

**Conf. Com. Rep. 1 on S.B. No. 1084**

The purpose of this measure is propose an amendment to article X, section 1, of the Hawaii State Constitution to permit the appropriation of public funds for private early childhood education programs to help the State meet its goal of providing an early education system for the children of Hawaii.

Your Committee on Conference finds that high quality early learning programs that are affordable and accessible for all children are critically important for ensuring the success of Hawaii's keiki. In addition, significant, long-term benefits realized through investments in high-quality, early learning systems have been proven through decades of research. Hawaii is one of only eleven states that does not publicly fund early education.

Your Committee on Conference recognizes the need to form public-private partnerships to provide Hawaii's keiki with high-quality early childhood education. This measure will authorize the implementation of S.B. No. 1095, C.D. 1 (2013), to allow the Office on Early Learning to contract with private early learning education programs, which have been the primary providers for early education in our State. This program will assist more children in establishing a solid foundation for success in school and life.

Your Committee on Conference notes that the Department of the Attorney General has affirmed that this measure gives the Legislature the power to determine, by law, the requirements the State may place on private early learning education programs who participate in the State's early education system to ensure that all provisions of the state and federal constitutions and all state and federal laws are followed.

Your Committee on Conference has amended this measure by making it effective upon compliance with article XVII, section 3, of the Constitution of the State of Hawaii.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1084, 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. 1084, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Rhoads, Luke, Ohno and Cheape.  
Managers on the part of the House.

Senators Tokuda, Shimabukuro, Ige, Ihara and Kidani.  
Managers on the part of the Senate.

**Conf. Com. Rep. 2 on S.B. No. 1083**

The purpose of this measure is to control school bus vendor costs by exempting contracts for transportation services for school children from wage certification requirements.

Your Committee on Conference finds that the wage certification requirement has made it difficult for bus vendors to make competitive bids to provide transportation services to the Department of Education. Removing this requirement will stimulate competitive bidding, which will help to reduce escalating transportation costs.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1083, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1083, H.D. 2, C.D. 1.

Representatives Takumi, Ing, Takai and Fale.  
Managers on the part of the House.

Senators Tokuda, Dela Cruz, Kidani, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senators Keith-Agaran and Slom were excused.)

**Conf. Com. Rep. 3 on S.B. No. 48**

The purpose of this measure is amend section 205A-62, Hawaii Revised Statutes, to remove the Department of Education from the list of state agencies with responsibilities relating to marine and coastal zone management.

Your Committee on Conference finds that the Department of Education is required to participate in a number of different boards, commissions, advisory groups, and task forces. These obligations are in addition to its primary duties and may at times absorb time and energy that the Department could otherwise spend advancing its core mission of providing primary education to over 177,000 of Hawaii's keiki.

Your Committee on Conference has amended this measure by reinserting language from this measure as introduced, which removes a representative of the Department of Education from the membership of the Aerospace Advisory Committee.

However, your Committee on Conference notes the Department of Education's willingness to continue to assist the Aerospace Advisory Committee by providing guidance or entering into partnerships to help the Aerospace Advisory Committee promote aerospace development within the State.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 48, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 48, H.D. 1, C.D. 1.

Representatives Takumi, Hanohano, Tsuji, Ohno and Fale.  
Managers on the part of the House.

Senators Tokuda, Espero, Green, Ruderman and Slom.  
Managers on the part of the Senate.  
(Senators Green and Slom were excused.)

**Conf. Com. Rep. 4 on S.B. No. 1082**

The purpose of this measure is to repeal statutory language specifying considerations and procedures the Department of Education must follow when contracting for student transportation.

Your Committee on Conference finds that student transportation costs have escalated in recent years. In November 2012, the Student Bus Transportation Study Final Report commissioned by the Department of Education found that, among other things, statutory requirements on contract terms hindered the Department's ability to maximize its resources and set contractual terms to help control escalating costs. This measure will allow the Department of Education greater flexibility in setting contract terms and defining student transportation eligibility parameters to improve delivery of services and contain rising costs.

Your Committee on Conference has amended this measure to make it effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1082, 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. 1082, S.D. 1, H.D. 2, C.D. 1.

Representatives Takumi, Ing, Takai and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 5 on S.B. No. 328**

The purpose of this measure is to amend the residential landlord-tenant code to allow a landlord to add to a security deposit an additional amount to pay for damages caused by any animal, other than an assistance animal, allowed to reside in the premises pursuant to a rental agreement.

Your Committee on Conference finds that the existing landlord-tenant code permits a landlord to collect a security deposit in an amount not to exceed one month's rent. Because of the current limit on security deposits, many landlords refuse to rent to pet owners. Your Committee on Conference further finds that this measure would permit the use of pet deposits in rental agreements, thus ensuring that landlords will be compensated for any damage done to a rental unit by a pet animal. This measure also acknowledges that landlords are not permitted to require a security deposit for an assistance animal for a person with a disability, thus conforming to federal and state fair housing laws.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that a landlord may collect an additional amount to pay for damages caused by any pet animal, rather than any animal, allowed to reside in the premises pursuant to the rental agreement;
- (2) Clarifying that the additional security deposit for a pet animal shall not be required from any tenant who does not have a pet animal, rather than requiring an additional security deposit for any animal that resides in the premises; and
- (3) Inserting an effective date of upon approval; provided that section 1 of this measure shall apply to all rental agreements entered into on or after November 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 328, 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. 328, S.D. 1, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 6 on S.B. No. 502**

The purpose of this measure is to establish a uniform standard of document disclosure for condominium projects, cooperative housing corporations, and other community associations.

Your Committee on Conference finds that establishing a uniform standard of document disclosure for sales of real property involving condominiums, cooperative housing corporations, and community associations will benefit buyers, sellers, and real estate licensees by clarifying which

documents and information must be disclosed during sales of real property subject to a recorded declaration.

Your Committee on Conference further finds that the real estate industry needs additional time to make necessary changes to any applicable real estate transaction forms, including the seller's disclosure statement and purchase contract, and conduct the necessary training and education related to the implementation of the new uniform standard of document disclosure as required by this measure. Providing the real estate industry with additional time to update forms and conduct training and education will ensure that buyers and sellers in a real estate transaction have accurate and updated real estate forms and have the opportunity to better understand any changes to the disclosure process.

Accordingly, your Committee on Conference has amended this measure by inserting an effective date of November 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 502, 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. 502, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Kawakami and McDermott.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 7 on S.B. No. 507**

The purpose of this measure is to create notice requirements for regular annual meetings and special meetings of a planned community association.

Your Committee on Conference finds that it is appropriate and reasonable for a planned community association to provide notice to its members for specific association meetings. Accordingly, this measure ensures that all members of a planned community association receive notice of any regular annual meeting or special meeting of the association by specifying requirements for the means and content of meeting notices.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the notice requirements under this measure shall be provided to association members by two or more specified means;
- (2) Inserting the posting of the meeting notice in its entirety to the association's website as one of the allowed means of providing written notice to association members; and
- (3) 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. 507, 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. 507, S.D. 1, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 8 on S.B. No. 1066**

The purpose of this measure is to clarify, amend, and correct errors in Hawaii's securities law.

Your Committee on Conference finds that the Hawaii Uniform Securities Act, codified as chapter 485A, Hawaii Revised Statutes, contains some errors and inconsistencies. This measure corrects and clarifies these errors and inconsistencies and has been reviewed by interested stakeholders in the securities industry, including the Securities Section of the Hawaii State Bar Association, the Securities Industry Financial Markets Association, the Financial Planners Association, and the Bankers Association.

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. 1066, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1066, H.D. 1, C.D. 1.

Representatives McKelvey, Nishimoto, Har and McDermott.  
Managers on the part of the House.  
(Representative Har was excused.)

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

**Conf. Com. Rep. 9 on S.B. No. 84**

The purpose of this measure is to amend the definition of "public housing project" to correspond to the federal Department of Housing and Urban Development's definition of housing that may be administered by the Hawaii Public Housing Authority; provided that state low-income housing projects are excluded from the definition.

Your Committee on Conference finds that the current definition of the term "public housing project" in section 356D-1, Hawaii Revised Statutes, is inaccurate and overly limiting for the purposes of the federal low-income public housing program. Under the United States Department of Housing and Urban Development regulations, public housing agencies are authorized to administer a variety of federally assisted housing beyond simply "public housing". Since the Hawaii Public Housing Authority is the only public housing agency in the State, the definition of "public housing" should correspond to the Department of Housing and Urban Development's definition of housing that may be administered by a public housing agency.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 84, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 84, H.D. 2, C.D. 1.

Representatives Cabanilla, Woodson, Carroll and Ward.  
Managers on the part of the House.

Senators Chun Oakland, Green, Kidani, Taniguchi and Slom.  
Managers on the part of the Senate.  
(Senators Green and Slom were excused.)

**Conf. Com. Rep. 10 on S.B. No. 960**

The purpose of this measure is to establish a notice of postponement or cancellation of sale requirement under part IA, chapter 667, Hawaii Revised Statutes, relating to judicial foreclosures.

Your Committee on Conference finds that pursuant to Act 48, Session Laws of Hawaii 2011, the foreclosing mortgagee in a nonjudicial foreclosure is legally required to provide notice of the postponement or cancellation of the public sale to specific persons. It is prohibited conduct for a foreclosing mortgagee to fail to notify identified persons and entities of the postponement or cancellation of a nonjudicial foreclosure sale. Although the protections relating to the postponement or cancellation of sale apply to nonjudicial foreclosures, there is not a similar requirement for judicial foreclosures under part IA, chapter 667, Hawaii Revised Statutes.

Your Committee on Conference further finds that this measure applies the existing protections for nonjudicial foreclosures to mortgagors and borrowers involved in the judicial foreclosure process. The timely notice required by this measure is intended to help homeowners avoid severe financial penalties which could result from a cancelled foreclosure sale the homeowner knew nothing about.

Your Committee on Conference has amended this measure 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. 960, 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. 960, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Rhoads, Kawakami and McDermott.  
Managers on the part of the House.

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

**Conf. Com. Rep. 11 on S.B. No. 1196**

The purpose of this measure is to enhance enforcement of state tax law by making receipt and record keeping requirements applicable to all taxpayers who conduct business transactions under the general excise tax law, instead of only those who conduct more than ten taxable business transactions per day. The measure provides an exception for casual sales.

Your Committee on Conference finds that under existing law, taxpayers can claim they have not conducted more than ten daily transactions, regardless of the number of actual transactions, and thus are exempt from the record keeping requirements for all cash-based business transactions conducted each day. Removing the exemption will ensure that cash-based businesses more accurately document all transactions, other than casual sales. Your Committee on Conference believes that this measure will assist the Department of Taxation in effectively enforcing the State's tax laws.

Your Committee on Conference has amended this measure by changing the effective date from July 1, 2030, to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1196, 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. 1196, S.D. 1, H.D. 1, C.D. 1.

Representatives Tsuji, Tokioka, Onishi and Cheape.  
Managers on the part of the House.

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

**Conf. Com. Rep. 12 on S.B. No. 1207**

The purpose and intent of this measure is to exempt all work involving submerged lands used for state commercial harbor purposes from the permit and site plan approval requirements for lands within the conservation district.

Your Committee on Conference finds that the exemption provided by this measure allows the Harbors Division of the Department of Transportation to plan and more effectively and efficiently implement projects in a timely manner to meet the growing needs of the maritime industry. The "just in time" cargo system for Hawaii is dependent upon the state commercial harbors system, as ninety-eight percent of imported goods pass through harbors. Significant impacts to facility operations and delivery of goods can occur if necessary capital projects are not completed or harbor facilities are not maintained or rehabilitated in a timely manner due to unnecessary permit delays.

Your Committee on Conference has amended this measure by:

- (1) Deleting references to state and federal laws or regulations applicable to the United States Army Corps of Engineers;
- (2) Deleting the language requiring that the exemption be applicable to expedite any maintenance work to rehabilitate and upgrade the State's existing commercial harbors system; 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. 1207, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1207, H.D. 2, C.D. 1.

Representatives Yamane, Evans, Aquino and Cheape.  
Managers on the part of the House.

Senators English, Solomon, Dela Cruz, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senator Dela Cruz was excused.)

