fund;
- (2) Changing the effective date to January 1, 2012; 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. 1073, 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. 1073, S.D. 2, H.D. 2, C.D. 1.

Representatives Keith-Agaran, Choy, Brower, Luke, B. Oshiro and Thielen.
Managers on the part of the House.
(Representative Thielen was excused.)

Senators Hee, Shimabukuro and Kidani.
Managers on the part of the Senate.

Conf. Com. Rep. 132 on S.B. No. 1270

The purpose of this measure is to appropriate Hawaii Hurricane Relief Fund monies into the General Fund to make funds available to balance the state budget for fiscal year 2010-2011, with a mechanism for the automatic replenishment of the Hawaii Hurricane Relief Fund for subsequent fiscal years, and maintain the levels of programs determined to be essential for education, public health, and public welfare.

Your Committee on Conference finds that this measure has been designated as an emergency appropriation for the purpose of filling in a budget shortfall in the current fiscal year. The Legislature has chosen to fulfill this purpose by authorizing the expenditure of funds in the Hawaii Hurricane Relief Fund as a last resort in extraordinary times. Your Committee on Conference notes that this measure contains a provision to effectuate the automatic replenishment of the Hurricane Reserve Trust Fund from general excise tax revenues in fiscal years 2013-2014 and 2014-2015. Your Committee also notes that this measure contains a provision authorizing the issuance of revenue bonds in order to maintain a balance of \$75,000,000 in the Hurricane Reserve Trust Fund.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Hawaii Hurricane Relief Fund monies appropriated under this measure are from the Hurricane Reserve Trust Fund;
- (2) Adding a provision authorizing the Governor to transfer all or a portion of the remaining balance of the Hurricane Reserve Trust Fund into the General Fund, to be spent after the expenditure, encumbrance, or allotment of the emergency and budget reserve funds and non-general funds designated for use in fiscal year 2010-2011 by Senate Bill No. 1293 and Senate Bill No. 120, in the form in which those bills are enacted during the 2011 Regular Session;

- (3) Making an appropriation from the Hurricane Reserve Trust Fund of \$42,000,000 or so much thereof as necessary to maintain programs at levels essential for education, public health, and public welfare for the 2010-2011 fiscal year; provided that specified conditions are met;
- (4) Authorizing the Governor to transfer of the remaining balance of the Hurricane Reserve Trust Fund to the General Fund on June 30, 2011; provided that specified conditions are met;
- (5) Authorizing the Director of Finance to deposit certain funds into separate accounts in the General Fund;
- (6) Directing the Governor to submit a report to the Legislature identifying the programs and projects for which funds transferred from the Hurricane Reserve Trust Fund were expended;
- (7) Authorizing the carry-over of funds transferred from the Hurricane Reserve Trust Fund into the General Fund during fiscal year 2010-2011 that are unexpended or unencumbered as of June 30, 2011, to fiscal year 2011-2012;
- (8) Changing the amount of general excise tax revenues to be transferred to the Hurricane Reserve Trust Fund in fiscal years 2013-2014 and 2014-2015 to the equivalent of one-half of the total amount of funds appropriated or transferred out of the Hurricane Reserve Trust Fund under this measure, which serves to replenish funds appropriated from the Hurricane Reserve Trust Fund;
- (9) Authorizing the issue of revenue bonds by the Hawaii Hurricane Relief Fund in amounts not exceeding \$75,000,000;
- (10) Indemnifying the State, its officers, and its employees from liability for any action taken pursuant to this measure; and
- (11) 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. 1270, 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. 1270, 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.
(Representative Chong was excused.)

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

Conf. Com. Rep. 133 on S.B. No. 651

The purpose of this measure is to implement a comprehensive strategy to reform the foreclosure process by implementing additional protections for homeowners in foreclosure or at-risk of foreclosure by:

- (1) Instituting a mortgage foreclosure dispute resolution program in the Department of Commerce and Consumer Affairs for nonjudicial foreclosures under Part II of chapter 667, Hawaii Revised Statutes, of residential real property occupied by a mortgagor as a primary residence;
- (2) Authorizing an owner-occupant of residential real property to convert a nonjudicial foreclosure pursuant to part II, Hawaii Revised Statutes, to a judicial foreclosure action;
- (3) Barring deficiency judgments after a nonjudicial foreclosure pursuant to part II of chapter 667, Hawaii Revised Statutes, against an owner-occupant who does not own any other real property unless the debt is secured by collateral;
- (4) Specifying prohibited conduct and consequences of violations for foreclosing mortgagees;
- (5) Strengthening regulation of the mortgage servicer industry;
- (6) Suspending foreclosure actions by a junior lienholder during the pendency of a mortgage foreclosure;
- (7) Increasing the amount of a special assessment for unpaid common assessments that a condominium association may collect from a purchaser of a foreclosed unit to \$10,000;
- (8) Requiring that public sale of real property following a nonjudicial power of sale foreclosure shall take place at certain state facilities that are not under the administration of the Judiciary;
- (9) Strengthening notice requirements and making conforming amendments to the nonjudicial power of sale foreclosure process under part II of chapter 667, Hawaii Revised Statutes;
- (10) Repealing the nonjudicial foreclosure process under part I of chapter 667, Hawaii Revised Statutes;
- (11) Appropriating an unspecified amount from the general fund to the mortgage foreclosure dispute resolution special fund established by this measure for the purpose of establishing the mortgage foreclosure dispute resolution program;
- (12) Appropriating an unspecified amount from the compliance resolution fund to the mortgage foreclosure dispute resolution special fund established by this measure for the purpose of establishing the mortgage foreclosure dispute resolution program;

- (13) Appropriating an unspecified amount from the mortgage foreclosure dispute resolution special fund for the Department of Commerce and Consumer Affairs to establish and operate the mortgage foreclosure dispute resolution program; and
- (14) Providing for the sunset of the mortgage foreclosure dispute resolution program, authorization for conversion of nonjudicial foreclosures to judicial actions, and increase in allowable common assessments, and providing for the reimbursement, using residual monies in the mortgage foreclosure dispute resolution fund, of the general fund and the compliance resolution fund.

Your Committee on Conference finds that the number of residential mortgage foreclosures in Hawaii has increased so rapidly during this current period of economic recession that Hawaii has gained the unfortunate distinction of having one of the highest foreclosure rates in the country. A high rate of residential foreclosures disrupts not only the lives of individual homeowners, but also the fabric of the community. Lawmakers in almost every state in the country are currently taking measures to reform the foreclosure process by addressing abuses in the system and providing relief to homeowners who have fallen into distress. Hawaii's situation as a leader in foreclosure rates brings with it the opportunity to also be a leader in homeowner protections and sound reforms to the foreclosure process. This measure is intended to provide relief to distressed homeowners across the State including owners of single-family houses, condominiums, and apartments.

Although other measures relating to mortgage foreclosures have been introduced to the Legislature and considered by your Committee on Conference, this omnibus measure presents the most thorough consideration of the scope of relevant issues and includes the most important elements of measures considered by the House of Representatives and the Senate. This measure incorporates the recommendations of the Mortgage Foreclosure Task Force convened pursuant to Act 162, Session Laws of Hawaii 2010. Your Committee on Conference notes that the Task Force is directed by its authorizing statute to continue its work throughout the coming year and plans to make recommendations to the Legislature prior to the 2012 Regular Session for further reform of the foreclosure system, particularly in regards to the nonjudicial foreclosure process and its use by condominium associations for collection of common area maintenance fee assessments. The moratorium on nonjudicial foreclosures under part I of chapter 667, Hawaii Revised Statutes, is included in this measure in anticipation of task force recommendations that may include significant changes to the current foreclosure process.

Your Committee on Conference is mindful that the ability of condominium associations to foreclose on liens for past-due assessments for common expenses is affected by this measure. Recognizing that non-payment of common expenses by any one unit in a condominium, planned community, or cooperative housing project results in an increased burden on other homeowners within the association, the Legislature has preserved the right of associations to foreclose on liens under part II of chapter 667, Hawaii Revised Statutes, and has exempted lien foreclosures by an association from dispute resolution and judicial conversion requirements. The special situation of association lien foreclosures and the interests of all association members in timely collection of assessments for common expenses merits special consideration by the Task Force in its recommendations to the Legislature.

Your Committee on Conference further finds that the effectiveness of alternative dispute resolution in resolving foreclosure matters has been demonstrated by foreclosure mediation programs in Nevada, Connecticut, and Washington, D.C., that have been enacted since the start of the current housing downturn. The key components of successful programs are their mandatory nature and inclusion of effective oversight mechanisms. Successful programs have also recognized that even if foreclosure is not avoidable, often a foreclosing mortgagee and a distressed mortgagor are able to come to a mutually beneficial agreement that provides cost savings to the foreclosing mortgagee and mitigates damage to the mortgagor. Less costly to the parties and the State in comparison to litigation, dispute resolution allows the parties to pursue a negotiated settlement that responds to the specific situation of each foreclosing mortgagee and mortgagor. The mortgage foreclosure dispute resolution program established by this measure includes components of the Nevada mediation program, which has been recognized as a model program, and original components that have been created specifically to respond to Hawaii's unique residential real estate market and existing regulatory framework.