**Conf. Com. Rep. 13 on S.B. No. 995**

The purpose of this measure is to recognize the expanding responsibilities and size of the Agricultural Resource Management Division of the Department of Agriculture by altering the position title of the engineering program manager to the engineering program administrator.

Your Committee on Conference finds that the Agricultural Resource Management Division has expanded significantly since its inception in 1987 and has become the largest land program within the Department of Agriculture. Despite the growth of the Division, however, the managing framework has remained the same. Changing the engineering program manager position to the engineering program administrator position will reflect the increased responsibilities and scope of the Agricultural Resource Management Division and align the position with similar positions within the Department of Agriculture.

This measure has been amended by changing the effective date to upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 995, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 995, H.D. 1, C.D. 1.

Representatives Evans, Lowen and Cheape.  
Managers on the part of the House.

Senators Nishihara, Solomon, Kouchi, L. Thielen and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

**Conf. Com. Rep. 14 on H.B. No. 1207**

The purpose of this measure is to maintain sufficient oversight of the State's Medicaid Program during the implementation of the federal Patient Protection and Affordable Care Act of 2010 by requiring the Department of Human Services to submit interim reports to the Legislature prior to the Regular Sessions of 2015, and 2016, and a final report to the Legislature prior to the Regular Session of 2017 on its program integrity compliance with the federal Patient Protection and Affordable Care Act of 2010 as it relates to Medicaid managed care, fee-for-service, and the children's health insurance program for fiscal years 2013-2014, 2014-2015, and 2015-2016.

Your Committee has amended this measure by changing its effective date to July 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1207, 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. 1207, H.D. 1, S.D. 1, C.D. 1.

Representatives Carroll, Jordan and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 15 on S.B. No. 3**

The purpose of this measure is to establish a system of nonpartisan primary and general elections for the selection of Office of Hawaiian Affairs Board of Trustees members.

Your Committee on Conference finds that historically, there has been a large pool of Office of Hawaiian Affairs Board of Trustees candidates competing in the general election, resulting in a wide dispersion of votes. Implementing a primary election process will narrow the pool of trustee candidates in the general election and ensure a more democratic process.

Your Committee on Conference has amended this measure by making a technical, nonsubstantive amendment 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. 3, 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. 3, S.D. 1, H.D. 2, C.D. 1.

Representatives Hanohano, Rhoads, Coffman and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

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

**Conf. Com. Rep. 16 on S.B. No. 407**

The purpose of this measure is to amend statutory provisions relating to the composition and quorum of island burial councils.

Your Committee on Conference finds that some island burial councils are unable to fill certain council seats or unable to make quorum for various reasons. It is necessary to amend the statutory provisions relating to the island burial councils to ensure that island burial councils are sufficiently staffed and able to make critical decisions relating to the care of iwi kupuna. Among other things, your Committee on Conference seeks to ensure that the amendments made by this measure will not affect the validity of decisions being made by current council members.

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

- (1) Clarifying that a member of each council shall include at least one representative "for" each geographic region rather than "from" each geographic region;
- (2) Requiring that a representative from the Kona geographic region on Oahu be included on the Oahu council;
- (3) Clarifying that regional representatives should be selected based on the representatives' understanding of the culture, history, burial beliefs, customs, and practices of native Hawaiians in the region they each represent;
- (4) Deleting the requirement that each list of nominees submitted by the Department of Land and Natural Resources and Office of Hawaiian Affairs to the Governor to fill vacancies on the councils includes at least two qualified nominees for each vacant seat;
- (5) Specifying that the decisions and other actions of each holdover member's council shall not be subject to challenge on the basis that the requirement in section 6E-43.5(a), Hawaii Revised Statutes, that each council include a member who represents each geographic region of the council, has not been met;
- (6) Making the measure effective upon approval; 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. 407, 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. 407, S.D. 1, H.D. 2, C.D. 1.

Representatives Hanohano, Cullen, Evans and Fale.  
Managers on the part of the House.  
(Representative Evans was excused.)

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

**Conf. Com. Rep. 17 on H.B. No. 1405**

The purpose of this measure is to:

- (1) Require the Public Utilities Commission to include a summary of the power purchase agreements in effect during the fiscal year in its annual report to the Governor; and
- (2) Clarify the use of the public benefits fee under section 269-121, Hawaii Revised Statutes, to support clean energy technology, demand response technology, and energy use reduction, and demand-side management infrastructure.

Your Committee on Conference has amended this measure by changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee 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. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1405, H.D. 2, S.D. 2, C.D. 1.

Representatives Lee, Kawakami, Lowen and Thielen.  
Managers on the part of the House.  
(Representative Thielen was excused.)

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

**Conf. Com. Rep. 18 on H.B. No. 1203**

The purpose of this bill is to provide qualifying criteria to assist with the selection of the Adjutant General and also give preference to candidates with direct experience in supervising or participating in the various state programs that are under the purview of the Hawaii Department of Defense. Specifically, this measure:

- (1) Requires that, in order to serve, continue to serve, or be appointed to serve as Adjutant General an individual must:
  - (A) Hold or have held a commission of at least an 0-5, federally recognized as such, in the National Guard of the armed forces of any state or territory of the United States, or in the armed forces of the United States or a reserve component thereof; and
  - (B) Have served as a commissioned officer in one (B) more of the armed forces of the United States for a total of at least ten years;
- (2) Provides a first preference for appointment to the position of Adjutant General to a commissioned officer who possesses at least five years of service as an active commissioned officer in the Hawaii National Guard, whether Army, Air, or both;
- (3) Provides a second preference for appointment to the position of Adjutant General to a commissioned officer who has served as an active commissioned officer in the National Guard of the armed forces of any state or territory of the United States, over a commissioned officer in the Armed Forces of the United States or a reserve component thereof; and
- (4) Exempts the sitting Adjutant General from the provisions of paragraphs (1) to (3) above.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date from January 1, 2050, to upon its approval; and
- (2) Making technical, nonsubstantive changes for the purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1203, 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. 1203, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 19 on H.B. No. 235**

The purpose of this measure is to expand the definition of "victim" under the crime victim restitution laws to include duly incorporated humane societies or duly incorporated societies for the prevention of cruelty to animals, contracted with the county or State, in order to provide such societies with restitution for reasonable and verified losses suffered.

Your Committee on Conference has amended this measure to provide that duly incorporated humane societies or duly incorporated societies for the prevention of cruelty to animals, contracted with the county or State, shall not receive restitution as a victim for costs that have already been contracted and provided for by the counties or State.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 235, 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. 235, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 20 on S.B. No. 1118**

The purpose of this measure is to authorize the Hawaii Public Housing Authority Board of Directors to set the salaries, none of which shall exceed the Governor's salary, of the Hawaii Public Housing Authority Executive Director, Executive Assistant, Chief Financial Management Advisor, Property Management Branch Chief, Chief Planner, and Redevelopment Officer.

Your Committee on Conference finds that the Hawaii Public Housing Authority, including the salaries of Authority employees, is funded primarily through federal funding or rental receipts. Existing state law establishing the salaries of key employees inhibits the hiring of qualified personnel with skills and expertise that would assist the Authority in fulfilling its duties and responsibilities. Not only will this measure enable the Authority to attract and retain qualified personnel, it will allow the Authority's Board of Directors to satisfy federal requirements, including providing certification to the federal Department of Housing and Urban Development that the salary of the executive director was established pursuant to a mandatory comparable salary study.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1118, 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. 1118, S.D. 1, H.D. 1, C.D. 1.

Representatives Cabanilla, Nakashima, Woodson, Jordan and Ward.  
Managers on the part of the House.

Senators Chun Oakland, Espero, Green, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senators Green and Slom were excused.)

**Conf. Com. Rep. 21 on S.B. No. 1070**

The purpose of this measure is to:

- (1) Authorize the Commissioner of Financial Institutions to examine and investigate licensees and other persons subject to the mortgage servicer law; and
- (2) Adjust fees for mortgage servicer applications and renewals.

Your Committee on Conference finds that the Commissioner of Financial Institutions regulates mortgage servicers who relay residential mortgage loan payments from a borrower to the owner of the loan or to other third parties, pursuant to the terms of service. This measure enables the Commissioner of Financial Institutions to have the necessary tools to protect consumers and conduct meaningful examinations and investigations of mortgage servicers. This measure also ensures the availability of adequate resources for the effective and expeditious licensing of mortgage servicers, which will promote the interests of consumers and businesses.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the Commissioner of Financial Institutions may access, receive, and use specific items deemed relevant by the Commissioner in the Commissioner's investigation or examination of a mortgage servicer;
- (2) Requiring payment of the license renewal fee of \$425, at least four weeks prior to the renewal period for licensure for the following year; and
- (3) 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. 1070, 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. 1070, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Nishimoto, Evans and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 22 on S.B. No. 1071**

The purpose of this measure is to:

- (1) Modernize the State's financial institutions law, codified as chapter 412, Hawaii Revised Statutes; and
- (2) Adjust fees for financial institutions to reflect the additional regulation and monitoring required of the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Your Committee on Conference finds that the last comprehensive review of the State's financial institutions law was in 1993. This measure modernizes the financial institution law to reflect changes in federal laws over the last twenty years, including changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. This measure also strengthens and clarifies the Commissioner of Financial Institutions' powers to administer and enforce chapter 412, Hawaii Revised Statutes, and adjusts fees to reflect additional regulatory requirements and monitoring required for specific licensees.

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. 1071, 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. 1071, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Nishimoto, Evans and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 23 on S.B. No. 1077**

The purpose of this measure is to:

- (1) Repeal the owner-builder exemption for industrial and commercial construction;
- (2) Set forth additional construction, employment, and other requirements for owners and lessees with an owner-builder exemption;
- (3) Prohibit owners and lessees with an owner-builder exemption from being eligible to recover from the contractors recovery fund; and
- (4) Amend penalties for noncompliance with owner-builder exemption requirements.

Your Committee on Conference finds that the owner-builder exemption under chapter 444, Hawaii Revised Statutes, authorizes owner-builders to perform their own improvements and construction without being required to obtain a contractor's license. However, owners often obtain owner-builder permits without having full knowledge of the risks and responsibilities that they assume. For example, owner-builders who hire unlicensed individuals to perform work act as the employer and must comply with employer insurance and tax requirements and follow applicable safety regulations and building codes. Owner-builders who hire subcontractors must hire licensed subcontractors.

Your Committee on Conference further finds that this measure clarifies the responsibilities that are required of owner-builders and improves the ability of the Regulated Industries Complaints Office to investigate possible violations of laws pertaining to owner-builders, thus promoting safety, improving the quality of construction in Hawaii, and reducing unreported cash transactions.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1077, 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. 1077, S.D. 2, H.D. 2, C.D. 1.

Representatives Evans, Wooley, McKelvey, Lee and Cheape.  
Managers on the part of the House.  
(Representatives Lee and Wooley were excused.)

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

**Conf. Com. Rep. 24 on S.B. No. 1265**

The purpose of this measure is to specify that an owner's agreement to locate and recover property that is presumed abandoned, shall be unenforceable and may be subject to an action to reduce the compensation amount if the agreement provides for compensation exceeding twenty-five percent of the total value of the property.

Your Committee on Conference finds that Act 229, Session Laws of Hawaii 2012, limited compensation for the recovery of property presumed abandoned to ten percent of the total value of the property. Your Committee on Conference further finds that there are valid reasons for establishing a maximum fee structure for professional unclaimed property locators. However, the existing ten percent limit on compensation for recovery creates a barrier for members of the public who wish to hire an attorney to assist with the recovery of unclaimed funds or property. This measure therefore increases the amount of enforceable compensation allowed from ten to twenty-five percent of the total value of the property for all owner's agreements, including agreements with attorneys, to locate, deliver, recover, or assist in the recovery of property that is presumed abandoned.

Your Committee on Conference finds that a cap of twenty-five percent of the total value of the property for owner's agreements to locate and recover property ensures that members of the public are able to retain attorneys to handle the claims process, while also ensuring that the overall fees associated with this process remain at reasonable levels.

Your Committee on Conference also finds that there is merit in allowing judicial discretion to approve owner's agreements with attorneys that provide for compensation that exceeds twenty-five percent, if the agreement is with an attorney to maintain an action in Circuit Court.

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

- (1) Inserting language to specify that an owner's agreement with an attorney to file a claim as to identified property or contest the administrator's denial of a claim is exempt from the application of the entire section 523A-25, Hawaii Revised Statutes;
- (2) Inserting language to specify that an owner's agreement with an attorney to maintain an action in Circuit Court under section 523A-16, Hawaii Revised Statutes, may provide for compensation that exceeds twenty-five percent of the total value of the property only upon approval of the court; and
- (3) Inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1265, 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. 1265, S.D. 1, H.D. 1, C.D. 1.

Representatives McKelvey, Rhoads, Nishimoto, Ito and McDermott.  
Managers on the part of the House.  
(Representative Ito was excused.)

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

**Conf. Com. Rep. 25 on H.B. No. 848**

The purpose of this measure is to ensure Hawaii's insurance laws are in compliance with federal health insurance laws by:

- (1) Establishing a uniform network adequacy standard for all health insurers doing business in Hawaii;
- (2) Amending the definition of "small business" for consistency with the federal Public Health Service Act, Health Insurance Portability and Accountability Act of 1996, and Patient Protection and Affordable Care Act; and
- (3) Applying licensing requirements for insurance producers to health maintenance organizations and mutual benefit societies.

Your Committee on Conference has amended this measure by:

- (1) Deleting provisions that applied licensing requirements for insurance producers to health maintenance organizations and mutual benefit societies;
- (2) Deleting the requirement that an unaccredited managed care plan be a new entrant to the State in order to demonstrate network adequacy through submitting to the Insurance Commissioner a plan to become accredited by a national accreditation organization;
- (3) Changing its effective date to July 1, 2013; 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. 848, 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. 848, H.D. 2, S.D. 1, C.D. 1.

Representatives Belatti, McKelvey, Ito, Morikawa and Fukumoto.  
Managers on the part of the House.  
(Representative Ito was excused.)

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

**Conf. Com. Rep. 26 on H.B. No. 673**

The purpose of this measure is to better address the potential public health and environmental issues related to restricted use pesticides by requiring the Department of Agriculture to publish on its website the public information contained in all restricted use pesticide records, reports, or forms submitted to the Department.

Your Committee on Conference has amended this measure by:

- (1) Requiring the Legislative Reference Bureau to conduct a study on pesticides that includes other states' reporting requirements for certain pesticides;
- (2) Amending its purpose section to conform to its substantive provisions; and
- (3) Changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 673, 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. 673, H.D. 2, S.D. 2, C.D. 1.

Representatives Wooley, Belatti, Onishi, Ohno and Cheape.  
Managers on the part of the House.  
(Representative Belatti was excused.)

Senators Nishihara, Gabbard, Kouchi, Ige, L and Thielen.  
Managers on the part of the Senate.  
(Senators Gabbard and Ige were excused.)

**Conf. Com. Rep. 27 on H.B. No. 587**

The purpose of this bill is to strengthen Hawaii's law protecting family or household members from physical abuse.

Specifically, this measure:

- (1) Amends the Hawaii penal code to include persons in a dating relationship as family or household members when considering the offense of abuse of family or household members;
- (2) Increases the period of separation from twenty-four to forty-eight hours that a police officer is required to order a person to stay away from a family or household member if the police officer has reasonable grounds to believe that a family or household member is in probable danger of further physical abuse or harm being inflicted by the person; and
- (3) Specifies that the forty-eight hour period of separation referred to in paragraph (2) shall be enlarged and extended to 4:30 p.m. on the first day following a weekend or legal holiday if the incident occurs on such a day.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 587, 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. 587, H.D. 1, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 28 on H.B. No. 805**

The purpose of this measure is to amend the Employees' Retirement System laws to comply with Internal Revenue Code requirements and vesting rules in order to maintain the system's status as a tax-qualified retirement plan.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 805, 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. 805, H.D. 1, S.D. 2, C.D. 1.

Representatives Nakashima, Hashem, Ichiyama and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 29 on H.B. No. 924**

The purpose of this measure is to increase the efficiency of the Hawaii Labor Relations Board by exempting the Board from the requirement to provide notice of hearings by registered or certified mail and instead requiring notice to be given by first class mail.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 924, 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. 924, H.D. 1, S.D. 2, C.D. 1.

Representatives Nakashima, Hashem, Yamashita and Johanson.  
Managers on the part of the House.  
(Representative Yamashita was excused.)

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

**Conf. Com. Rep. 30 on H.B. No. 1149**

The purpose of this measure is to protect the public against health and safety hazards and to preserve the natural beauty of Hawaii by establishing requirements for the decommissioning of wind energy facilities.

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. 1149, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1149, H.D. 3, S.D. 2, C.D. 1.

Representatives Lee, Kawakami, Cullen, Brower, Coffman and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 31 on H.B. No. 560**

The purpose of this bill is to help improve sustainability, increase food self-sufficiency, and provide those living in housing projects with life skills through the development of urban gardening programs in housing projects. Specifically, this measure authorizes the Hawaii Housing Finance and Development Corporation and the Hawaii Community Development Authority, in consultation with the College of Tropical Agriculture and Human Resources of the University of Hawaii at Manoa, to encourage the development of housing projects that incorporate urban gardening programs by providing incentives.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date from July 1, 2050, to upon its approval; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 560, 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. 560, H.D. 1, S.D. 1, C.D. 1.

Representatives Cabanilla, Tsuji, Carroll and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 32 on H.B. No. 87**

The purpose of this bill is to ensure public safety at public housing projects. Specifically, this measure:

- (1) Broadens the offense of criminal trespass in the first degree to include a person who enters or remains unlawfully in or upon the premises of any public housing project after a reasonable warning or request to leave by housing authorities or a law enforcement officer;
- (2) Stipulates that a person who enters or remains unlawfully on public housing project premises after hours shall be guilty of a petty misdemeanor for the first violation and a misdemeanor for a second or subsequent violation;
- (3) Clarifies that the warning or request to leave is not necessary between 10:00 p.m. and 5:00 a.m. at any public housing project that is closed to the public during those hours and has signs of a certain size and placement to provide sufficient notice of the closure; and
- (4) Defines housing authorities.

Your Committee on Conference has amended this measure by:

- (1) Downgrading the specified conduct and circumstances that would have constituted the offense of criminal trespass in the first degree, a misdemeanor, to criminal trespass in the second degree, a petty misdemeanor;
- (2) Clarifying that a police officer, rather than a law enforcement officer, may issue the warning or request to a person to leave the housing project;
- (3) Retaining language providing that no warning or request is necessary when the public housing project is closed and there is signage of a certain size and placement to provide sufficient notice of the closure and placing this language under the offense of criminal trespass in the second degree;
- (4) Placing the definition of housing authorities under the offense of criminal trespass in the second degree; 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. 87, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 87, S.D. 2, C.D. 1.

Representatives Cabanilla, Rhoads, Carroll and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 33 on H.B. No. 888**

The purpose of this measure is to provide a more streamlined process for the disposal of property that has been abandoned on or seized in or around any state low-income housing project.

Among other things, this measure:

- (1) Authorizes the Hawaii Public Housing Authority to dispose of abandoned or seized property:
  - (A) That has an estimated value of \$500 or more per item via public auction after public notice; and
  - (B) That has an estimated value of less than \$500 per item as determined by the Hawaii Public Housing Authority without public notice;
- (2) Enables the owner of the abandoned or seized property to repossess the property prior to disposition of the property if the owner provides proof of entitlement and settles all amounts and debts owed to the Hawaii Public Housing Authority; and
- (3) Repeals the current process for disposing of abandoned property left in or about any state low-income housing project through public auction.

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

- (1) Deleting the provision that limited the remedies available to the owners of abandoned or seized property;
- (2) Placing the language creating the new process in a new statutory section and repealing, rather than amending, the statutory section containing the current process for disposition;
- (3) Changing its effective date to July 1, 2013; 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. 888, 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. 888, H.D. 2, S.D. 1, C.D. 1.

Representatives Cabanilla, Woodson, Tokioka and Ward.  
Managers on the part of the House.

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

### **Conf. Com. Rep. 34 on H.B. No. 1381**

The purpose of this bill is to assist Hawaii's servicemen and servicewomen, and their spouses, when determining qualifications for an occupational license. Specifically, this measure:

- (1) Allows professional and vocational licensing authorities to license nonresident spouses of service members by endorsement or reciprocity if the nonresident military spouse is the spouse of a military member who is a member in good standing in the active or a reserve component of any of the armed forces of the United States and has orders issued by the United States Department of Defense to be stationed in Hawaii for a duration of at least one year;
- (2) Specifies that professional and vocational licensing authorities that consider relevant education, training, or service of a military veteran applicant and determine whether the applicant meets or exceeds the requirements for licensure in Hawaii shall accept the results of the passage of a national or regional exam accepted by statute or rule in the specific licensing area or the equivalent as determined by the licensing authority; and
- (3) Requires a military spouse seeking licensure to provide a certificate or evidence satisfactory to the professional and vocational licensing authority of having passed a national or regional exam or the equivalent to the licensing authority.

Your Committee on Conference has amended this measure by:

- (1) Expanding the ability of the professional and vocational licensing authority to issue licenses by endorsement or reciprocity, as well as temporary licenses, to any military spouse meeting certain specified requirements rather than limiting this provision to nonresident military spouses;
- (2) Specifying that licenses issued to a military spouse by endorsement or reciprocity shall be valid for the same period of time as licenses issued pursuant to Hawaii's laws for the particular profession for which licensure by endorsement or reciprocity is being sought;
- (3) Specifying that a military spouse shall not hold a license by endorsement or reciprocity for a period exceeding five years in the aggregate; and
- (4) Deleting language that:
  - (A) Specified that professional and vocational licensing authorities that consider relevant education, training, or service of a military veteran applicant and determine whether the applicant meets or exceeds the requirements for licensure in Hawaii shall accept the results of the passage of a national or regional exam accepted by statute or rule in the specific licensing area or the equivalent as determined by the licensing authority; and
  - (B) Required a military spouse seeking licensure to provide a certificate or evidence satisfactory to the professional and vocational licensing authority of having passed a national or regional exam or the equivalent to the licensing authority.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1381, 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. 1381, H.D. 2, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 35 on H.B. No. 656**

The purpose of this measure is to effectively harness new or improved approaches, concepts, and initiatives that have the potential to have a positive impact on the cost and quality of health care in the State by temporarily establishing within the Office of the Governor, the Health Care Transformation Program that is specially targeted to initiate a statewide health care transformation.

This measure also requires the Governor to submit a progress report containing the status of the Health Care Transformation Program and a final report on the Health Care Transformation Program, including findings, recommendations, and any proposed legislation, to the Legislature prior to the convening of the 2014 Regular Session and the 2015 Regular Session, respectively.

Your Committee on Conference has amended this measure by:

- (1) Changing its effective date to July 1, 2013; 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. 656, 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. 656, H.D. 2, S.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Morikawa and Fukumoto.  
Managers on the part of the House.

Senators Green, Baker, Chun Oakland, L. Thielen and Wakai.  
Managers on the part of the Senate.  
(Senator Wakai was excused.)

**Conf. Com. Rep. 36 on H.B. No. 423**

The purpose of this measure is to separate statutes relating to the deregistration of fee time share interests and the voluntary deregistration of fee non-time share interests from the Land Court system in order to make permanent the deregistration and transfer to the jurisdiction of the Bureau of Conveyances of fee time share interests while preserving the current repeal date of December 31, 2014, for voluntary deregistration and transfer of fee non-time share interests.

Your Committee on Conference has amended this measure by making a technical, nonsubstantive amendment 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. 423, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 423, S.D. 1, C.D. 1.

Representatives Evans, McKelvey, Rhoads, Coffman and Cheape.  
Managers on the part of the House.

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

**Conf. Com. Rep. 37 on S.B. No. 239**

The purpose of this measure is to:

- (1) Repeal chapter 317, Hawaii Revised Statutes (HRS), and move the statutory provisions relating to the annual conference of secondary school students to chapter 302A, HRS, relating to education;
- (2) Replace the Governor's authority to appoint members of the student conference committee with that of the Superintendent of Education and the Hawaii Association of Independent Schools;
- (3) Repeal the provision requiring that certain members of the Legislature and the Department of Education be included in the membership of the student conference advisory committee and instead require the Department of Education to maintain guidelines and procedures for establishing the advisory committee;
- (4) Repeal the three-day limit for the annual conference and provide that the conference is subject to program and funding limitations; and
- (5) Repeal the requirement for an evaluation report on conference proceedings.