Your Committee on Conference finds that conversion of nonjudicial foreclosures to judicial actions is an innovative recommendation of the Mortgage Foreclosure Task Force. Conversion to judicial actions will provide important oversight to the foreclosure process during the period that the mortgage foreclosure dispute resolution program is being fully implemented and while the Task Force is considering further reforms to the foreclosure system. In consideration of issues relating to the impact of this measure on already scarce Judiciary resources, judicial conversion authorized by this measure is limited to an eighteen-month period, and remedies other than judicial conversion are incentivized by this measure through relief from deficiency judgment following nonjudicial foreclosures.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the mortgage foreclosure dispute resolution program established by this measure shall be operative from no later than October 1, 2011, and shall continue until September 30, 2014;
- (2) Clarifying that the mortgage foreclosure dispute resolution program established by this measure shall be available to owner-occupants of residential real property who have resided at the property for at least two hundred consecutive days;
- (3) Making amendments to the administration of the foreclosure dispute resolution program to clarify consumer protections and to allow the Department of Commerce and Consumer Affairs to implement the program without unnecessary delays due to generally applicable rule-making or procurement requirements;
- (4) Making amendments to internal deadlines in the mortgage foreclosure dispute resolution program to avoid unnecessary delay in the process;
- (5) Specifying that penalties for noncompliance with the mortgage foreclosure dispute resolution program shall include a fine of up to \$1,500;
- (6) Specifying that the fee for filing a notice of foreclosure with the Department of Commerce and Consumer Affairs shall be \$250;
- (7) Specifying that the option to convert a nonjudicial foreclosure to a judicial action shall be available upon the effective date of this measure until December 31, 2012, and shall include an initial forty-five day phase-in period during which a mortgagor may convert a pending nonjudicial foreclosure without regard to certain prior notice and time limit requirements;

- (8) Specifying a maximum \$300 filing fee for petitions for conversion filed before the mortgage foreclosure dispute resolution program is operative to avoid penalizing mortgagors who would have chosen to pursue dispute resolution if it had been available;
- (9) Specifying that the assignment of parties in the petition for conversion shall not affect the assignment of parties in the converted foreclosure action;
- (10) Specifying that an owner-occupant may elect to pursue either the mortgage foreclosure dispute resolution program or conversion to a judicial foreclosure, but not both;
- (11) Specifying that the maximum amount of a special assessment for unpaid common assessments that a condominium association may collect from a purchaser of a foreclosed unit shall be \$7,200; provided that the increase in the maximum amount of the special assessment shall be repealed on September 30, 2014;
- (12) Clarifying prohibited conduct for a foreclosing mortgagee and clarifying that violation of any provision of chapter 667, Hawaii Revised Statutes, by a foreclosing mortgagee shall be an unfair or deceptive act or practice;
- (13) Clarifying that a junior lienholder may only initiate or continue with a nonjudicial foreclosure under part I if no other foreclosure action is pending and under part II of chapter 667, Hawaii Revised Statutes, during the pendency of a stay during dispute resolution if the junior lienholder initiates the lien foreclosure before a foreclosing mortgagee initiates a mortgage foreclosure and that no person shall initiate a judicial foreclosure during the pendency of a stay of foreclosure as part of the mortgage foreclosure dispute resolution program or of a nonjudicial foreclosure converted to a judicial action;
- (14) Specifying that the prohibition against deficiency judgments after a nonjudicial foreclosure pursuant to part II of chapter 667, Hawaii Revised Statutes, shall apply regardless of the mortgagor's ownership of other real property;
- (15) Strengthening notice requirements and consumer protections for nonjudicial foreclosures conducted pursuant to part I of chapter 667, Hawaii Revised Statutes;
- (16) Clarifying requirements for mortgage servicers and requiring mortgage servicers who service twenty percent or more of the total mortgage servicer market in the State to maintain a physical presence in the State;
- (17) Deleting the general fund appropriation to the mortgage foreclosure dispute resolution special fund;
- (18) Inserting an appropriation amount of \$400,000 from the compliance resolution fund to the mortgage foreclosure dispute resolution special fund established by this measure for the purpose of establishing the mortgage foreclosure dispute resolution program;
- (19) Inserting an appropriation amount of \$1,850,000 from the mortgage foreclosure dispute resolution special fund for the Department of Commerce and Consumer Affairs to establish and operate the mortgage foreclosure dispute resolution program;
- (20) Imposing a moratorium to end on July 1, 2012, on nonjudicial foreclosures under part I of chapter 667, Hawaii Revised Statutes;
- (21) Directing the Department of Commerce and Consumer Affairs to submit a report to the Legislature prior to the 2012 Regular Session on the operations and outcomes of the mortgage foreclosure dispute resolution program;
- (22) Specifying that any monies remaining in the mortgage foreclosure dispute resolution special fund upon its repeal shall be deposited to the compliance resolution fund;
- (23) Inserting a severability clause;
- (24) Making the measure effective upon its approval; and
- (25) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee on Conference notes that this measure in its final form is the result of productive collaboration among stakeholders, advocates, mortgage professionals, state regulators, and the Judiciary.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 651, 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. 651, S.D. 2, H.D. 2, C.D. 1.

Representatives Herkes, Keith-Agaran, M. Oshiro, Cabanilla, Ito, McKelvey and Riviere.
Managers on the part of the House.
(Representatives Cabanilla and McKelvey were excused.)

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

Conf. Com. Rep. 134 on S.B. No. 1482

The purpose of this measure is to require the Public Utilities Commission, when making determinations of the reasonableness of the costs of utility system capital improvements and operations, to consider the need to reduce the State's reliance on fossil fuels and to consider the benefits of capital improvements for renewable energy generation and energy efficiency despite the short-term expense.

Your Committee on Conference finds that in order to help reduce the State's dependence on fossil fuels the Public Utilities Commission needs to give consideration to the long-term benefits of projects that may incur larger short-term costs than fossil fuel-dependent or less energy-efficient alternatives. This measure gives the Public Utilities Commission specific direction to make those considerations during the performance of its duties.

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 S.B. No. 1482, 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. 1482, S.D. 1, H.D. 1, C.D. 1.

Representatives Coffman, Herkes, M. Oshiro, Ito, Kawakami and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 135 on S.B. No. 146

The purpose of this measure is to expand the use of biofuels as a viable source of energy in Hawaii by requiring diesel fuel sold in the State for use in motor vehicles to contain five percent biodiesel that is produced in the State from locally-sourced products meeting certain certification standards.

Your Committee on Conference finds that the State needs to expand the use of biofuels as a viable source of energy in order to reduce dependence on imported fossil fuels and that the use of biofuels is consistent with the State's goals relating to renewable energy and sustainability.

Your Committee on Conference recognizes, however, that imposing a statutory requirement that diesel fuel sold in the State for use in motor vehicles contain five percent biodiesel may be premature at this time in view of the nascent nature of the industry and the uncertain availability of biomass crops in Hawaii to produce enough fuel to fulfill the mandate originally contemplated in this measure. Your Committee on Conference also recognizes that restricting the use of agricultural products for the production of biodiesel fuel to agricultural products grown in the State raises constitutional concerns and that the fuel distribution infrastructure in the State is not currently ready to accept biodiesel.

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

- (1) Removing its contents and replacing them with language as originally contemplated in the S.D. 1, which:
 - (A) Directs the Department of Business, Economic Development, and Tourism to conduct a study exploring the conditions and policies necessary to expand biofuel production in the State in order to displace a significant amount of petroleum-based liquid fuel; and
 - (B) Requires the Department to provide a preliminary and a final report to the Legislature no later than twenty days prior to the Regular Session of 2012 and 2013, respectively, and include the following information, as it pertains to a variety of types of biofuel, in its reports:
 - (i) An estimate of the projected demand in the near-term, mid-term, and long-term for the biofuel's petroleum-based counterparts;
 - (ii) The availability of local biomass feedstock in the State and out-of state to meet existing and proposed biofuel production in the near-term, mid-term, and long-term;
 - (iii) Production estimates within the State and out-of-state for the near-term, mid-term, and long-term;
 - (iv) Costs in the near-term, mid-term, and long-term for biofuel produced within the State and out-of-state;
 - (v) A realistic timeline of production within the State;
 - (vi) The status of the technology and ASTM standards;
 - (vii) The benefits to the State's economy;
 - (viii) The emissions compared to other biofuels and petroleum-based counterpart;
 - (ix) The relative logistics of handling and usage;
 - (x) The relative stability of supply and costs; and
 - (xi) Recommendations including whether any specific biofuel mandate is necessary and whether the ethanol fuel requirement in section 486J-10, Hawaii Revised Statutes, should be maintained, modified, or repealed; 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. 146, 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. 146, S.D. 1, H.D. 2, C.D. 1.

Representatives Coffman, Souki, M. Oshiro, Chong, Ito, Kawakami and Thielen.

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

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

Conf. Com. Rep. 136 on S.B. No. 1244

The purpose of this measure is to assist the State in meeting its clean energy goals by reducing the capacity required for a biofuel production facility to qualify for the renewable energy siting process and by including biofuel distribution infrastructure among the types of facilities that qualify.

Your Committee on Conference finds that this measure encourages and expedites the permitting process for the development of renewable energy facilities in Hawaii. Small-scale and biofuel pilot projects are precursors to the large-scale commercial projects that are necessary to reduce the State's dependence on fossil fuels. Allowing these smaller projects to receive the expedited permitting currently allowed for their larger counterparts will increase participation in the process and help the State to more quickly achieve its clean energy goals.

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 S.B. No. 1244, 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. 1244, S.D. 2, H.D. 1, C.D. 1.

Representatives Coffman, M. Oshiro, Chong, Ito, Kawakami and Thielen.
Managers on the part of the House.

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

Conf. Com. Rep. 137 on S.B. No. 570

The purpose of this measure is to raise additional revenues by:

- (1) Providing for the taxation of the pension income of:
 - (A) An individual filer with a federal adjusted gross income of \$100,000 or more;
 - (B) A joint or surviving spouse filer with a federal adjusted gross income of \$200,000 or more; and
 - (C) A head of household with a federal adjusted gross income of \$150,000 or more;
- (2) Making inoperative for the same taxpayers the deduction for state taxes paid;
- (3) Limiting the amount of itemized deductions that may be claimed by the same taxpayers; and
- (4) Delaying the standard deduction and personal exemption increases approved under Act 60, Session Laws of Hawaii, 2009, and making the increases permanent.

Your Committee on Conference has amended this measure by deleting provisions that provided for the taxation of certain pension incomes and making technical conforming 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. 570, 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. 570, S.D. 2, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. 138 on S.B. No. 754

The purpose of this measure is to temporarily suspend the general excise and use tax exemptions for certain amounts received by certain persons and require the payment of both taxes at a rate of four per cent.

This measure also provides that the existing general excise tax exemption for nonprofit organizations, with the exception of the value or gross income received by nonprofit organizations from certain conventions, conferences, trade shows, or display spaces, is excluded from the temporary tax suspension.

Your Committee on Conference has amended this measure by including language to provide that the temporary suspension of tax exemptions shall not apply to gross income or gross proceeds from stevedoring services and related services furnished to a company by its wholly owned subsidiary.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 754, 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. 754, S.D. 1, H.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy, M. Lee and Riviere.
Managers on the part of the House.
(Representatives Chong and Riviere were excused.)

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

Conf. Com. Rep. 139 on S.B. No. 1186

The purpose of this measure is to address the State's budget shortfall by increasing state revenues from the transient accommodations tax.

Specifically, this measure, from July 1, 2011, to June 30, 2015:

- (1) Imposes a minimum daily tax on transient accommodations furnished at no charge;
- (2) Increases the tax rate on resort time share vacation units by an additional two per cent to conform with the tax rate on other transient accommodations; and
- (3) Limits the transient accommodations tax revenue distribution to the counties to approximately the same amount distributed in fiscal year 2009-2010.

Your Committee on Conference finds that this measure is intended to temporarily increase and preserve the amount of state revenues derived from the transient accommodations tax and is a necessary component of the package of legislation aimed at addressing the State's current economic crisis.

Your Committee on Conference has amended this measure by:

- (1) Removing the time limit on the daily tax of \$10 and clarifying that the tax applies to every transient accommodation that is furnished on a complimentary or gratuitous basis or otherwise at no charge, including that furnished as part of a package;
- (2) Eliminating the provision increasing the tax rate on resort time share vacation units;
- (3) Limiting transient accommodations tax revenues deposited into the tourism special fund from July 1, 2011, to June 30, 2015, to no more than \$69,000,000 per fiscal year;
- (4) Capping the total amount of transient accommodations tax revenues distributed to the counties from July 1, 2011, to June 30, 2015, to \$93,000,000 per fiscal year;
- (5) Eliminating the provision specifying how the allocations of the transient accommodations tax to the counties are to be made; and
- (6) Making technical, nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1186, 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. 1186, S.D. 2, H.D. 1, C.D. 1.

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

Senators Kim, Ige, Kouchi, English and Tokuda.
Managers on the part of the Senate.

Conf. Com. Rep. 140 on H.B. No. 1020

The purpose of this bill is to improve the management of the Aloha Tower area in light of the elimination of the operating budget of the Aloha Tower Development Corporation (ATDC) by, among other things:

- (1) Clarifying current statutory language establishing the boundaries of the Aloha Tower Complex;
- (2) Retaining ATDC but placing it under the Department of Transportation (DOT) for administrative purposes;
- (3) Reducing the number of members of the Board of Directors of ATDC from seven to three, consisting of the Director of Transportation; Deputy Director of Transportation, Harbors Division; and Director of Business, Economic Development, and Tourism;
- (4) Clarifying and stipulating what moneys will be credited to the Aloha Tower Fund, including moneys received by DOT rather than the Department of Business, Economic Development, and Tourism;

- (5) Limiting the use of Aloha Tower Fund monies for certain costs related to lands located seaward of Nimitz Highway and between Pier 4 and Pier 11, rather than between Pier 4 and the Honolulu International Airport;
- (6) Authorizing the use of Aloha Tower Fund monies for lease payments to DOT;
- (7) Repealing the Harbors Modernization Group; and
- (8) Appropriating an unspecified sum from the Aloha Tower Fund to DOT for operating expenses for ATDC.

In 1981, it was determined that lands encompassing the Aloha Tower Complex along the Honolulu waterfront were a valuable asset that should be redeveloped, renovated, and improved to better serve the economic, maritime, and recreational needs of the people of Hawaii. To accomplish this task, the ATDC was established. However, recent difficulties faced by the ATDC forced the Legislature to rethink its position regarding its viability, and accordingly, ATDC's operating budget was eliminated in 2010. In light of this, your Committee on Conference finds that placing ATDC under DOT for administrative purposes and reducing the memberships of ATDC's Board of Directors from seven to three to include the Director of DOT, Director of DBEDT, and Deputy Director of Transportation-Harbors Division, among other things, is the right step to improve the overall management of the Aloha Tower Complex and enhance the overall economic viability of the area.

Your Committee on Conference has amended this bill by:

- (1) Deleting language directly appropriating monies from the Aloha Tower Fund to DOT for operating expenses for ATDC but rather inserting language lapsing the balance of the Aloha Tower Fund into the Harbors Special Fund to be used by DOT for the operating expenses of ATDC;
- (2) Changing its effective date to July 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. 1020, 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. 1020, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Chang, Ichiyama, Har, Tokioka and Johanson.
Managers on the part of the House.
(Representatives Har and Tokioka were excused.)

Senators Dela Cruz, Solomon, Kim, Kidani and Slom.
Managers on the part of the Senate.
(Senator Slom was excused.)

Conf. Com. Rep. 141 on H.B. No. 1039

The purpose of this bill is twofold. First this bill would mitigate the impact of sudden and severe economic events on concessionaires that operate at Hawaii's airports by:

- (1) Amending the authority granted to the Governor by Act 33, First Special Session Laws of Hawaii 2009, to provide rent relief to certain airport concessionaires to include providing rent relief to those concessionaires that do not have a self-adjusting rent formula; and
- (2) Extending the sunset date of Act 33 from July 1, 2011, to July 1, 2013.

This bill would also aid the State in addressing its current fiscal crisis while continuing to assist the rental motor vehicle industry develop necessary airport infrastructure by:

- (1) Increasing the motor vehicle rental surcharge tax from \$2.00 per day to \$7.50 per day until June 30, 2013;
- (2) Depositing \$4.50 of the motor vehicle rental surcharge tax levied into the general fund until June 30, 2013;
- (3) Suspending until June 30, 2013, the \$4.50 per day rental motor vehicle customer facility charge authorized by section 261-7, Hawaii Revised Statutes; and
- (4) Inserting provisions that authorize the issuance of general obligation bonds for the purpose of constructing car rental facilities at various airports throughout the State.

Due to sudden, extraordinary, and severe economic events that played a significant role in creating economic difficulties for the airport concessionaire industry, the Legislature granted the Governor the authority to provide relief to various airport concessionaires pursuant to Act 33, Special Session Laws of 2009. According to the airport concessionaires, however, that relief was inequitable, because it applied only to those concessionaires that had a self-adjusting eighty-five per cent guaranteed rent formula that provided relief in the event of adverse economic occurrences. This measure addresses this inequity by providing rent relief to those concessionaires that do not have a self-adjusting rent formula.

Like airport concessionaires, Hawaii's rental car industry plays a vital role in our most important industry, tourism. To provide better service to customers renting vehicles at the state's airports, improvements needed to be made to the many facilities located at the airports that serve rental car customers. Despite the substantial financial contributions rental car companies make to the state airports system, improvements of rental car facilities have not been high on the priority list for repair and improvements. As such, Act 226, Session Laws of Hawaii 2008 (Act 226) was enacted to allow DOT to

establish and collect rental motor vehicle customer facility charges for deposit into a special fund to be used for these improvements. In 2010, the rental motor vehicle customer facility charges were increased to provide a funding source to fast-track improvements to car rental facilities at Hawaii's airports.

However, the State is currently facing some of the most difficult economic periods it has ever experienced forcing the Legislature to search for additional sources of revenue. Your Committee on Conference notes that temporarily increasing the motor vehicle rental surcharge tax \$7.50 per day and depositing \$4.50 of that increase into the general fund is expected to generate approximately \$60 million in general fund revenues and is necessary in assisting the State in addressing its fiscal needs.

Your Committee on Conference has amended this bill by:

- (1) Increasing the motor vehicle rental surcharge tax for a period of one-year instead of two-years;
- (2) Suspending the \$4.50 per day rental motor vehicle customer facility charge authorized by section 261-7, Hawaii Revised Statutes, for one-year;
- (3) Deleting the provisions that authorize the issuance of general obligation bonds for the purpose of constructing car rental facilities at various airports throughout the State;
- (4) Inserting a severability clause; 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. 1039, 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. 1039, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. 142 on H.B. No. 1568

The purpose of this bill is to protect Hawaii's natural environment from the threat of invasive species and assist Hawaii's agricultural industry by authorizing the issuance of general obligation bonds for the Department of Transportation (DOT) to design and construct biosecurity and inspection facilities for the Department of Agriculture (DOA) at Hawaii's airports and harbors.

Hawaii is an island state with numerous fragile ecosystems that can be destroyed by the introduction of invasive species, including noxious weeds, insects, and other pests. Such destruction not only threatens Hawaii's natural environment but also harms our economy, agricultural industry, and the health and lifestyle of our residents. Unfortunately, Hawaii is also one of the most isolated populated land masses in the world, which forces us to import most of the products that we use, thereby creating transportation pathways for invasive species to arrive in our state. Stopping the threat of invasive species at these ports of entry by constructing and operating biosecurity facilities is the most effective and economical means of protecting our islands.

The biosecurity facilities will also serve as a barrier to the exporting of invasive species to other parts of the world, which could result in embargos and quarantines of produce and other goods from Hawaii. Proper inspection facilities will provide safeguards and will also assist the agricultural industry in alleviating the delay experienced when shipping perishable items out-of-state.

Your Committee on Conference has amended this bill by:

- (1) Requiring DOT to coordinate with DOA to facilitate the inspection, consolidation, deconsolidation, and treatment of imported and exported agriculture and other inspected commodities to meet the needs of each island and to facilitate the safe movement of enplaned and deplaned air cargo through the airports;
- (2) Requiring DOT to provide space at state commercial harbors for biosecurity and inspection facilities and to facilitate the safe and efficient movement of maritime cargo through the commercial harbors;
- (3) Requiring DOT and DOA to plan, design, and construct biosecurity, inspection, consolidation, deconsolidation, and treatment facilities for use by DOA to enhance the efficient and safe movement of imported and exported maritime cargo, to include food safety and food security guidelines and standards;
- (4) Deleting the authorization to issue general obligation bonds for DOT to design and construct biosecurity and inspection facilities for DOA at Hawaii's airports and harbors;
- (5) Changing its effective date to July 1, 2011; 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. 1568, 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. 1568, H.D. 2, S.D. 2, C.D. 1.

Representatives Souki, Tsuji, Ichiyama, Hashem and Johanson.
Managers on the part of the House.

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

Conf. Com. Rep. 143 on H.B. No. 200

The purpose and intent of this measure is to appropriate funds for the operating and capital improvements budget of the executive branch for fiscal year 2011-2012 and fiscal year 2012-2013.

I. INTRODUCTION

In 2009, the Legislature faced an unprecedented budget challenge of addressing a shortfall of approximately \$2.1 billion through the end of the fiscal biennium. After adopting a balanced budget and financial plan by session's end, the ensuing 2010 Legislature fared no better and was confronted with an additional budget shortfall of approximately \$1.2 billion over the remainder of the same period.