Your Committee on Conference finds that the Student Conference Committee provides secondary students with the opportunity to learn valuable skills and connect with and learn from other secondary school students. In addition, it provides a forum for secondary school students to share their thoughts and concerns on issues that impact their schools and communities.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 239, 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. 239, S.D. 1, H.D. 2, C.D. 1.

Representatives Takumi, Ing, Takai and Fale.  
Managers on the part of the House.  
(Representative Takai was excused.)

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

**Conf. Com. Rep. 38 on S.B. No. 505**

The purpose of this measure is to support and encourage the use of mediation to settle condominium related disputes by:

- (1) Adding support for mediation of condominium related disputes as an educational purpose eligible to be funded by the Condominium Education Trust Fund;
- (2) Beginning with the July 1, 2015, biennium registration, establishing an additional annual Condominium Education Trust Fund fee dedicated to supporting mediation of condominium related disputes; and
- (3) Requiring the Real Estate Commission to make adjustments to the Condominium Education Trust Fund prior to July 1, 2015, to ensure that adequate funds are available for mediation of condominium related disputes.

Your Committee on Conference finds that mediation can be a consumer friendly way of resolving condominium related disputes. This measure dedicates a portion of the fees paid into the Condominium Education Trust Fund to support mediation of condominium related disputes, which will directly benefit the entire condominium community. This measure also ensures that condominium owners have access to the services of professionally trained mediators with extensive subject matter expertise, including retired judges and individuals with appropriate professional mediation training.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 505, 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. 505, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Nishimoto, Brower and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 39 on S.B. No. 1214**

The purpose of this measure is to:

- (1) Abolish the Commission on Transportation;
- (2) Authorize the counties to adopt ordinances to authorize the respective county police department or agent to apply a wheel boot to any motor vehicle for any parking violation and to collect a county fine to apply or remove the wheel boot; and
- (3) Prohibit a person other than a person authorized by the county or the registered owner of a vehicle from applying a wheel boot to the vehicle.

Your Committee on Conference finds that the Commission on Transportation was created as an advisory committee to the Department of Transportation and is no longer necessary. Abolishing the Commission on Transportation will streamline the operations of the Department.

Your Committee on Conference further finds that enforcement of parking violations is ineffective if the violator fails to pay a parking fine without other penalty. Authorizing the police to apply a wheel boot as an additional penalty would require the payment of a fee in order to remove the wheel boot.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to prohibit a person or entity, including any county police department or agent, from applying or causing to be applied, a wheel boot to a motor vehicle located on any public or private street, roadway, or highway, as applicable, or on any public or private property, as applicable;
- (2) Deleting the language authorizing the counties to adopt ordinances to authorize the county police department or agent to apply wheel boots and collect a fine to apply and remove a wheel boot; 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. 1214, 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. 1214, S.D. 1, H.D. 2, C.D. 1.

Representatives Yamane, Yamashita, Ichiyama and Cheape.  
Managers on the part of the House.  
(Representative Cheape was excused.)

Senators English, Baker, Espero, Gabbard, Kouchi and Slom.  
Managers on the part of the Senate.  
(Senators Gabbard and Slom were excused.)

**Conf. Com. Rep. 40 on S.B. No. 1209**

The purpose and intent of this measure is to:

- (1) Repeal language prohibiting persons from parking or placing a vehicle on a structure on any highway to sell from the vehicle certain items, thereby creating a hazardous condition or public nuisance;
- (2) Insert language prohibiting persons from occupying any highway or parking or placing a vehicle on a structure on any highway to sell any product, service, merchandise, food, or solicitation; and
- (3) Authorize the Director of Transportation, in the case of state highways, to issue a written permit, subject to any terms and conditions imposed by the Director, authorizing the applicant to vend in the airspace, as that term is defined in federal law, of the State's interstate highway system.

Your Committee on Conference finds that this measure allows the Department of Transportation flexibility to ensure that enforcement of the statute against unauthorized vending activities in the airspace is consistent with federal law, because federal law regulates this matter.

Your Committee on Conference has amended this measure by:

- (1) Reinstating language that prohibits persons from parking or placing a vehicle on a structure on any highway to sell from the vehicle certain items, thereby creating a hazardous condition or public nuisance; and
- (2) Deleting language that prohibits persons from occupying any highway or parking or placing a vehicle on a structure on any highway to sell any product, service, merchandise, food, or solicitation.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1209, 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. 1209, S.D. 1, H.D. 1, C.D. 1.

Representatives Yamane, Yamashita and Ichiyama.  
Managers on the part of the House.

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

**Conf. Com. Rep. 41 on S.B. No. 1161**

The purpose of this measure is to:

- (1) Allow a court to issue an income withholding order for payment of fines imposed on a vessel owner for violations of laws regarding abandoned vessels and establish procedures for the execution of the order; and
- (2) Clarify that all costs and expenses associated with the impoundment of an unauthorized vessel by the Department of Land and Natural Resources shall be borne by the vessel owner and specify circumstances under which no vessel registration shall be renewed or transferred.

Your Committee on Conference finds that in the case of a vessel owner who is in violation of mooring within a state small boat harbor or offshore mooring area, the vessel owner should have a continuing obligation to pay for the consequences.

Under existing law, the burden, along with the costs and expenses of impoundment and disposal of all unauthorized vessels, is on the Department of Land and Natural Resources when a vessel owner does not repossess an impounded vessel prior to disposition. The process is costly and time-consuming for the Department. The State is also not entitled to recover mooring fees incurred by the vessel owner prior to impoundment.

Your Committee on Conference has amended this measure by:

- (1) Deleting all references to the income withholding order by the court;

- (2) Changing the effective date to upon approval; 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. 1161, 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. 1161, S.D. 1, H.D. 2, C.D. 1.

Representatives Yamane, Hanohano, Yamashita, Ichiyama and Cheape.  
Managers on the part of the House.  
(Representative Cheape was excused.)

Senators Solomon, English, Kouchi, Dela Cruz, Shimabukuro and Slom.  
Managers on the part of the Senate.  
(Senators Dela Cruz and Slom were excused.)

**Conf. Com. Rep. 42 on S.B. No. 1339**

The purpose of this measure is to establish a definition of rural that would protect existing programs in remote areas of the State, such as the critical access hospital designation for Kahuku Medical Center, and expand opportunities for other communities that are designated as rural within the State but do not otherwise meet federal definitions to qualify as such.

Your Committee on Conference finds that the 2010 Census determined that Oahu no longer contains any areas that federally qualify as rural. This endangers Kahuku Medical Center's designation as a critical access hospital and disqualifies all communities on Oahu from participating in federal rural programs. Since 2010, rural communities in Hawaii have qualified for \$1,890,000 in federal grants from the Health Resources and Services Administration's Office of Rural Health Policy alone, with about half going to Oahu. With the release of the latest census figures, communities on Oahu no longer qualify for these and other federal programs. While the federal definitions of rural will keep some communities from participating in federal programs, there are several federal programs that recognize state definitions of rural. This measure establishes a state definition of rural that would protect existing programs in remote areas of the State.

Your Committee on Conference has amended this measure by changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1339, 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. 1339, S.D. 1, H.D. 1, C.D. 1.

Representatives Belatti, Morikawa, Carroll and Fukumoto.  
Managers on the part of the House.  
(Representative Carroll was excused.)

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

**Conf. Com. Rep. 43 on S.B. No. 1025**

The purpose of this measure is to update the Hula Mae Single Family Mortgage Loan program by:

- (1) Allowing broader program participation by potential homeowners;
- (2) Adding down payment and other cost assistance as a program feature; and
- (3) Making housekeeping and conforming amendments.

Your Committee on Conference finds that the Hula Mae Single Family Mortgage Loan program is a mortgage loan program for families of low and moderate income that was initiated by the Legislature in 1979. The program's intent is to deliver low interest mortgage loans to families and individuals who cannot qualify in the conventional market.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2013; and
- (2) Making a technical, nonsubstantive amendment 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, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1025, H.D. 3, C.D. 1.

Representatives Cabanilla, McKelvey, Woodson, Jordan and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 44 on S.B. No. 933**

The purpose of this measure is to make permanent the state general excise tax exclusion for the amounts received by a managed care support contractor of the TRICARE program for the actual cost or advancement to third-party health care providers, pursuant to a contract with the United States for the administration of the TRICARE program.

Your Committee on Conference finds that the TRICARE program is a federal government program that provides health care services to over nine million Americans, composed of active duty, reserve, and retired members of the United States uniformed services, their family members, and survivors, including approximately one hundred fifty thousand current and former service members and their family members who reside in Hawaii. The TRICARE program contracts with third-party administrators, known as "managed care support contractors," to establish and maintain networks of TRICARE-authorized civilian health care providers in various regions of the United States. On behalf of the United States Department of Defense, managed care support contractors make advances to health care providers, including doctors, hospitals, and other providers, for costs of health care services provided to TRICARE beneficiaries. The United States Department of Defense reimburses managed care support contractors for the actual cost or advancement made to third-party health care providers.

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

- (1) Extending the state general excise tax exclusion for five years, rather than making the exclusion permanent; and
- (2) Changing the effective date from July 1, 2050, to July 1, 2013.

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

Representatives Takai, Belatti, Luke, Takayama and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 45 on S.B. No. 586**

The purpose of this measure is to provide, under certain circumstances, an exemption from building code requirements and an expansion of existing building permit exemptions for nonresidential buildings or structures, including indigenous Hawaiian hale, on commercial farms and ranches located outside the urban district.

Your Committee on Conference finds that nonresidential building code requirements are financially and logistically burdensome to farming and ranching operations despite the minimal risk that these structures pose to public safety. Although Act 114, Session Laws of Hawaii 2012, exempts nonresidential agricultural and aquaculture buildings and structures from the building permit requirements, farmers and ranchers are still discouraged from expanding their farming operations due to the onerous building code requirements. The agricultural exemptions provided by this measure will ease the financial and administrative burden on farmers and ranchers and encourage agricultural diversification and self-sufficiency.

Your Conference on Committee has amended this measure by:

- (1) Removing the requirement that each county establish a list of agricultural buildings and structures that are exempt from existing building permit and code requirements;
- (2) Removing the county's discretion to determine which buildings and structures are exempt from building permit and building code requirements by requiring that all buildings and structures specified be exempt from building permits and, in certain cases, building code requirements;
- (3) Amending the term "agricultural building or aquacultural building" to "agricultural building" and clarifying that the definition of agricultural building includes a nonresidential building or structure built for agricultural or aquacultural purposes;
- (4) Specifying that buildings or structures used to store pesticides or other hazardous material are not exempt from building permit or code requirements unless they are stored in accordance with federal and state law;
- (5) Providing that failure to comply with the conditions set forth in section 46-88, Hawaii Revised Statutes, shall result in penalties consistent with county building department provisions;
- (6) Inserting an effective date of July 1, 2013; 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. 586, 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. 586, S.D. 1, H.D. 2, C.D. 1.

Representatives Wooley, Evans, McKelvey, Onishi and Cheape.  
Managers on the part of the House.

Senators Nishihara, Espero, Kouchi, L. Thielen and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

**Conf. Com. Rep. 46 on S.B. No. 697**

The purpose of this measure is to enhance the continuity of the Hawaii Aerospace Advisory Committee by extending the terms of committee members from two to four years.

Your Committee on Conference finds that extending the terms of service for members of the Hawaii Aerospace Advisory Committee will enable committee members to establish stronger working relationships and enhance the continuity of discourse among members, as well as reduce the administrative efforts required to maintain appropriate representation on the committee.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to 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. 697, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 697, H.D. 1, C.D. 1.

Representatives Tsuji, Takayama, Tokioka and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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

**Conf. Com. Rep. 47 on S.B. No. 88**

The purpose of this measure is to prohibit the possessing or keeping open liquor containers in the common areas in state and federal public housing projects, with certain exceptions.