Your Committee on Conference finds itself confronted with another large shortfall, now estimated to be \$1.3 billion. Current events, in particular the March 11, 2011, earthquake in Sendai, Japan and the ensuing tsunami that devastated several communities, coupled with turbulent political upheaval in North Africa and the Middle East have dampened Hawaii's fragile economic recovery.

Nevertheless, your Committee on Conference is fortified by the lessons learned over the past several years and by the administration's positive direction as articulated in the Governor's "New Day" initiatives. These include promises to restructure and prioritize state programs. Accordingly, your Committee on Conference finds that the Governor should prudently use the economic downturn as an opportunity to take a long and hard look at the executive branch's organizational structure and develop proposals for the Legislature to evaluate.

Your Committee's guiding principles for the biennium budget were to first identify and support the State's core functions – those programs and services that the State should be providing – and second to make strategic investments in people and programs that encourage economic growth, lower long-term future costs, and provide meaningful public services.

Your Committee on Conference appreciates the efforts of all those who have provided input, including department directors who testified at pre-session briefings, the state employees who fielded hundreds of questions from legislators and staff, and the thousands of engaged citizens who shared with us their thoughts, hopes, and concerns.

II. ECONOMIC OUTLOOK

National Economic Outlook

Although the recession is thought to have ended in mid-2009, the Congressional Budget Office, which produces ten-year economic forecasts for the congressional budget committees, describes the current recovery and pace of growth as "anemic," noting that unemployment has remained high in this recession as payroll employment gained a mere seventy thousand jobs (or 0.06 per cent), on net, between June 2009 and December 2010, whereas in past recoveries, employment rose on average by 4.4 per cent in the same time frame.

The Congressional Budget Office estimates that after continued job losses in the near term, the economy is expected to add 2.5 million jobs per year over the next five years, bringing the unemployment rate down from 9.2 per cent to 5.3 per cent, which is close to the Congressional Budget Office's estimate of the economy's natural rate of unemployment of 5.2 per cent.

President Obama's *2011 Economic Report* reflects the view that the national economy is operating substantially below its potential level, as indicated by the elevated unemployment rate and continued stresses in the housing market in many areas; however, the economy is no longer on the brink of depression, growth has resumed, jobs are returning, and unemployment is falling.

The financial markets have improved as the stock market gained thirteen per cent in 2010 and have continued gaining into 2011. Your Committee on Conference recognizes that while the national economy is improving, it is improving at a much slower rate than many expected.

The Economic Outlook for Hawaii

The University of Hawaii Economic Research Organization (UHERO) reports that "Hawaii's recovery continues to be led by the resurgence of the visitor industry" as evidenced by the 8.8 per cent increase in visitor arrivals year over year. However, the University of Hawaii Economic Research Organization and the Department of Business, Economic Development, and Tourism (DBEDT) caution that:

- "The surprisingly rapid pace of visitor industry rebound is unlikely to persist. Abroad, the sharp initial Asian pickup is now past, while rising energy prices and sovereign debt problems will weigh on growth elsewhere." DBEDT forecasts a more modest four per cent and 2.5 per cent increase in visitor arrivals for 2011 and 2012, respectively.
- "After improving from 6.9 per cent in January to 6.3 per cent in June, the seasonally adjusted statewide unemployment rate has remained stuck at 6.4 per cent through December 2010." However, UHERO sees broad based improvements in the economy for 2011 and 2012 as Hawaii's recovery strengthens and Oahu rail transit construction gets underway.
- "Hawaii's economy depends significantly on conditions in the U.S. economy and key international economies, especially Japan." The effects of the March 2011 earthquake, tsunami, and nuclear crisis in Japan are unknown, however global events and their ensuing repercussions have altered Hawaii's economic forecast in recent decades including the 9/11 terrorists attacks in 2001, SARS in 2003, and the H1N1-A virus in 2009.

III. GENERAL FUND REVENUE OUTLOOK

By law, the Council on Revenues (Council) 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. Since the March 2010 forecast, the Council has both raised and lowered its prediction of tax revenues for the current fiscal year. The Council's most recent forecast on March 29, 2011, lowered the growth rate to -1.6 per cent. The erratic changes in the Council's forecasts, due largely to the income tax refund delay imposed by the prior administration, have hindered your Committee's ability to formulate a functional budget, as appropriation requests are largely based on original revenue projections that are no longer viable.

The administration based its original budget request on the Council's September 2009 projection of two per cent general fund tax revenue growth for fiscal year 2010-2011. Using this revenue projection, the budget deficit over the upcoming biennium was initially estimated at \$818.5 million.

On December 29, 2010, the Council revised its forecast upward from two per cent to three per cent, resulting in an anticipated gain of \$146.6 million in tax revenue through the end of the fiscal biennium. Incredulous that such an increase in revenue would materialize, neither the administration nor your Committee on Conference relied upon it.

On March 10, 2011, the Council revised its forecast downward from three per cent to 0.5 per cent, which resulted in a subsequent projected revenue reduction of \$243 million through the end of the fiscal biennium. Hours later, Japan was struck by a trifecta of disasters -- the 9.0 magnitude earthquake, deadly tsunami, and nuclear calamity. The disasters were unimaginable, devastating the Japanese people, causing unprecedented damage, and crippling Japan's economy.

Given Japan's significant share in the State's tourism market, the Council was called back into session and convened on March 29, 2011, to re-evaluate its March 10, 2011, meeting projection in anticipation of declining numbers of Japanese visitors.

Although the Council lowered the projection to -1.6 per cent, which resulted in an additional revenue loss of \$93.1 million for fiscal year 2010-2011 alone, and a loss of \$311.7 million through the end of the fiscal biennium, the Council adjustment was due more in part to poor tax collections in February 2011 than the tragic events in Japan. In fact, some of the Council members noted that they did not see the events in Japan as having long-term effects on the State's economy.

With the revised revenue levels, a net \$1.3 billion deficit is projected over the biennium. However, despite the downward revenue projections for the current fiscal year, the Council retained its March 10 revenue growth forecast for fiscal year 2011-2012 of eleven per cent and maintained the previous forecast for fiscal years 2013-2017 at six per cent. The forecast was rationalized by the Council Chair's optimistic statements that the two most important core components of Hawaii's general fund revenues, general excise and use taxes and withholding taxes on wages, continue to grow at rates consistent with economic recovery.

Given the global and economic uncertainties and the recent volatility in the Council's projections, it is with great caution that your Committee on Conference accepts the Council's current revenue projection and notes the significant downside risk that exists for the revenue growth assumptions for the budget planning period.

IV. BUDGET OVERVIEW

The budget deficit through the end of the next biennium is now estimated to be \$1.3 billion. This follows two consecutive years that have required state government to address shortfalls of \$2.1 billion and \$1.2 billion, respectively. These are momentous amounts, given that current year authorized spending for the executive branch of government is approximately \$5 billion.

Various measures were implemented to address the prior budget shortfalls. These began with wholesale reductions of up to twenty per cent of what was deemed discretionary spending and the use of American Reinvestment and Recovery Act of 2009 (ARRA) funds to supplant general fund spending.

As the revenue picture further deteriorated, the Governor implemented across the board spending restrictions equivalent to the savings that three furlough days per month would yield. Departments met these required savings targets most notably through the implementation of two furlough days per month. A reduction in force of approximately one thousand state workers, the reduction of vacant positions, and a number of other measures were implemented to further reduce state spending.

This legislative session, the executive budget initially proposed to the Legislature was principally prepared by the prior administration. At the program level, it basically sought to maintain spending levels of the current fiscal year. Of the budget adjustments it proposed, several were significant. The initially proposed budget recognized the loss of ARRA funds, the significant Medicaid shortfall, and higher debt service payments. Amounts previously reduced to reflect furlough savings were also restored, reflecting uncertainty of the labor savings component. These adjustments, largely non-discretionary in nature, resulted in a request to add \$624.9 million for fiscal year 2011-2012 and \$810.6 million for fiscal year 2012-2013.

On February 22, the new administration submitted a request to add an additional \$133.8 million for fiscal year 2011-2012 and \$160.3 million for fiscal year 2012-2013. This includes about \$100 million over the biennium to address immediate needs of state programs as determined by the new administration, \$54.3 million per year for Employer-Union Health Benefits Trust Fund payments, \$49.5 million per year for the Temporary Assistance for Needy Families (TANF) Program, \$13.2 million per year to address Medicaid needs related to the Compact of Free Association (COFA), \$36.8 million for a deferred Employee Retirement System (ERS) payment, and the reduction of \$75 million over the fiscal biennium for Medicaid to reflect the scaling back of benefits.

The House of Representatives passed a draft of the budget that accepted the initially proposed budget adjustments, including \$200 million to end furloughs, Medicaid healthcare payments totaling \$536.4 million in general funds and matching federal funds, and provided \$36.8 million for delayed ERS payment for fiscal biennium 2011-2013. The House draft also took under advisement the February 22 Governor's Message to allow further consideration and development of a revenue plan to fund these initiatives.

Further, where the House draft reduced appropriations for operational expenditures by approximately \$120 million, it was the intent of the House of Representatives to support the Governor's retooling and restructuring effort by providing the Governor with great flexibility to allocate resources appropriated to the executive branch of government. As such, these reductions did not target specific programs, but rather have relied upon the departments' program expertise and the abilities of the new administration to determine where they could generate savings or cut waste.

The Senate's draft of the executive budget was largely premised upon the need to maintain a significant labor savings component of the budget through collective bargaining cost item adjustments. Though the Senate draft provided funding to maintain the current level of instructional school days, the Senate otherwise expected the same level of labor cost savings assumed for the current fiscal year to be realized. Additionally, the Senate reduced \$30.3 million budgeted per year for vacant positions.

However, the Senate also funded the majority of the administration's initial appropriation requests contained in the executive budget and a number of the new administration's supplemental appropriation requests. These included about half of the new administration's requests for an additional \$100 million over the biennium to meet immediate needs of state departments, as well as significant funding for Medicaid, TANF and COFA related requirements.

Your Committee on Conference was tasked with development of a responsible budget that finds common ground and compromise between the various drafts of the executive budget. A balanced approach was taken that incorporates various components of drafts prepared by the House of Representatives and the Senate.