Your Committee on Conference finds that state law prohibits the consumption of intoxicating liquors on public sidewalks, including any sidewalk within a public housing project as defined in sections 356D-1 and 356D-91, Hawaii Revised Statutes, and in common areas of public housing projects. However, this prohibition can be difficult to enforce since it is limited by the word "consumption", requiring that either a law enforcement officer visibly observe a perpetrator in the action of imbibing intoxicating liquor or a witness be willing to testify to visibly observing a perpetrator in the action of imbibing intoxicating liquor. By broadening the prohibition to possession of open intoxicating liquor containers, the requirement of physically observing a perpetrator in the act of imbibing in order to support prosecution is removed, making violations easier to report and enforce.

Your Committee on Conference has amended this measure by:

- (1) Removing exemptions that would have allowed possession of a liquor container within a public housing project if the container was being transported to or from certain locations and was sealed or closed with a cork or lid; 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. 88, 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. 88, S.D. 1, H.D. 2, C.D. 1.

Representatives Cabanilla, Rhoads, Jordan and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 48 on S.B. No. 1067**

The purpose of this measure is to:

- (1) Update the escrow depositories law to more realistically address the current responsibilities and operations of escrow depositories; and
- (2) Adjust fees for escrow depositories to reflect the risk based approach of supervision and the additional regulation and monitoring required of the Division of Financial Institutions of the Department of Commerce and Consumer Affairs.

Your Committee on Conference finds that the last significant revision to the State's escrow depositories law, codified as chapter 449, Hawaii Revised Statutes, was more than twenty-five years ago. Today's escrow depositories are handling larger and more sophisticated financial transactions, and certain changes to the escrow depositories law are therefore needed to better regulate the industry and protect consumers. Your Committee on Conference further finds that this measure provides the Division of Financial Institutions with meaningful tools and needed funding to oversee and regulate the escrow depository industry and safeguard the rights of the public.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have defined the term "examination and investigation", as this term does not appear elsewhere in this measure or in chapter 449, Hawaii Revised Statutes;
- (2) Inserting an effective date of upon approval; provided that sections 4, 7, and 8 of this measure shall take effect on January 1, 2014; 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. 1067, 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. 1067, S.D. 2, H.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 49 on S.B. No. 1042**

The purpose of this measure is to improve the Public Utilities Commission's ability to respond and adapt to the changing regulatory environment by:

- (1) Clarifying its authority to hire professional and other staff; and
- (2) Repealing existing legislatively-imposed permanent and temporary staff position descriptions.

Your Committee on Conference finds that the increased demand for energy and technological advancements in generating renewable energy, as well as changes in the delivery of other public utilities, requires the Public Utilities Commission to have a modernized and sophisticated workforce to carry out its increasingly complex regulatory functions. This measure allows the Chairperson of the Public Utilities Commission the flexibility to identify, design, and fill the positions necessary to steward the State through these dynamic and challenging technology-driven times.

Your Committee on Conference has amended this measure 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. 1042, 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. 1042, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Nishimoto, Belatti and McDermott.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 50 on S.B. No. 1068**

The purpose of this measure is to:

- (1) Authorize the Commissioner of Financial Institutions of the Department of Commerce and Consumer Affairs to require money transmitters to register with NMLS;
- (2) Establish procedures for a licensed money transmitter to surrender its license; and
- (3) Amend the bond requirement, fee structure for services provided by the Division of Financial Institutions, and the fine for violations of money transmitter regulations.

Your Committee on Conference finds that the Money Transmitter Act, codified as chapter 489D, Hawaii Revised Statutes, was originally enacted in 2006 to protect consumers of money transmission services and prevent money transmission from being used to facilitate illegal activities. This measure enables the Commissioner of Financial Institutions of the Department of Commerce and Consumer Affairs to more effectively enforce the money transmitters law and more appropriately supervise, regulate, and examine licensees. This measure also ensures that the Commissioner of Financial Institutions has sufficient funds to effectively regulate the money transmitter industry.

Your Committee on Conference has amended this measure 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. 1068, 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. 1068, S.D. 2, H.D. 1, C.D. 1.

Representatives Tsuji, McKelvey, Tokioka, Brower and Thielen.  
Managers on the part of the House.  
(Representatives McKelvey and Thielen were excused.)

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

**Conf. Com. Rep. 51 on H.B. No. 1132**

The purpose of this measure is to:

- (1) Require state employees specified under section 84-17(c), Hawaii Revised Statutes, except for state legislators to file a disclosure of financial interest statement with the Hawaii State Ethics Commission between January 1 and May 31 of each year; and
- (2) Require state legislators to file a disclosure of financial interest statement with the Hawaii State Ethics Commission between January 1 and January 31 of each year.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1132, 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. 1132, H.D. 1, S.D. 1, C.D. 1.

Representatives Nishimoto, Brower, Tsuji and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 52 on H.B. No. 1287**

The purpose of this measure is to help ensure that age-restricted goods and services are not purchased by underage individuals by specifying that the machine-readable zone of an individual's Hawaii identification card or driver's license may be scanned to verify, if the business has a reasonable doubt, that the individual has reached the minimum age required to purchase the age-restricted goods or services, rather than to verify that the individual has reached eighteen years of age or older.

Your Committee on Conference has amended this measure by:

- (1) Inserting a sunset date of July 31, 2014; 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. 1287, 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. 1287, H.D. 1, S.D. 1, C.D. 1.

Representatives Rhoads, Har, Tsuji and Cheape.  
Managers on the part of the House.  
(Representative Har was excused.)

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

**Conf. Com. Rep. 53 on H.B. No. 785**

The purpose of this measure is to:

- (1) Require the Native Hawaiian Roll Commission (Commission), in cooperation with the Office of Hawaiian Affairs, to submit an annual report to the Legislature beginning with the Regular Session of 2014, including the status of the preparation of the Native Hawaiian Roll, the Commission's expenditures, and the concerns or recommendations of the Commission;
- (2) Clarify that the Commission is responsible for including individuals who meet the ancestry requirements of Kamehameha Schools or of any Hawaiian registry program of the Office of Hawaiian Affairs on the Native Hawaiian Roll as "qualified Native Hawaiians";
- (3) Specify that the Commission shall include on the Native Hawaiian Roll and extend all rights and recognitions of other members of the Native Hawaiian Roll to any person already registered with the State as a certified Hawaiian or Native Hawaii through the Office of Hawaiian Affairs; and
- (4) Eliminate the directive from Act 195, Session Laws of Hawaii 2011, relating to the recognition of Native Hawaiians as Hawaii's indigenous people, that the Hawaiian Homes Commission Act, 1920, be amended in accordance with Act 195.

Your Committee on Conference has amended this measure by:

- (1) Removing language that would have required the Commission, in cooperation with the Office of Hawaiian Affairs, to submit an annual report to the Legislature;
- (2) Clarifying that an individual included on the Native Hawaiian Roll and treated as other members of the Native Hawaiian Roll based on that individual's previous registration with the State as a certified Hawaiian or Native Hawaiian through the Office of Hawaiian Affairs shall have that registration verified by the production of relevant Office of Hawaiian Affairs records;
- (3) Reinstating the directive in Act 195, Session Laws of Hawaii, to amend the Hawaiian Homes Commission Act, 1920, to accomplish the purposes of Act 195; 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. 785, 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. 785, H.D. 1, S.D. 1, C.D. 1.

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

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

#### **Conf. Com. Rep. 54 on H.B. No. 622**

The purpose of this measure is to protect the freedom of the press by:

- (1) Making permanent the news media privilege; and
- (2) Clarifying and defining the applicability of the privilege.

Your Committee on Conference has amended this measure by:

- (1) Reinstating the provision that extends the privilege to unpublished information obtained or prepared by certain persons while employed or professionally associated in the course of gathering, receiving, or processing information for communication to the public;
- (2) Removing the news-media-privilege exception with respect to defendants in criminal cases who have a constitutional right to the information sought, because any constitutional right such defendants have will prevail over the statute, thus making it unnecessary to amend the existing privilege; 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. 622, 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. 622, H.D. 1, S.D. 1, C.D. 1.

Representatives Rhoads, Belatti, Lee and Thielen.  
Managers on the part of the House.  
(Representative Thielen voted no, and Representative Lee was excused.)

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

**Conf. Com. Rep. 55 on H.B. No. 32**

The purpose of this measure is to ensure equity in the election process by requiring the chief election officer, beginning with the next full two-year election cycle, to place candidate names on the ballot in alphabetical order beginning with a letter drawn by lot prior to each election cycle.

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. 32, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 32, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 56 on H.B. No. 31**

The purpose of this bill is to amend the offense of disorderly conduct.

Your Committee on Conference has amended this measure by:

- (1) Including in the offense of disorderly conduct lying down at a bus stop shelter or other bus stop structure in a manner that impedes or obstructs the use of or access to the bus stop;
- (2) Establishing a \$50 fine for this specific offense; and
- (3) Changing its effective date from July 1, 2050, to January 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 31, 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. 31, H.D. 1, S.D. 1, C.D. 1.

Representatives Rhoads, Belatti, Brower and McDermott.  
Managers on the part of the House.

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

**Conf. Com. Rep. 57 on H.B. No. 21**

The purpose of this measure is to:

- (1) Permit the board of directors of a condominium association to collect a six-month special assessment from the mortgagee or other purchaser of a unit with a recorded lien for delinquent common assessments; and
- (2) Specify how excess rental income received by a condominium association after a foreclosure proceeding shall be paid to existing lien holders.

Your Committee on Conference finds that the costs of default in a condominium are substantially born by condominium associations and non-defaulting unit owners and mortgagors in the affected communities. The lending industry also has an interest in preserving the value of the condominium projects that make up part of the lending industry's collateral.

Your Committee on Conference further finds that because there are legitimate but competing issues relating to common assessments, the needs of the lending industry and condominium associations and non-defaulting unit owners must be appropriately balanced when attempting to create a priority lien for common assessments. This measure achieves this balance by providing condominium associations and non-defaulting unit owners with relief while also addressing interests of the lending industry.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the board of directors of a condominium association may specially assess the amount of the unpaid regular monthly common assessments for common expenses against a mortgagee, rather than a mortgagee or other purchaser of a unit;
- (2) Clarifying that any excess rental income received by a condominium association after a foreclosure proceeding shall be applied to the benefit of the unit owner;
- (3) Clarifying that excess rental income includes any net income received by the association after a court has issued a final judgment determining the priority of a senior mortgagee and after paying, crediting, or reimbursing the association or a third party; and



- (4) 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 H.B. No. 21, 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. 21, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Rhoads, Yamane and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 58 on H.B. No. 635**

The purpose of this measure is to expedite the approval process for broadband-related permits while maintaining utility pole public safety standards by:

- (1) Requiring the State and the counties to approve, approve with modification, or disapprove all broadband-related permits within specified timeframes to avoid automatic approval of broadband permit applications;
- (2) Specifying that applicants shall comply with all applicable safety and engineering requirements relating to broadband-related infrastructure; and
- (3) Ensuring that the Federal Communications Commission and the Public Utilities Commission have authority over utility pole weight capacity limits.

Your Committee on Conference has amended this measure by:

- (1) Adding a State automatic approval provision for applications for broadband facilities within the conservation district if not approved, approved with modification, or disapproved within one hundred forty-five days;
- (2) Removing specific State and county automatic approval provisions for applications for broadband facilities for the protective subzones of the conservation district if not approved, approved with modification, or disapproved within ninety days;
- (3) Removing specific State and county automatic approval provisions for conservation district use applications for broadband facilities, and related provisions, if not approved, approved with modification, or disapproved within one hundred twenty days;
- (4) Changing its effective date to January 1, 2014; 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. 635, 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. 635, H.D. 2, S.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 59 on S.B. No. 1176**

The purpose of this measure is to improve the parole system in Hawaii by:

- (1) Allowing certain individuals who serve on the panel that nominates Hawaii Paroling Authority members to select designees to represent them on the panel;
- (2) Requiring the release of parole hearing decisions within thirty days after the hearing; and
- (3) Establishing how quorum is determined for action on matters before the Hawaii Paroling Authority.