First, your Committee on Conference reflects labor savings in the amount of \$88.2 million per year as a lump-sum reduction to the Department of Budget and Finance. Your Committee on Conference intends that the administration transfer labor savings resulting from collective bargaining agreements into the department to restore this reduction.

Second, all reductions made to state programs in drafts of the budget proposed by the House of Representatives and the Senate were evaluated. In many cases, reductions made to programs that are contained in this draft of the budget are tempered from that proposed in either the House or Senate draft.

Third, a lump-sum reduction in the amount of \$50 million per year was placed in the Department of Budget and Finance to provide the Governor with maximum flexibility to allocate the reduction among the executive branch of government. Your Committee on Conference has heard the Governor's desire to reprioritize and retool state government and his counsel against excessive "horizontal" reductions. Your Committee on Conference has provided the Governor with the authority to allocate this reduction to state programs and encourages the administration to carefully assess how resources should be allocated and from what programs funds shall be transferred to the Department of Budget and Finance to restore this reduction. Transfers made from state programs to restore this reduction shall be made in conjunction with the Governor's efforts to reprioritize state government.

Finally, your Committee on Conference thoroughly reviewed each of the Governor's requests for additional resources. Your Committee on Conference funded many of these requests, as they pertain to maintaining the safety net and the restoring the ability of government to perform certain necessary functions. Your Committee on Conference notes that many difficult choices were made and that many funding requests could not be accommodated.

Your Committee's adjustments to the executive budget have resulted in the general fund reduction of \$259.8 million for fiscal year 2011-2012 and \$358.8 million for fiscal year 2012-2013 from amounts requested by the administration. This is a reduction of about \$618.6 million over the fiscal biennium, nearly half the amount needed to close the budget gap.

V. DEPARTMENT HIGHLIGHTS

Human Services

The prolonged economic recession has fostered exponential growth in the demand for social services. Your Committee on Conference recognizes the importance of providing core services to individuals and families in need and remains committed in its support of the Department of Human Services' efforts to deliver assistance to Hawaii's vulnerable populations.

The department faces several challenges in providing social services to the State's needy populations under the current fiscal constraints. The reduction-in-force (RIF) eliminated three hundred sixty-five positions across the department, creating backlogs and limiting contract oversight in a number of programs.

As health care costs continue to rise and enrollment levels climb, closing the Medicaid shortfall remains a daunting task. The MedQUEST Division has accommodated a twenty-five per cent enrollment increase while managing a forty per cent staff reduction and twice monthly furloughs. These economic straits are further exacerbated by carry-over deficits from the previous administration's short-sighted delayed payment strategies.

Medicaid plays a vital role in the lives of more than twenty per cent of Hawaii's residents. In an effort to continue delivering needed medical services to Hawaii's vulnerable population, your Committee on Conference provided an additional \$248.2 million in fiscal year 2011-2012 and \$288.2 million in fiscal year 2012-2013, which will be matched with federal dollars, to fund health care payments for Medicaid beneficiaries.

However, in prior years, your Committee on Conference has cautioned the department on the fiscal limitations of the general fund and the risks Medicaid expansion would create. Unfortunately, the department's failure to make timely reductions has resulted in the need for dramatic benefit changes to ensure funds remain available for critical medical services.

Your Committee on Conference has accepted the Governor's proposal to save \$150 million over the next fiscal biennium by reducing Medicaid benefits. Indeed, this marks a crossroad for many beneficiaries who have grown accustomed to unlimited services, no co-pay, no premiums, and zero deductibles. Unfortunately, with the increased demand for government subsidized health care and anticipated decrease in the federal medical assistance (FMAP) percentage reimbursements, these types of plans are unsustainable.

Your Committee on Conference finds that leveraging state funds to bring in substantial federal matching funds to mitigate state costs is fiscally prudent. As such, your Committee on Conference agreed to \$70,400 in general fund expenditures to implement the Electronic Health Record Incentive Program, which will receive \$668,232 in federal matching funds.

The modernization of Hawaii's information systems is pivotal to the department's ability to deliver services and generate increased access among Medicaid beneficiaries. As such, your Committee on Conference agrees with the expenditure of \$2.9 million in general funds to receive \$26.5 million in matching federal funds for a new MedQUEST Division computer-based eligibility system. The new system will help to ease the State's transition into manageable health care and expedite the delivery of services where they are needed most.

Congress enacted the federal Personal Responsibility and Work Opportunity Act in 1996. At that time, the United States government made the decision to no longer extend medical benefits to members of the Compact of Free Association (COFA) and gave individual states the choice to continue Medicaid services to COFA members with the understanding that they would no longer receive federal support for this population. Given Hawaii's unique location and high concentration of COFA migrants, the decision was made to provide COFA migrants the same Medicaid packages offered to similarly situated Hawaii residents.

In 2010, the previous administration attempted to achieve cost savings by moving the COFA population to a limited plan entitled, Basic Health Hawaii, which offered limited visits and reduced the types of services available to COFA beneficiaries. On December 13, 2010, a federal court found this change caused irreparable harm to COFA residents and issued an injunction mandating the State to reenroll all COFA migrants to their original programs, reinstate all benefits, and expedite delivery of services regardless of reenrollment processing.

Your Committee on Conference recognizes the immediate effects of this ruling and accepted the Governor's proposal to appropriate \$13.2 million in general funds to reinstate Medicaid benefits to COFA clients for fiscal year 2011-2012. Additionally, despite the federal government's position that state financed Medicaid benefits to COFA migrants will not be supported with federal dollars, your Committee on Conference believes that the federal court mandate to provide COFA migrants uninterrupted Medicaid benefits may be cause for Congress to reconsider a provision for federal funds. Given the Lieutenant Governor's focus on obtaining federal funds, your Committee on Conference believes this area should be his top priority. As such, Medicaid benefits to COFA clients are reflected as federal expenditures for fiscal year 2012-2013.

Work opportunities and cash assistance for Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Other Needy Families (TAONF) remain priorities in the State's efforts to help Hawaii residents through the economic recession. However, the previous administration's excessive contract expenditures, unfettered spending of ARRA funds, and liberal extensions of cash assistance payments beyond federal guidelines has left the TANF reserve fund insolvent.

Despite your Committee on Conference's forewarning of the inevitable expiration of emergency contingency fund extensions, the department failed to reexamine TANF expenditures and maintain sustainable contract levels when reserve funds were still available. Recently, nonessential contracts amounting to \$33 million were notified of early termination in January of 2011, and emergency appropriations were necessary to meet the department's remaining commitments for the current fiscal year.

The department has implemented the reduction of low priority contracts and has prioritized available funds for important purpose one and two services. These services provide Hawaii's residents with the opportunity to become self-sufficient. As such, your Committee on Conference has provided \$45.2 million for TANF programs and \$12.8 million for TANF and TAONF cash assistance payments over the fiscal biennium.

The dire economic conditions of the last few years increased the amount of Hawaii's residents living below federal poverty levels from five per cent in 2007 to over nine per cent in 2010. Shelters across the State are at capacity and are forced to turn away many of Hawaii's homeless. To support the Governor's efforts to extend services and shelter accommodations to the growing levels of homeless, your Committee on Conference has approved \$1.6 million for shelter support contracts and the addition of three new shelters in Maui, Waianae, and Kona.

In addition, the Preschool Open Doors Program offers TANF recipients a means of providing children with educational opportunities while parents work towards self-sufficiency through state subsidies. Early childhood education plays an integral role in the development of Hawaii's youth, and affordable childcare allows many parents to engage in work opportunities. To support the valuable services the program offers, your Committee on Conference has provided \$1.6 million in subsidy assistance.

By design, TANF block grant resources allow states the flexibility to shift resources and develop innovative programs to achieve desired outcomes. To balance this flexibility and to ensure accountability, your Committee on Conference has crafted reporting requirements to clearly communicate how the programs are achieving their intended purpose.

Health

Your Committee on Conference recognizes the importance of prioritizing health and safety. The Department of Health lost three hundred fifteen positions in the recent RIF. As a result, the programs and their contracted service providers have operated with significantly less resources. This loss is compounded by the anticipated decrease in the FMAP reimbursements that have assisted several programs in this tough economic climate. Mental health and developmental disabilities programs have been hit especially hard by prior budget reductions and will be greatly affected by the impending FMAP decrease. A Child and Adolescent Mental Health Division Program has already closed for lack of funding, leaving Hawaii County with no community-based residential program.

Many other programs are also on the cusp of closing and cannot endure further reductions. The Developmental Disabilities Division has had to impose a fifteen per cent reduction on its service providers, which has caused concern of another federal lawsuit if funding is not ultimately restored. Your Committee on Conference is aware of the dire situation these programs are in and has provided the following support in accordance with corresponding FMAP reductions:

- \$3.3 million for fiscal year 2011-2012 and \$3.4 million for fiscal year 2012-2013 for the Adult Mental Health Division;
- \$2.4 million for fiscal year 2011-2012 and \$2.5 million for fiscal year 2012-2013 for the Child and Adolescent Mental Health Division; and
- \$9.9 million for fiscal year 2011-2012 and \$11.2 million for fiscal year 2012-2013 for the Developmental Disability Division.

The Early Intervention Program also faces a shortfall resulting from a reduction of Medicaid and Tobacco Settlement moneys. The Early Intervention Program provides services to infants and toddlers under the age of three who have, or are at risk for, developmental delays. Your Committee on Conference also understands that reduced funding will result in tighter eligibility criteria and could put the State in noncompliance with federal requirements. As such, your Committee on Conference has provided \$2.1 million to fund the program's projected deficit.

Education

Your Committee on Conference remains aware of the national embarrassment caused by Furlough Fridays. For the 2009-2010 school year, schools closed seventeen days due to furloughs. While students were able to have a full school year for 2010-2011, furloughs are still taken on non-instructional days and twelve-month employees have thirteen furlough days. Your Committee on Conference expects that the furlough restoration will allow the continuation of the current level of instructional school days at public schools.

In July 2010, the Department of Health terminated providing direct services for eligible special needs students due to budget restrictions. Recognizing the importance of offering these services, Your Committee on Conference supports the department's request to add \$2.1 million to sustain the level of contracted nursing services for the Individuals with Disabilities Education Act and Section 504 eligible students. Additionally, your Committee on Conference has approved the conversion of forty educational assistants from temporary to permanent status to alleviate the high turnover rate habitually associated with these positions.

Your Committee on Conference also added three positions to aid the department in internal audits and investigation. Your Committee on Conference hopes that the department will work with the newly appointed Board of Education to identify troublesome issues and provide viable solutions.

While agreeing with some of the department's budget recommendations, your Committee on Conference remains concerned by the significant student transportation contract costs reflected in the department's budget request. The estimated cost to provide student transportation has risen to about \$1,000 per regular education rider; whereas, the approximate general fund cost to educate a student is about \$5,500.

Furthermore, the appropriation has not covered the actual costs of transportation for several years. Even with continued requests from the Legislature to the department to address the exorbitant contract costs, the department has allowed the student transportation program to run at a significant deficit, simply utilizing funds from other sources rather than make concerted efforts to bring down costs.

Equally troubling is the fact that competition for bus contracts is practically negligible: once a company receives the contract for a route, other companies will not typically compete for that contract resulting with a situation whereby the State pays the only submitted bid price. Your Committee on Conference feels that a thorough evaluation of the student transportation program is necessary.

As such, your Committee on Conference does not support the department's request for student transportation contract costs for fiscal year 2012-2013. Your Committee on Conference has disapproved the requested \$19.6 million and has further reduced the department's transportation budget by an additional \$20 million for these costs. The remaining appropriation for fiscal year 2012-2013 will allow for the continuation of mandated transportation for qualifying special education students. Your Committee on Conference requests that the department complete a comprehensive alternatives analysis to assess various options and evaluate needed service levels to provide meaningful data to address this issue.

It is the intent of your Committee on Conference for the Legislature to revisit this issue once the department provides sufficient justification for transportation services.

While your Committee on Conference acknowledges the department's statutory authority to transfer funds between programs, this authority was granted to the department to provide a certain level of flexibility to cope with pressing issues, not to allow it to circumvent the Legislature's authority to allocate resources. Your Committee on Conference expects that, prospectively, the department will submit requests to the Legislature to appropriate or reallocate resources where they are needed, especially when transferring resources from schools (EDN 100 and EDN 150) to administrative offices (EDN 200 and EDN 300).

Charter Schools

Your Committee on Conference continues to support comparable funding for charter school students. Although your Committee on Conference understands that charter schools are allowed to operate independently, your Committee on Conference continues to have considerable concerns, especially with how these schools utilize state funds.

Over-projection of enrollment numbers has historically been an issue. The Legislature attempted to counteract the frequent over-projection of enrollment numbers by establishing a charter schools account within the state treasury where any appropriation amount exceeding the verified enrollment amount would be held. As of the current fiscal year, \$3.5 million has already gone into the account since the projected enrollment count originally provided by charter schools exceeded actual enrollment by nine hundred twenty-eight students. Currently, the Charter School Administrative Office asks the various charter schools to provide a projected enrollment count without confirming whether certain numbers are realistic. Your Committee on Conference advises that the charter schools develop a more consistent method of verifying the projected enrollment counts provided by the individual charter schools.

Your Committee on Conference finds recent events and revelations regarding the Myron B. Thompson Academy troubling. While the progress of the charter school, their local school board, and the charter school review panel is commendable, further improvements can be achieved. The expectation of your Committee on Conference for charter schools is that, while charter school operations may be exempt from certain state laws, they are still accountable for the quality of the education provided to their students and for the responsible use and diligent oversight of state funds.

University of Hawaii

Your Committee on Conference recognizes the University of Hawaii as the State's premier institution for higher learning, a leading generator of economic growth and diversification, and a tremendous resource for the State of Hawaii. The university has managed significant budget reductions through enrollment management, offering fewer classes at certain campuses, enlarging the size of classes, hiring lecturers to fill instructional positions, and closing campuses during winter and spring breaks.

Your Committee on Conference notes that the current budget request for the collective bargaining costs for the University of Hawaii Professional Assembly (UHPA) are its first opportunity to consider the agreement. Although, your Committee on Conference believes the negotiated collective bargaining agreement may be overly generous, given the larger fiscal context and the State's need to achieve labor savings and other state collective bargaining agreements, your Committee on Conference has provided the university with the ability to fund its labor contracts with its special funds.

The current collective bargaining agreement with UHPA calls for the restoration of original salaries on July 1, 2011. Your Committee on Conference believes the university is fully responsible for funding these costs. Accordingly, your Committee on Conference has changed the means of financing for \$14 million in general funds to special funds. Further, the "pay back" of salary reductions implemented for the current fiscal biennium results in an additional public employer cost of \$1.6 million for fringe benefits for university employees. Your Committee on Conference intends that the university pay for these fringe benefits through the use of its special funds and executed a similar reduction in its general fund allocation.

As the Twenty-fifth Legislature determined, your Committee on Conference finds that the University of Hawaii should not request that cost items associated with its six-year collective bargaining contract with UHPA be supported by general funds. Clearly, the actions of this Legislature do not diminish the authority of future legislatures to appropriate or withhold resources. As such, your Committee on Conference encourages the Twenty-seventh Legislature to further review the appropriateness of the UHPA contract and determine whether its cost items should be approved.

Your Committee on Conference understands the University of Hawaii Community Colleges have experienced an unprecedented enrollment growth of thirty-five per cent, while enrollment at the University of Hawaii Hilo has increased by nineteen per cent. In order to meet the increased student demand, your Committee on Conference has provided \$6.6 million for the University of Hawaii Community Colleges and \$300,000 for University of Hawaii Hilo to ensure they are able to maintain services and sustain course offerings.

Your Committee on Conference recognizes the importance of the John A. Burns School of Medicine in teaching and training high-quality physicians, biomedical scientists, and allied health workers for Hawaii. To better identify costs associated with this program, your Committee on Conference has transferred 198.22 positions and \$34.9 million to a separate John A. Burns School of Medicine program ID.

Budget and Finance

Fixed costs such as debt service, retirement system, and health benefit payments comprise one-third of the total State's general fund budget. These components require annual increases based upon assumptions for interest rates, payroll growth, and membership growth, all of which are beyond your Committee on Conference's control.

The previous administration restructured debt service to provide immediate savings in prior years. However, this action simply pushed costs into current and future years. Your Committee on Conference must provide additional funding to meet higher debt service requirements that have resulted from the prior administration's actions.

The State's contribution to health benefit premiums is determined through collective bargaining. The current Governor's Message requests are based on a 60/40 per cent (employer/employee) split and incorporate rates from the December 2010 bargaining unit agreement. In March of 2011, health benefits premiums increased by approximately eleven per cent. Your Committee on Conference has agreed to fund this increase; however, your Committee on Conference has adjusted the amount so that employees share this burden equally with the State.

The Department of Budget and Finance struggles to provide even the basic fiscal and administrative services for the State due to a thirty-three per cent position reduction in the Administrative and Research Office and a thirty-six per cent position reduction in the Budget, Program Planning and Management Division. The Treasury Management Branch has likewise had to manage operations with reduced resources. Treasury deposit receipt processing increased from one-day processing to twenty-nine days and treasury investment pool processing increased from a standard processing time of two months to six months. Your Committee on Conference recognizes that the department's current staffing level is not operationally sustainable and has restored needed positions and funding.

Additionally, a combination of a hiring freeze and prior budget reductions has left the Hawaii Employer-Union Health Benefits Trust Fund (Trust Fund) severely backlogged. In December 2010, staff was unable to answer 1,389 incoming calls and had 2,135 unprocessed documents resulting in employees and dependents being unable to go to the doctor or fill prescriptions. The Trust Fund is also in the process of transitioning-in fifteen thousand Hawaii State Teachers Association members and is in need of additional personnel. Your Committee on Conference is dedicated to ensuring that core services are provided and has added positions and funds to alleviate the backlog for a smooth transition of Hawaii State Teachers Association members.

The Legislature enacted Act 177, Session Laws Hawaii 2007, which authorized the restructuring and relocation of the Public Utilities Commission (Commission) due to increased responsibilities in energy policy reform. In addition, the Legislature authorized and funded additional positions for this purpose. The Commission requested over \$5 million for the renovation and lease of commercial space. However, your Committee on Conference has learned of sufficient state-owned space that could be utilized for the Commission and has provided \$250,000 for office space renovation. Your Committee on Conference encourages the Commission to work with the Department of Accounting and General Services to obtain state-owned space and provide much needed savings to the State.

The Commission also requested eleven positions pursuant to Act 177 that will enhance the Commission's research capabilities and ability to adapt to changing market environments. Your Committee on Conference recognizes the importance of these positions to address significant policy issues facing the State and has provided the requested positions.

In light of both House and Senate hearings that uncovered several instances of the mishandling of money by state agencies, your Committee on Conference sees value in hiring a third-party consultant to review the policies and procedures of the state treasury and to provide investment advice. In an effort to support this initiative, your Committee on Conference has provided funding for this purpose.

Public Safety

Your Committee on Conference continues to support the recent efforts of the Department of Public Safety to provide secure incarceration for offenders and protection for the State's general population.

The department has faced hiring delays and the inability to fill positions and posts for the operation of a twenty-four-hour facility, which has required it to pull personnel from various posts to staff facilities such as the Kapolei court complex. As such, your Committee on Conference has provided the following:

- Fourteen deputy sheriff positions to staff the Kapolei court complex; and
- \$131,377 for six adult corrections officer positions in the Hawaii Community Correctional Center.

The level of staffing the Sheriff Division currently provides to neighbor island courts remains a concern. Your Committee on Conference encourages the department to increase efforts to recruit positions for neighbor islands where staffing levels are currently at minimal levels.

Your Committee on Conference appreciates the department's efforts to reduce high overtime costs through the utilization of a program that increases accountability and imposes consequences on habitual abusers. For fiscal year 2011-2012, \$3.5 million is budgeted to continue these efforts. Your Committee on Conference notes that this amount represents a reduction from an actual expenditure of \$6.8 million in fiscal year 2009-2010. Your Committee on Conference hopes to see continued overtime reduction in the future.

Your Committee on Conference recognizes the department's commitment to honor the intent of the Governor to return inmates home from out-of-state facilities, thereby reducing the amount of public dollars sent out of Hawaii. The department noted that a long-term plan for returning inmates is scheduled to be completed by December 2011.