Your Committee on Conference finds that the Hawaii Paroling Authority nomination panel includes the Chief Justice of the Hawaii Supreme Court, Director of Public Safety, President of the Bar Association of Hawaii, a representative designated by the head of the Interfaith Alliance Hawaii, a member of the public, and President of the Hawaii Chapter of the National Association of Social Workers. The panel is responsible for vetting the list of applicants, conducting interviews, and submitting not less than three names per vacancy for the Governor's consideration. Your Committee on Conference further finds that this work averages three to five full days of meetings – a schedule that is often impractical for individuals in high level positions to regularly attend and still complete their existing work responsibilities. This measure permits the Chief Justice, Director of Public Safety, and Presidents of the Hawaii State Bar Association and Hawaii Chapter of the National Association of Social Workers to appoint designees to represent their organizations at

these meetings to ensure the timely nomination of new members.

Your Committee on Conference has amended this measure by:

- (1) Inserting language stating that if it is determined immediately preceding or during the course of a hearing that a sitting panel member must be recused due to a conflict of interest or illness, the panel may proceed with two members for quorum; 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. 1176, 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. 1176, S.D. 1, H.D. 2, C.D. 1.

Representatives Aquino, Rhoads, Ing and McDermott.  
Managers on the part of the House.

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

### **Conf. Com. Rep. 60 on S.B. No. 1073**

The purpose of this measure is to:

- (1) Establish certification and financial solvency requirements for dental service corporations; and
- (2) Repeal chapters 423 and 448D, Hawaii Revised Statutes.

Your Committee on Conference finds that under the federal Patient Protection and Affordable Care Act, beginning in 2014, stand-alone dental plans will be able to be sold through Hawaii's health insurance exchange, known as the Hawaii Health Connector. However, certain licensing requirements must be met prior to selling a stand-alone dental plan on the Hawaii Health Connector.

Your Committee on Conference further finds that this measure establishes a regulatory framework, compatible with the federal Patient Protection and Affordable Care Act, for dental service corporations in their provision or arrangement of dental insurance plans. Your Committee on Conference additionally finds that this measure refers to "dental service corporations" rather than "dental insurers"; however, there is already a chapter in the Hawaii Revised Statutes titled "Dental Service Corporations". Therefore, amendments to the terms in this measure are necessary to avoid a conflict with the existing chapter 423, Hawaii Revised Statutes, relating to dental service corporations.

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

- (1) Amending the title of the new chapter to "Dental Insurers", to avoid a conflict with chapter 423, "Dental Service Corporations", and making conforming substitutions of the term "dental service corporation" with the term "dental insurer" throughout the measure;
- (2) Clarifying the definitions of "dental insurer" and "insolvent" or "insolvency" and inserting a definition of "dental service corporation";
- (3) Clarifying that persons applying to the Insurance Commissioner for a certificate of authority to establish and operate a dental insurer must be in compliance with the new chapter established by this measure and chapter 423, Hawaii Revised Statutes;
- (4) Replacing the phrase "certificate of authority" with "charter of incorporation" as it relates to an existing dental service corporation whose application to the Insurance Commissioner for establishment of a dental insurer has been denied, as dental service corporations do not have certificates of authority;
- (5) Specifying that a dental insurer whose certificate of authority has been revoked shall proceed to wind up its affairs and shall conduct no further business;
- (6) Clarifying that the Insurance Commissioner may levy an administrative fine upon a dental insurer in an amount not less than \$500 and not more than \$50,000;
- (7) Removing language that stated the new chapter established by this measure shall not apply to an insurer or dental service corporation licensed and regulated pursuant to the insurance code or the new chapter except with respect to its dental service corporation activities authorized and regulated pursuant to the new chapter, to avoid confusion as to applicable laws;
- (8) Regarding solicitation of enrollees by a dental insurer, replacing the term "health professionals" with the term "providers", to avoid confusion as to applicable laws;
- (9) Removing language that would have repealed chapters 423 and 448D, Hawaii Revised Statutes;
- (10) Inserting an effective date of July 1, 2013; 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. 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 Belatti, McKelvey, Cabanilla and Fukumoto.  
Managers on the part of the House.  
(Representative Cabanilla was excused.)

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

**Conf. Com. Rep. 61 on S.B. No. 6**

The purpose of this measure is to prohibit the use of certain cruel or lethal methods for the control of animals. Specifically, this measure:

- (1) Requires dogs or cats that are captured or killed in a snare or certain traps to be reported to a county animal control officer;
- (2) Establishes an animal cruelty offense for the use of steel-jawed leg-hold traps or the use of snares, conibear, and foot- or leg-hold traps in residential or other prohibited areas;
- (3) Establishes the offense as a misdemeanor; and
- (4) Provides certain exemptions for activities carried out by state and federal agencies.

Your Committee on Conference finds that this measure allows for the use of appropriate tools to control feral animals, such as pigs, goats, sheep, deer, and wild cattle, where there is a potential for these animals to damage natural resource areas. At the same time, this measure establishes reasonable additional protections for pet animals in residential areas, where they are most likely to be inadvertently caught if certain animal control tools are employed.

Your Committee on Conference has amended this measure by deleting the exemption for state or federal employees for the use of steel-jawed leg-hold traps but retaining the exemption for state or federal employees to use snares, conibear traps, and foot- or leg-hold traps in residential or other prohibited areas for certain purposes.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 6, 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. 6, S.D. 1, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 62 on S.B. No. 9**

The purpose of this measure is to:

- (1) Prohibit persons convicted of cruelty to animals in the first degree from possessing or owning any pet animal or equine animal for a minimum of five years from the date of conviction;
- (2) Authorize the court to prohibit persons convicted of cruelty to animals in the second degree from possessing or owning any pet animal or equine animal for a minimum of one year from the date of conviction; and
- (3) Clarify for the offenses of cruelty to animals in the first and second degrees that a person includes an individual, any type of business entity, or any other legal entity.

Your Committee on Conference finds that this measure is based on the concept that defendants convicted of cruelty to animals in the first or second degree should no longer be afforded the privilege of owning a pet animal or equine animal.

Your Committee on Conference has amended this measure by:

- (1) Deleting section 3, which would have authorized the court to prohibit persons convicted of cruelty to animals in the second degree from possessing or owning any pet animal or equine animal for a minimum of one year from the date of conviction;
- (2) Amending the purpose section to reflect the deletion of section 3;
- (3) Changing the effective date from July 1, 2112, to 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. 9, 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. 9, S.D. 1, H.D. 2, C.D. 1.

Representatives McKelvey, Rhoads, Tsuji and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

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

**Conf. Com. Rep. 63 on S.B. No. 31**

The purpose of this measure is to clarify the information required in and the deadline for filing of noncandidate committee reports. Specifically, this measure:

- (1) Separates noncandidate committee contributions that are required to be disclosed and filed in preliminary, final, and supplemental noncandidate committee reports into contributions received and contributions made;
- (2) Requires noncandidate committee reports to disclose, for an independent expenditure, the name of the candidate supported or opposed by the expenditure and whether the expenditure supports or opposes the candidate; and
- (3) Requires the January supplemental noncandidate committee reports to be filed annually.

Your Committee on Conference finds that by separating the reporting of contributions into contributions received and contributions made by noncandidate committees, this measure will align with the practice that noncandidate committees make and receive contributions and report them. This separation promotes transparency of spending for independent expenditures. Your Committee on Conference further finds that amending the frequency of filing supplemental noncandidate committee reports more clearly aligns the law with the present practice of filing a supplemental report every year.

Your Committee on Conference has amended this measure by changing the effective date from January 1, 2100, 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. 31, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 31, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 64 on S.B. No. 192**

The purpose of this measure is to discourage the demand for prostitution in Hawaii through stronger deterrents. Specifically, this measure:

- (1) Establishes an offense of solicitation of a minor for prostitution as a class C felony for offenders eighteen years of age or older;
- (2) Adds the offenses of promoting prostitution, solicitation of a minor for prostitution, habitual solicitation of prostitution, and solicitation of prostitution near schools and public parks under the State's forfeiture laws;
- (3) Amends the definition of "sexual offense" under the sexual offender registry laws to include solicitation of a minor who is less than eighteen years of age for prostitution; and
- (4) Clarifies that the offense of solicitation of a minor for prostitution is a tier one offense under the sex offender registry laws.

Your Committee on Conference finds that this measure strengthens the laws and penalties for crimes that exploit children subjected to prostitution. Furthermore, by amending the State's forfeiture and sexual offender registry laws, this measure discourages individuals from engaging in solicitation of prostitution.

Your Committee on Conference has amended this measure by:

- (1) Adding language from this measure, as introduced, that:
  - (A) Establishes mandatory fines for a person convicted of the offense of solicitation of a minor for prostitution;
  - (B) Increases the statute of limitations to bring a cause of action for coercion into prostitution from two to six years; and
  - (C) Clarifies the minimum and maximum fine for a person convicted of committing the offense of prostitution; 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. 192, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 192, H.D. 1, C.D. 1.

Representatives Rhoads, Brower, Kawakami and Thielen.  
Managers on the part of the House.  
(Representative Brower was excused.)

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

**Conf. Com. Rep. 65 on S.B. No. 890**

The purpose of this measure is to allow the Chief Justice to appoint an acting member to serve on the Hawaii Labor Relations Board in the event that a regular board member is temporarily unable to act due to recusal.

Your Committee on Conference finds that existing law requires three members to serve on the Hawaii Labor Relations Board to ensure that collective bargaining is conducted in accordance with collective bargaining laws. Any action taken by the Board is done by simple majority. However, in the event that a board member recuses on a case, and the remaining board members cannot agree, the Board may be deadlocked and unable to act. This measure addresses the tiebreaker situation by allowing the Chief Justice to appoint an acting board member to serve on the Board for the case in which the recusal occurred.

Your Committee on Conference has amended this measure by adopting the language submitted by the House Conferees that:

- (1) Reinstates the Governor as the individual who may appoint an acting member to serve on the Hawaii Labor Relations Board in the event that a regular board member is temporarily unable to act due to recusal or illness;
- (2) Requires the Governor, when selecting an appointee to serve as an acting member, to first consider persons included on a list of names submitted by employee organizations, if the regular member is the representative of management or labor, and by public employers, if the regular member is the representative of management;
- (3) Changes the effective date from July 1, 2113, to upon approval; and
- (4) Makes 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. 890, 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. 890, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Hashem and Johanson.  
Managers on the part of the House.  
(Representative Johanson was excused.)

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

**Conf. Com. Rep. 66 on S.B. No. 966**

The purpose of this measure is to adopt the Uniform Mediation Act, which provides a comprehensive law for privileges and confidentiality in mediation. Specifically, this measure:

- (1) Establishes a privilege of confidentiality for mediators and participants that prohibits the disclosure of mediation communication from being subject to discovery or admissible as evidence;
- (2) Allows the parties to the mediation to waive the privilege and provides certain exceptions to the privilege, including the types of information the mediator may disclose;
- (3) Requires the disclosure of known conflicts of interest by the mediator and, upon request, the disclosure of the mediator's qualifications; and
- (4) Promotes autonomy by authorizing the parties to decide matters that can be set by agreement.

Your Committee on Conference finds that mediation is a process by which a third party facilitates communication and negotiation between parties to a dispute to assist them in reaching a voluntary agreement resolving that dispute. Currently, mediation communication is covered by Rule 408, Hawaii Rules of Evidence. This measure establishes a privilege that provides significantly more protection for mediation communications than the existing rule of evidence.

Your Committee on Conference has amended this measure by deleting language from the definition of "mediation" that specifies that mediation does not include hooponopono, ifoga, or other similar, traditional or customary dispute resolution practices.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 966, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 966, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 67 on H.B. No. 652**

The purpose of this bill is to improve access to medications and pharmacy services in underserved or remote areas by permitting the operation of remote dispensing pharmacies without causing operational challenges for nearby retail pharmacies. Specifically, this bill:

- (1) Prohibits new remote dispensing pharmacies from operating within ten miles of any pharmacy, excepting remote dispensing pharmacies in operation prior to the effective date of this measure and specific federally-qualified health centers; and
- (2) Extending sunset date of Hawaii's remote pharmacy dispensary law established by Act 212, Session Laws of Hawaii 2008, to January 1, 2016.

Your Committee on Conference has amended this measure by:

- (1) Prohibiting remote dispensing pharmacies from operating within the State rather than simply prohibiting remote dispensing pharmacies from operating within a ten mile radius of an existing pharmacy; and
- (2) Exempting existing remote dispensing pharmacies operated by the Waianae Coast Comprehensive Health Center in Nanakuli and Waianae from the prohibition in paragraph (1) until June 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 652, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 652, S.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Morikawa and Fukumoto.  
Managers on the part of the House.