However, your Committee on Conference is concerned that despite prodding from the State Auditor, the previous administration did not take a more proactive and timely approach to procure a new contract for out-of-state facilities that will house Hawaii inmates. Without more time allotted for planning and execution, the best procurement practices may not be adequately carried out, thus decreasing potential savings for the State. Your Committee on Conference looks forward to receiving more information and having timely status updates from the department on this important matter.

Land and Natural Resources

Since 2009, general funds for the Department of Land and Natural Resources have been reduced by twenty-eight per cent. General fund costs were shifted to federal or special funds wherever possible; however, special fund revenues have not increased to adjust for the additional burden. Furthermore, general funds are necessary to provide core activities such as law enforcement, permitting, and regulatory oversight when statutory or program restrictions are placed on the use of non-general funds.

The department began implementing fees at many state parks and facilities to offset costs. However, the Division of Conservation and Resources Enforcement (DOCARE) relies almost entirely on general funds. DOCARE has handled budgetary and personnel reductions by drastically reducing services. Patrols are no longer twenty-four hours/seven days a week and have been reduced by twenty per cent. Coverage area has decreased by thirty per cent and enforcement actions, such as arrests, citations, investigations, and inspections, are down by an average of thirty-four per cent. Your Committee on Conference realizes that protecting Hawaii's natural resources is an immense task and the safety of conservation officers is a top priority. As such, your Committee on Conference has provided \$250,000 to properly equip officers who are protecting our State's natural resources.

In light of damage inflicted on Keehi Harbor by the March 11, 2011 tsunami, your Committee on Conference has provided \$475,000 to the department to clear the harbor of sunken boats and debris.

The State Historic Preservation Division has been identified as a high risk grantee by the National Park Service and is at risk of losing its federal grant, which comprises thirty per cent of the division's budget. Without federal approval, the State Historic Preservation Division will not be authorized to conduct preservation efforts at national historic sites, nor will it be able to properly inspect project sites. This may have significant impact on the ability to implement construction projects. Your Committee on Conference understands that protecting the State's unique history is important. To this end, your Committee on Conference has restored seven positions to the State Historic Preservation. A portion of this addition will reinstate the Burial Sites Program previously absorbed by the Culture and History Branch in 2006.

Agriculture

Your Committee on Conference recognizes agriculture as an important component of Hawaii's economy. The forty-four per cent general fund reduction made in fiscal year 2009-2010 negatively impacted the Department of Agriculture and resulted in the delay of services and discontinuation of several functions. Your Committee on Conference is dedicated to promoting self-sufficiency, conserving resources, and preventing the introduction of invasive species in our State.

As of January 2011, additional retirements have left the Honolulu International Airport, which accounts for ninety-five per cent of the statewide airport system, with only five to seven plant quarantine inspectors daily. If this trend continues, it is estimated that about ninety per cent of the invasive species will avoid interception and pose a major threat to our State. Your Committee on Conference anticipates the lifting of the hiring freeze to fill the twenty-two plant quarantine inspector positions restored by the Legislature last year in the Plant, Pest and Disease Control program and fifteen additional positions throughout the department determined to be essential to operations. As such, your Committee on Conference has shielded the Department of Agriculture from reductions to enable adequate funding for these important positions.

Finally, your Committee on Conference continues to support the efforts to reduce general fund costs in these challenging economic times by changing the means of financing for twelve positions from general funds to special funds.

Business, Economic Development, and Tourism

The Department of Business, Economic Development, and Tourism is at the forefront of Hawaii's economic recovery. The department provides important services to the State's trade operations and adds to the collective wealth of Hawaii by stimulating local businesses and emerging industries through grant support, research and analysis, and investment opportunities.

The energy industry achieved significant growth and garnered a great deal of attention in recent years. As the nation worked to transition to renewable energy, Hawaii emerged as a model for several states on the implementation of exemplary energy programs. The program's successful

solicitation of over \$59 million ARRA energy grants over the last biennium encourages the industry's growth and helps perpetuate Hawaii's commitment to achieve clean energy solutions.

Your Committee on Conference remains dedicated in its support of state energy projects and the advances the department has made in working towards the State's goal of seventy per cent clean energy and forty per cent renewable energy by 2030. In order to maintain State support in the growing industry and mitigate the loss of grant moneys, your Committee on Conference approved financing critical energy personnel through the Energy Security Special fund. However, the approaching expiration of federal energy grants for fiscal year 2011-2012 will result in a \$8.5 million reduction in the funds available to energy programs. As such, the department should be cautious of imprudent spending and engage in regular assessments of the energy program's needs. Your Committee on Conference encourages the department to budget appropriately and develop feasible expenditure plans for the upcoming fiscal biennium.

Aerospace is another industry that has received considerable national attention as a means of pioneering economic growth. As a state, Hawaii has been identified by the National Aeronautics and Space Administration as an ideal location for aerospace research and the development of next-generation space travel. Unfortunately, despite this recognition, the aerospace program within the department's Energy, Environment, and Aerospace division has been unable to participate in investment ventures due to limited funds and the division's emphasis on clean energy initiatives. In an effort to capture the growth potential of both the energy and aerospace industries, your Committee on Conference has created a new program for the Office of Aerospace, independent of Energy and Environment, thus allowing each division to focus on their unique industry needs.

With regard to organizational structure, your Committee on Conference notes that the department has a history of reorganizing its staff through the budget. This practice is demonstrative of the previous administration's penchant to employ questionable reorganization procedures that may have contributed to a number of grievances. As such, your Committee on Conference has rejected the department's request for those internal transfers that have not been adequately justified. Your Committee on Conference finds that the department should perform a comprehensive review of its operations and adopt a formal reorganization plan prior to submitting conforming requests through the budget process.

Taxation

From fiscal years 2008 to 2011, the Department of Taxation has faced reductions amounting to \$5.3 million and 43.5 positions. As a result, the quality of service provided to the public has suffered, including increased wait time for walk-in customers, delayed response to taxpayers under audit, and a forty-nine per cent reduction in call center pick-up rate.

Your Committee on Conference understands the increasing needs of the department resulting from the impending transition away from the consulting services of CGI Technologies and Solutions, Inc., while continuing to emphasize modernization and paperless practices. Therefore, your Committee on Conference has authorized the creation of nine information technology positions and has provided \$640,628 for fiscal year 2011-2012 and \$531,458 for fiscal year 2012-2013 to assist the department's modernization plan and the transition of programs performed by CGI to the department.

Every five years, by mandate of the Hawaii Constitution, a Tax Review Commission is created to review the State's tax structure and recommend revenue and tax policy. As such, your Committee on Conference has provided \$200,000 for the Commission to carry out its appointed duties.

Your Committee on Conference also recognizes that, in the current economic environment, finding new ways to generate revenue is a necessity. Therefore, your Committee on Conference has provided \$185,000 for the department to contract the services of the Multistate Tax Commission as another source of potential revenue.

Commerce and Consumer Affairs

The Division of Consumer Advocacy, Department of Commerce and Consumer Affairs, represents consumers before the Public Utilities Commission, which regulates rates and services offered by public utility and transportation companies. Eight positions under this office were reduced for vacancy savings in fiscal year 2009-2010. Act 130, Session Laws of Hawaii 2010, appropriated \$634,000 out of the Compliance Resolution Fund for fiscal year 2010-2011 to reinstate these positions. Your Committee on Conference has approved continued funding of these positions. In addition, your Committee on Conference has provided \$200,000 for consultant services regarding utility, communication, and transportation services.

Your Committee on Conference has provided the department with the spending authority to fully reimburse the Department of the Attorney General for the value of legal services received, which is estimated to be \$600,000. The funds will be transferred to the Department of the Attorney General.

Attorney General

Your Committee on Conference recognizes the importance of the Department of the Attorney General in its role as legal counsel for the State of Hawaii. Decreases in personnel and working hours have resulted in delayed responses to client agencies. In addition, reductions to the litigation fund have negatively impacted the department's ability to effectively fund expert witnesses, which has affected the credibility and quality of the legal representation the State receives in court proceedings.

Your Committee on Conference is committed to saving general funds by using non-general funds wherever applicable. As such, the Legal Services Division's general fund budget was reduced by using interdepartmental transfers to fund services provided to other departments. The department will be reimbursed as follows:

- The Department of Human Services has agreed to fund two deputies and one temporary deputy for a total of \$324,223;
- The Department of Education has agreed to fund two deputies for \$172,360, in exchange for the Department of the Attorney General funding one deputy at \$87,500; and
- \$220,000 from the Department of Commerce and Consumer Affairs to adjust for a new memorandum of understanding reimbursing the department for services totaling \$600,000.

These transfers save the State \$544,223 in general funds, as the Department of Human Services will be federally reimbursed and the Department of Commerce and Consumer Affairs is special funded through its compliance resolution fund.

Accounting and General Services

Your Committee on Conference recognizes the Department of Accounting and General Services' efforts to achieve its objectives despite severe personnel reductions. The department has adjusted schedules, work locations, and assignments in order to meet vital operating needs. Information and Communication Services Division personnel were decreased by thirty-six per cent over the past fiscal biennium and sustaining production capabilities is rapidly becoming a crisis.

Your Committee on Conference understands the importance of the Information and Communication Services Division to other executive departments and has restored eleven positions to help bring the division's data center back to twenty-four hours/seven days a week operations. With this addition, executive departments can begin to reduce their work backlog and improve services.

Although consumption levels of electricity, water, and sewage fell significantly in fiscal year 2010-2011, rates for these utilities have again increased. In an effort to alleviate these growing costs, your Committee on Conference has provided \$1,505,083 for fiscal year 2011-2012 and \$905,083 for fiscal year 2012-2013. However, your Committee on Conference encourages all departments to find savings in this area.

Your Committee on Conference is concerned over the procurement practices of state agencies. As such, your Committee on Conference has authorized and provided funding for five positions to the State Procurement Office. Among those positions are four purchasing specialists, which will enable the State to award and maintain additional contracts in a timely and efficient manner.

Transportation

Your Committee on Conference supports the Department of Transportation in its oversight and maintenance of the State's airports, harbors, and highways.