Senators Green, Baker, Kouchi, Ruderman and Slom.  
Managers on the part of the Senate.  
(Senators Kouchi and Slom were excused.)

**Conf. Com. Rep. 68 on H.B. No. 25**

The purpose of this measure is to improve the foreclosure process by:

- (1) Allowing a condominium or planned-community association, as a junior lienholder, to commence or continue a nonjudicial foreclosure action on a property subject to a judicial foreclosure even if the lender has filed for foreclosure; and
- (2) Preserving the right of owner-occupants to require the foreclosing mortgagee to participate in the dispute-resolution process in situations in which an association forecloses on residential real property occupied by one or more owner-occupant mortgagors for whom the unit is and has been the person's primary residence for a continuous period of not less than 200 days immediately preceding the date on which the notice is served and the mortgagee subsequently forecloses its lien on the same property.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2013; 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. 25, 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. 25, H.D. 2, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 69 on H.B. No. 62**

The purpose of this measure is to protect the privacy of individual health information by prohibiting pharmacy benefits managers from using an individual's health information for the purpose of marketing, selling or disseminating an individual's health information, or directly contacting an individual by any means for the purpose of marketing pharmacies owned by the pharmacy benefits manager in the absence of medical necessity, the express permission of the individual, and, where applicable, the express permission of the relevant employee benefit plan, health benefit plan, or managed care plan.

Your Committee on Conference has amended this measure by:

- (1) Specifying that a pharmacy benefits manager shall not directly contact an individual by any means for the purposes of marketing pharmacy benefits manager-owned pharmacies without express written permission unless the contact is medically necessary to the health and safety of the individual;
- (2) Specifying that an individual may freely revoke the affirmative opt in to the sale or dissemination of health information at any time;
- (3) Adding definitions for "affiliated" and "health information"; and
- (4) Specifying that the effective date of this measure shall be upon approval and the measure shall apply to all plans and contracts issued, renewed, modified, altered, or amended on or after such effective date.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 62, 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. 62, H.D. 2, S.D. 2, C.D.1.

Representatives Belatti, McKelvey, Evans, Morikawa and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 70 on H.B. No. 1187**

The purpose of this measure is to address the issue of human trafficking, including the protection of children by:

- (1) Designating the month of January as "Human Trafficking Awareness Month"; and
- (2) Expanding the definitions of "child abuse or neglect" in the State's child abuse law and "harm" in the State's Child Protection Act by adding as circumstances of "child abuse or neglect" and "harm":
  - (A) Acts that constitute the offense of promoting prostitution in the first degree; and
  - (B) Occurrences where a child is a victim of labor trafficking.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the offense of promoting prostitution in the first degree is where the offender advances or profits from prostitution of a person less than 18 years old; and
- (2) Making a technical, nonsubstantive amendment 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. 1187, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1187, S.D. 2, C.D. 1.

Representatives Carroll, Rhoads, Morikawa and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 71 on H.B. No. 398**

The purpose of this measure is to:

- (1) Require child care facilities, including family child care homes, group child care centers, and group child care homes; and infant and toddler child care centers that care for children less than one year of age to develop, maintain, and implement safe sleep policies, in accordance with rules adopted by the Department of Human Services, to prevent sudden unexpected infant deaths and sudden infant death syndrome; and
- (2) Establish a working group to review issues relating to the transition of oversight of home and community-based facilities from the

Department of Human Services to the Department of Health, including the submittal of a report of the working group's findings and recommendations to the Legislature.

Your Committee on Conference has amended this measure by:

- (1) Deleting the Part I of the measure that required child facilities, centers, and homes, to develop, maintain, and implement safe sleep policy procedures;
- (2) Inserting the number of representatives to participate in the working group from community care foster family homes, adult residential care homes, adult day care centers, developmental disabilities domiciliary homes, adult foster homes, and licensed case management agencies;
- (3) Changing its effective date to July 1, 2013; 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. 398, 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. 398, H.D. 1, S.D. 2, C.D. 1.

Representatives Carroll, McKelvey, Cabanilla, Cachola, Woodson and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

Senators Chun Oakland, Green, Baker, Kidani and Slom.  
Managers on the part of the Senate.  
(Senators Green and Slom were excused.)

**Conf. Com. Rep. 72 on H.B. No. 1137**

The purpose of this measure is to clarify the qualifications for court-appointed child custody evaluators and enhance protections for parties affected by a child custody evaluator's determinations, including:

- (1) Specifying the types of licensed individuals who may serve as court-appointed child custody evaluators and setting forth the circumstances under which unlicensed individuals may be appointed;
- (2) Requiring the judiciary to maintain an accessible registry of qualified child custody evaluators; and
- (3) Establishing procedures allowing for complaints regarding court-appointed child custody evaluators.

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. 1137, 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. 1137, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 73 on H.B. No. 951**

The purpose of this measure is to clarify the service of process within the State by:

- (1) Directing the Department of Public Safety to maintain a list of independent process servers to serve specified civil process within the State;
- (2) Statutorily authorizing the independent civil process servers from the Department of Public Safety's list to serve specified types of civil legal process and to collect fees for such service;
- (3) Removing the power of the court to authorize persons to effect service of process by court rule or otherwise;
- (4) Shielding the Department of Public Safety, the State, and any agencies, officers, or employees from responsibility or liability for the conduct of any independent civil process server placed on the list; and
- (5) Specifying that an independent civil process server placed on the Department of Public Safety's list shall not be considered a law enforcement officer, sheriff or deputy sheriff, or employee or agent of the State.



Your Committee on Conference has amended this measure by:

- (1) Adding orders to show cause pursuant to chapter 633, Hawaii Revised Statutes, and writs of attachment or execution pursuant to chapter 651, Hawaii Revised Statutes, to the types of civil process that independent civil process servers are authorized to process;
- (2) Clarifying that independent civil process servers are included in those who may seize goods, chattels, and property pursuant to a writ of replevin or attachment under chapter 634, Hawaii Revised Statutes, or in execution of a bond pursuant to chapter 654, Hawaii Revised Statutes;
- (3) Specifying that the Department of Public Safety and the State are not responsible or liable for the conduct in the course of service of writs of attachment or execution pursuant to chapter 651, Hawaii Revised Statutes, of any independent civil process server placed on the list;
- (4) Clarifying that the inclusion of independent civil process servers in the persons authorized to process writs of attachment or execution shall not be construed to make an independent civil process server a law enforcement officer, sheriff or deputy sheriff, or employee or agent of the State;
- (5) Requiring the Department of Public Safety to convene a working group to:
  - (A) Define and delineate process server duties and responsibilities;
  - (B) Create a registration process for process servers;
  - (C) Examine the licensing requirements of and jurisdictional concerns with the private process server industry in the State; and
  - (D) Address other relevant issues; 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. 951, 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. 951, H.D. 1, S.D. 2, C.D. 1.

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

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

#### **Conf. Com. Rep. 74 on S.B. No. 978**

The purpose of this measure is to establish that cruelty to animals in the second degree is a class C felony when the offense involves twenty-five or more pet animals in any one instance.

Your Committee on Conference finds that in a recent animal cruelty case, the judge sentenced the former manager of a dog breeding facility to six months in jail for one hundred fifty-three counts of animal cruelty. However, the defendant did not serve his jail sentence because the defendant was released from custody for time served while waiting for trial. This measure elevates the penalty for the offense of cruelty to animals in the second degree from a misdemeanor to a class C felony when the offense involves twenty-five or more pet animals in any one instance to ensure that defendants who are convicted of animal cruelty involving multiple pet animals serve time in jail.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to amend section 706-620, Hawaii Revised Statutes, to prohibit sentencing a defendant to a term of probation if the defendant is convicted of cruelty to animals in the first or second degree involving ten or more pet animals;
- (2) Establishing that cruelty to animals in the second degree is a class C felony if the offense involves ten or more, rather than twenty-five, pet animals in any one instance; 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. 978, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 978, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 75 on S.B. No. 19**

The purpose of this measure is to exempt from the definition of "public utility" persons who own, control, operate, or manage renewable energy systems on their property and provide, sell, or transmit electricity generated by those systems to tenants or lessees on the property, under certain conditions.

Your Committee on Conference finds that this measure provides an opportunity for renters to be able to benefit from the cost savings of renewable energy systems, such as solar photovoltaic systems, without having to incur the cost of installing the systems themselves. This measure also provides landlords with investment opportunities that could ultimately benefit landlords and tenants. Your Committee on Conference also finds that tenants and lessees may not have bargaining power equal to that of landlords and lessors, necessitating disclosure and rate requirements in leases that are protective of tenants and lessees.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the purpose section of the measure to reflect the intent to provide for disclosures in the lease agreement for the protection of the lessees or tenants;
- (2) Inserting a provision requiring any interconnection to be maintained with an electric public utility to preserve the lessees' or tenants' ability to be served by an electric utility;
- (3) Inserting a provision prohibiting owners and lessors from using the electric public utility's transmission or distribution lines to provide, sell, or transmit electricity to lessees or tenants;
- (4) Clarifying language restricting the rate charged to tenants and lessees to a rate no greater than the effective rate charged per kilowatt hour from the applicable electric utility schedule filed with the Public Utilities Commission;
- (5) Adding language to prohibit lease agreements from abrogating any terms or conditions of applicable tariffs for termination of services for non-payment of electric utility services or rules regarding health, safety, and welfare;
- (6) Requiring specific disclosures regarding rate information in any lease agreement between lessors and tenants;
- (7) Inserting a provision to preclude energy wheeling; and
- (8) 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. 19, 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. 19, S.D. 1, H.D. 2, C.D. 1.

Representatives Lee, Kawakami, Lowen and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 76 on S.B. No. 535**

The purpose of this measure is to extend certain basic labor rights and protections to domestic workers. Specifically, this measure:

- (1) Prohibits an employer from discharging or discriminating against an individual employed as a domestic in compensation or in terms, conditions, or privileges of employment because of that individual's race, sex including gender identity or expression, sexual orientation, age, religion, color, ancestry, disability, or marital status;
- (2) Applies the wage and hour laws under chapter 387, Hawaii Revised Statutes, to domestic workers except for individuals employed in domestic services on a casual basis and individuals providing companionship services for the aged or infirm; and
- (3) Adds definitions of "casual basis", "companionship services for the aged or infirm", and "domestic service" to the wage and hour laws under chapter 387, Hawaii Revised Statutes.

Your Committee on Conference finds that domestic workers provide services for a family other than their own within that family's home. The duties of a domestic worker depend on the employment relationship between the domestic worker and the domestic worker's employer. Duties may include cleaning; laundry; shopping; cooking; or child, senior, or pet care. Many domestic workers are hired under private agreements that do not afford basic legal employment rights and protections. This measure extends certain basic labor rights and protections to domestic workers.

Your Committee on Conference has amended this measure by:

- (1) Adopting the language suggested by the Hawaii Civil Rights Commission and the Department of Labor and Industrial Relations regarding the provision that prohibits discrimination of individuals employed as domestics to exclude from this protection the act of discharging a domestic worker; and
- (2) Changing the effective date from July 1, 2113, 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. 535, 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. 535, S.D. 1, H.D. 2, C.D. 1.

Representatives Nakashima, Tsuji, Rhoads, Hashem and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 77 on S.B. No. 310**

The purpose of this measure is to:

- (1) Establish an assisted community treatment program in lieu of the involuntary outpatient treatment program for severely mentally ill individuals who meet specified criteria; and
- (2) Amend procedures for determination of order to and discharge from a treatment program.

Your Committee on Conference finds that there are serious problems of high incarceration and hospitalization rates of those with severe mental illness. Assisted community treatment provides an opportunity for people with serious mental illness to be treated in the least restrictive setting and reduces the trend toward criminalizing mental illness.