Significant reductions for both fiscal year 2009-2010 and 2010-2011 deferred scheduled maintenance projects in the department's Harbors and Highways Divisions. Your Committee on Conference recognizes that deferred maintenance in these areas compounds the eventual cost of repair. As such, your Committee on Conference has approved an increase in the Highways Division authority to utilize special funds in the amount of \$22.2 million for fiscal year 2011-2012 and \$58.4 million for fiscal year 2012-2013 for special maintenance projects across the State.

Your Committee on Conference understands the desire of the department to consolidate the highway programs of Maui, Lanai, and Molokai into a single program. As such, your Committee on Conference has approved the department's request to consolidate these highway programs into a single program. This will reduce administrative overhead and facilitate the transfer of funds between the islands.

Defense

As one of its guiding principles, your Committee on Conference recognizes the importance of maximizing federal funds. Accordingly, your Committee on Conference has provided \$369,101 in general funds that will net \$3.9 million in matching federal funds for fiscal year 2011-2012 and has provided \$418,202 in general funds with a \$763,201 federal funds-match for fiscal year 2012-2013. These funds will assist the juvenile justice and delinquency prevention program in delivering services, sustaining quality members in the Hawaii National Guard Youth Challenge Academy, and sufficiently staffing the emergency operating center for the State Civil Defense Division.

The State Civil Defense Division provides important emergency services to the State, including the coordination of private and public authorities, planning and mobilizing rapid response services and recovery efforts, and restoring essential public services. As such, your Committee on Conference has provided \$109,101 for fiscal year 2011-2012 and \$218,201 for fiscal year 2012-2013.

Your Committee on Conference also recognizes the valuable service and contribution of Hawaii's veterans. In light of these contributions, your Committee on Conference has provided \$634,491 for fiscal year 2011-2012 and \$3.2 million for fiscal year 2012-2013, which will be fully federally reimbursed, for repair and maintenance on all veterans' cemeteries statewide.

Labor

Your Committee on Conference finds that lack of employer confidence has kept unemployment levels at record highs. On December 17, 2010, President Obama signed the Tax Relief, Unemployment Insurance Reauthorization Act, which extended the Emergency Unemployment Compensation Program through January 3, 2012. This law will allocate \$262.2 million in federal funds to the State and will benefit nearly eighteen thousand of Hawaii's unemployed. Your Committee on Conference recognizes the augmented hardship of long-term unemployment in already difficult times and is supportive of the Department of Labor and Industrial Relations' efforts in garnering federal support to assist the State's displaced workforce.

Your Committee on Conference has ensured the continued viability of the Hawaii Occupational Safety and Health Division (HIOSH). The State's Occupational Safety and Health program has been in danger of decertification by the federal Occupational Safety and Health Administration. Decertification can result in loss of the program. If this were to happen, state and county workers may have less protection from certain health and safety laws. The requests approved by your Committee on Conference constitute the best possible solution to HIOSH's problems, given the circumstances.

Hawaiian Home Lands

Your Committee on Conference supports the Department of Hawaiian Home Lands' efforts to consolidate its programs. Your Committee on Conference has approved the department's request to consolidate the Management and General Support for Hawaiian Homesteads Program with the Planning and Development for Hawaiian Homesteads Program. Combining these programs will increase efficiency and the ability to distribute workloads as needed to assist the department's objective of placing native Hawaiians on Hawaiian Home Lands.

Your Committee on Conference recognizes that Act 14, Special Session Laws of Hawaii 1995, settled all claims made on behalf of the Hawaiian Home Lands Trust against the State between August 21, 1959, and July 1, 1988. The final \$30 million annual deposit will be received in 2014. Your Committee on Conference is concerned that the department has not provided a financial report that outlines its proposal to cope with discontinuation of the

settlement funds. Your Committee on Conference believes that the six-year report should account for the drop off in funding and detail the department's plan to ensure that the department is able to meet its long-term objectives.

VI. CAPITAL IMPROVEMENTS PROGRAM

Your Committee on Conference finds that well-maintained physical infrastructure and state facilities are essential to maintaining a positive business climate and a strong economic foundation, which will ultimately help to support the State's ability to navigate through the current, and any future, precarious economic conditions. Your Committee on Conference further finds that to combat the effects of the current recession and experience positive growth, the continued investment in our economy by various means is necessary. Investment in infrastructure and facilities is crucial for short-term economic growth and job creation.

Your Committee on Conference also finds that the need to invest in local infrastructure to help stimulate direct and indirect job creation is highly critical at this time. Expediency in the creation and maintenance of local construction jobs, as well jobs for architects, engineers, and other consultants associated with capital projects, will generate more disposable income, which will in turn circulate throughout our economy.

The impact of new bond issuances was of primary concern to your Committee on Conference, especially in light of the refinancing of general obligation bonds in 2009, which will result in substantial increases to debt service payments beginning in fiscal year 2015-2016. Further compounding this problem is that, because of an error in the accounting of general obligation bond authorizations for state education facilities improvement (SEFI) special funds, an additional \$390,000,000 needs to be appropriated for fiscal year 2011-2012 to ensure that sufficient resources will be available to cover contractual obligations that are currently encumbered.

While your Committee on Conference understands from both accounting and legal perspectives that the amount of general obligation bonds authorized and issued must equal the amount of SEFI funds appropriated and expended, the current problem the \$390 million is intended to fix is a manifestation of a larger, systemic problem with SEFI's financing mechanism that requires further evaluation and deliberation.

In exercising fiscal conservatism, your Committee on Conference has reevaluated the funding for prior appropriated executive budget projects and, as a result, has lapsed funding for several projects in the amount of \$27,144,640. These lapses represent unrequired balances for completed projects, funds for which the administration has denied allotment for various reasons, funds that the departments have indicated are otherwise unnecessary, insufficient, or for projects that are unlikely to be undertaken within the necessary timeframe to avoid standard lapsing, and funds that do not demonstrate the current priorities of the State.

Your Committee on Conference prioritized all general obligation/general obligation reimbursable bond-funded projects and recommended those deemed essential for health and safety and those that were identified as "shovel-ready" for immediate implementation. It was felt that these projects would fulfill the dual functions of protecting the public welfare while providing instantaneous stimulus to the State's economy.

The largest areas funded in this budget (all means of financing) are:

- (1) \$816,166,000 for the Department of Transportation (airports, highways, and harbors);
- (2) \$328,009,000 for the Department of Education, public charter schools, and public libraries;
- (3) \$174,195,000 for the University of Hawaii System; and
- (4) \$148,847,000 for the Department of Health and Hawaii Health Systems Corporation.

In addition, your Committee on Conference appropriated \$7,800,000 to repair and reconstruct infrastructure damaged by the tsunami that struck the State on March 11, 2011.

Lastly, your Committee on Conference appropriated \$20,000,000 for fiscal year 2011-2012 for grants to nonprofit organizations for facilities improvement and expansion. Continuation of the additional services provided to state residents by these nonprofit organizations is vital, especially given that the State may be forced to reduce services due to the current economic climate.

VII. CONCLUSION

This budget is a major component of the solution to the severe financial situation facing the State. The Governor, the House of Representatives, and the Senate each presented proposals that assisted the open, honest, and collaborative discourse that has occurred this legislative session and represents decisions that will best move the State through these difficult times. Through hard work and cooperation, your Committee on Conference has amended this legislation to provide an appropriate allocation for core services in light of the State's fiscal situation.

In total, this budget appropriates \$5,443,934,015 in general funds and \$11,050,795,327 in all means of financing for fiscal year 2011-2012 and \$5,556,181,624 in general funds and \$10,919,085,554 in all means of financing for fiscal year 2012-2013. These figures represent reductions of \$259,811,507 in general funds and \$310,023,757 in all means of financing for fiscal year 2011-2012 and \$358,774,039 in general funds and \$403,044,203 in all means of financing for fiscal year 2012-2013 to the Governor's budget request.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 200, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 200, H.D. 1, S.D. 1, C.D. 1.

Representatives M. Oshiro, Chong, Choy, Cullen, Har, Hashem, Ichiyama, Jordan, Kawakami, C. Lee, M. Lee, Morikawa, Tokioka, Yamashita, Marumoto, Riviere and Ward.

Managers on the part of the House.

(Representatives Marumoto and Ward were excused.)

Senators Ige, Chun Oakland, Dela Cruz, English, Espero, Fukunaga, Kahele, Kidani, Kim, Kouchi, Ryan, Tokuda and Wakai.

Managers on the part of the Senate.

Conf. Com. Rep. 144 on S.B. No. 120

The purpose of this bill is to repeal certain special and revolving funds and to transfer to the general fund the following types of balances from non-general funds:

- (1) The remaining balances of funds that have already been repealed;
- (2) The unencumbered balances of special and revolving funds that are being repealed under this bill; and
- (3) The excess balances of other special and revolving funds that are not being repealed under this bill.

Additionally, this bill:

- (1) Converts certain revolving funds of the University of Hawaii into special funds and repeals other special and revolving funds of the University of Hawaii;
- (2) Redirects disbursements and revenues of the compliance resolution fund for the benefit of the general fund;
- (3) Temporarily lowers the amount of conveyance tax revenues that are required to be transferred from the general fund to the land conservation fund;
- (4) Temporarily redirects to the general fund, instead of the emergency and budget reserve fund and the Hawaii tobacco prevention and control trust fund, certain amounts of the tobacco settlement moneys in the Hawaii tobacco settlement special fund; and
- (5) Transfers a portion of the excess balance in the Hawaii tobacco prevention and control trust fund to the general fund over the next two fiscal years.

Your Committee has amended the measure by:

- (1) Clarifying that the health care revolving fund is an expired fund;
- (2) Adjusting the final figures for the excess balances that will be transferred to the general fund from certain special and revolving funds;
- (3) Deleting the amendments relating to the land conservation fund and modifying the amendments to the master settlement agreement money part of the measure by shortening the time period in which the tobacco settlement funds will be diverted to the general fund;
- (4) Deleting the Director of Finance's authority to transfer Hawaii tobacco prevention and control trust fund moneys to the general fund;
- (5) Requiring the Director of Health, with the assistance of the Director of Finance, to conduct a study of the Hawaii tobacco prevention and control trust fund regarding the level of moneys in the trust fund and the use of those moneys; and
- (6) Changing the effective date of the measure 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 S.B. No. 120, 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. 120, S.D. 1, H.D. 1, C.D. 1.

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

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