Your Committee on Conference further finds that obtaining and analyzing information from providers about persons under assisted community treatment is beneficial for providers and people with serious mental illness.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have created a new section related to confidentiality of records, files, and orders for assisted community treatment;
- (2) Inserting language that subjects an order for assisted community treatment to the provisions of the Health Care Privacy Harmonization Act, codified as chapter 323B, Hawaii Revised Statutes;
- (3) Deleting language that would have required the State to reimburse a private hospital for services rendered to a subject of a petition who is uninsured;
- (4) Specifying that the subject of an order is fully discharged from assisted community treatment if no objection is filed prior to the intended date of discharge, rather than within five days of the mailing of notice;
- (5) Inserting language that requires treating providers wishing to file a petition for assisted community treatment to gather information related to MH-1s and hospitalization of persons who are under an order to treat;
- (6) Inserting language that requires an entity designated by the Department of Health to gather information from treating providers related to MH-1s and hospitalization of persons who are under an order to treat and submit an annual report to the Legislature no later than twenty days prior to the convening of every regular session beginning with the Regular Session of 2015;
- (7) Changing the effective date to January 1, 2014;
- (8) Inserting a repeal date of July 1, 2020;
- (9) Inserting language that prohibits state-operated providers from filing a petition for assisted community treatment until after July 1, 2015;
- (10) Inserting language that allows any private provider wishing to file a petition for assisted community treatment to do so after January 1, 2014; provided that the provider uses its own resources and the petitioner is to be the designated mental health program;
- (11) Inserting language that allows any interested party wishing to file a petition for assisted community treatment to do so after January 1, 2014; provided that the party uses its own resources and the designated mental health program is a private provider; 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. 310, 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. 310, S.D. 2, H.D. 2, C.D. 1.

Representatives Belatti, Aquino, Rhoads, Jordan and Fukumoto.  
Managers on the part of the House.  
(Representative Aquino was excused.)

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

**Conf. Com. Rep. 78 on S.B. No. 655**

The purpose of this measure is to allow health care professionals to dispense or prescribe medication, without examination, to the partners of patients diagnosed as having a sexually transmitted disease recommended by the Centers for Disease Control and Prevention for expedited partner therapy.

Your Committee on Conference finds that many patients who have been diagnosed with sexually transmitted diseases, including chlamydia and gonorrhea, have sexual partners who refuse to seek treatment. To prevent reinfection, your Committee on Conference finds that adequate treatment of sexually transmitted diseases should include treatment of sexual partners.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 655, 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. 655, S.D. 2, H.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Wooley, Kobayashi and Fukumoto.  
Managers on the part of the House.  
(Representative McKelvey was excused.)

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

**Conf. Com. Rep. 79 on S.B. No. 548**

The purpose of this measure is to exempt from the licensing requirement any commissioned medical officer employed by the U.S. Department of Defense, who is credentialed by Tripler Army Medical Center, while providing direct telemedicine support or services to neighbor island beneficiaries within a Hawaii National Guard armory on the island of Kauai, Hawaii, Molokai, or Maui.

Your Committee on Conference finds that enhanced medical services for National Guard armories on the islands of Kauai, Hawaii, Molokai, and Maui will have a direct and long-term impact for health care accessibility for neighbor island beneficiaries. Your Committee on Conference further finds that this measure will support service members who seek healthcare services at Hawaii National Guard armories and ensure that they will be able to receive telemedicine support by qualified healthcare personnel.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to amend section 465-3, Hawaii Revised Statutes, to exempt psychologists employed by the U.S. Department of Defense from licensing requirements while providing direct telemedicine support or services to Hawaii National Guard armories on the island of Kauai, Hawaii, Molokai, or Maui if they are credentialed by Tripler Army Medical Center;
- (2) Making the measure effective upon approval; 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. 548, 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. 548, S.D. 1, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 80 on S.B. No. 94**

The purpose of this measure is to provide for the appointment of a House of Representatives member and a Senate member to serve as alternate members on the Hawaii Interagency Council on Homelessness in the absence of the House and Senate member, respectively.

Your Committee on Conference finds that the Hawaii Interagency Council on Homelessness has been established to gather diverse government entities, as well as representatives from the homeless coalitions and business, faith-based, and other organizations.

Your Committee on Conference further finds that the mission of the Hawaii Public Housing Authority is to provide safe, decent, sanitary, and affordable housing to extremely low income Hawaii residents, some of whom are homeless or on the brink of homelessness. As such, adding a representative of the Authority to the membership of the Hawaii Interagency Council on Homelessness would improve the effectiveness and efficiency of the Council.

Your Committee on Conference has amended this measure by:

- (1) Adding a representative of the Hawaii Public Housing Authority to the membership of the Hawaii Interagency Council on Homelessness;
- (2) Changing the effective date to upon approval; 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. 94, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 94, H.D. 2, C.D. 1.

Representatives Cabanilla, Woodson, Carroll and Ward.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 81 on S.B. No. 102**

The purpose of this measure is to require financial institutions to report instances of suspected financial abuse of an elder directly to the appropriate county police department and Department of Human Services.

Your Committee on Conference finds that elder financial exploitation is a growing problem in Hawaii. Financial abuse of elders is frequently accompanied by physical and emotional abuse. It is a complex problem with criminal and social components that speak to the need of a multidisciplinary solution. The reporting of financial exploitation through the most appropriate and efficient channel and the resulting timeliness of the investigation are crucial to the protection of assets as well as the health and safety of the victim.

Your Committee on Conference has amended this measure by:

- (1) Clarifying the definition of "financial abuse"; 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. 102, 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. 102, S.D. 2, H.D. 1, C.D. 1.

Representatives Carroll, McKelvey, Kobayashi, Jordan and Fukumoto.  
Managers on the part of the House.  
(Representative McKelvey was excused.)

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

#### **Conf. Com. Rep. 82 on S.B. No. 345**

The purpose of this measure is to update fees associated with the licensing of portable electronics insurance vendors to align these fees more closely with similar licensing fees in other jurisdictions.

Your Committee on Conference finds that raising the fees for portable electronics insurance vendors is appropriate given that the licenses cover the activities of the vendor and its employees. Your Committee on Conference further finds that the resulting fee structure is consistent with that in place in other states.

Your Committee on Conference has amended this measure by:

- (1) Inserting a fee amount of \$5,000 for the issuance of the initial portable electronics limited lines license and \$2,500 per year for the initial or renewal term; and
- (2) Making the measure effective upon its approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 345, 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. 345, S.D. 1, H.D. 1, C.D. 1.

Representatives Tsuji, Takayama, Cachola and Cheape.  
Managers on the part of the House.

Senators Wakai, Baker, Chun Oakland, Nishihara and Taniguchi.  
Managers on the part of the Senate.  
(Senator Taniguchi was excused.)

**Conf. Com. Rep. 83 on S.B. No. 997**

The purpose of this measure is to enable the Department of Accounting and General Services to address the management of the State Archives and protection of electronic records of enduring value by:

- (1) Clarifying the duties of the State Archivist;
- (2) Establishing the state archives preservation and long-term access special fund;
- (3) Establishing a state archives preservation fee for each document filed or registered by the public with a governmental entity and listed as permanent; and
- (4) Requiring all fees collected by the State Archives to be deposited into the state archives preservation and long-term access special fund.

Your Committee has amended this measure by:

- (1) Inserting a state archives preservation fee amount of \$1; and
- (2) Inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 997, 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. 997, S.D. 2, H.D. 2, C.D. 1.

Representatives McKelvey, Luke, Kawakami and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

Senators Wakai, Nishihara, Kidani, Ige and Keith-Agaran.  
Managers on the part of the Senate.  
(Senator Ige was excused.)

**Conf. Com. Rep. 84 on S.B. No. 1003**

The purpose of this measure is to authorize the Chief Information Officer to conduct security audits, which may include on-site audits and reviews of written security procedures and documented practices, of all executive branch agencies regarding the protection of government information and data communication infrastructure and to direct remedial actions as necessary.

Your Committee on Conference finds that protecting government databases and data communications from intrusions and theft will help to protect the public from the negative impacts of identity theft. Your Committee on Conference further finds that authorizing the Chief Information Officer to conduct security audits will support existing state cyber security activities.

Your Committee on Conference has amended this measure by:

- (1) Inserting language prohibiting the disclosure of information protected under federal or state law, including confidential tax information, during a security audit conducted by private firms contracted by the Chief Information Officer; 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. 1003, 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. 1003, S.D. 2, H.D. 1, C.D. 1.

Representatives Tsuji, Takayama, Choy and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

Senators Wakai, Nishihara, Chun Oakland, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senator Nishihara was excused.)

**Conf. Com. Rep. 85 on S.B. No. 993**

The purpose of this measure is to expand the Department of Agriculture's agricultural loan program by adding farm innovation loans and expanding eligibility for new farmer loans.

Your Committee on Conference finds that there is a need to encourage younger generations to enter into the agricultural field if Hawaii is going to increase its food security and sustainability. Currently, the approximate age of farmers in Hawaii is fifty-nine years old. By expanding eligibility for new farmer loans and expanding new farmer loans to include farm innovation loans, this measure will incentivize and encourage young farmers to enter the agricultural field. By creating loans for farm innovation, this measure will also encourage current farmers to experiment with new crops and techniques to

improve agricultural diversity and efficiency.

Your Committee on Conference has amended this measure by:

- (1) Removing the establishment of a low interest biosecurity loan program to assist the livestock industry and deleting all references to class I biosecurity project loans, including the definition of "biosecurity";
- (2) Inserting an effective date of July 1, 2013; 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. 993, 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. 993, S.D. 2, H.D. 1, C.D. 1.

Representatives Wooley, Tsuji, Onishi, Ohno and Cheape.  
Managers on the part of the House.  
(Representatives Ohno and Tsuji were excused.)

Senators Nishihara, Kouchi, Ige, L. Thielen and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

**Conf. Com. Rep. 86 on S.B. No. 1360**

The purpose of this measure to make permanent the general excise tax exemptions for:

- (1) Amounts received by submanagers of homeowner and community associations for reimbursement of common expenses; and
- (2) Amounts received by hotel operators and suboperators from their operator, owner, or timeshare association to pay employee costs.

Your Committee on Conference finds that allowing the lapse of general excise tax exemptions enacted by Act 239, Session Laws of Hawaii 2007, as amended, will unfairly burden housing consumers and employees by increasing common expenses and decreasing employee wages and benefits. Your Committee on Conference further finds that condominium submanagers, timeshare associations, and hotel suboperators are in similar situations to hotel and condominium operators when they receive funds and should be taxed similarly. This measure will ensure the consistent and equitable application of the tax law for similarly situated taxpayers.

Your Committee on Conference has amended this measure by:

- (1) Repealing the \$400,000 cap on the aggregate amount of the tax exemption effective December 31, 2012;
- (2) Providing that the repeal for the aggregate cap shall apply to taxable years beginning after December 31, 2012; and
- (3) Making it effective upon approval.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1360, 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. 1360, S.D. 1, H.D. 1, C.D. 1.

Representatives Luke, Ing, Nishimoto and Ward.  
Managers on the part of the House.

Senators Galuteria, Baker, Kidani, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senators Kidani and Slom were excused.)

**Conf. Com. Rep. 87 on S.B. No. 757**

The purpose of this measure is to:

- (1) Appropriate funds to the Department of Education and the University of Hawaii to operate and implement the Future Farmers of America and 4-H programs;
- (2) Amend public land classifications to add taro lands for wetland cultivation as a fourth class of intensive agricultural use lands;
- (3) Define taro lands and include retention of supporting structures for taro fields in the list of permitted uses for certain agricultural lands; and
- (4) Add the growth and perpetuation of all traditional Hawaiian crops to agricultural objectives in the state plan.

Your Committee on Conference finds that the State must encourage younger generations to become farmers and ranchers if it is going to improve

the State's agricultural sustainability. This is especially important in Hawaii due to the fact that the average age of farmers in Hawaii is approximately fifty-nine years old. This measure appropriates funds to the Future Farmers of America to encourage youth to pursue agricultural careers.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$75,000 to the Department of Education to fund the Future Farmers of America program and applying the appropriation to fiscal year 2013-2014;
- (2) Removing appropriations for and reference to the 4-H program;
- (3) Removing Part II of this measure, which would have:
  - (A) Amended public land classifications to add taro lands for wetland cultivation as a fourth class of intensive agricultural use lands;
  - (B) Defined taro lands and included retention of supporting structures for taro fields in the list of permitted uses for certain agricultural lands; and
  - (C) Added the growth and perpetuation of all traditional Hawaiian crops to agricultural objectives in the state plan;
- (4) Inserting an effective date of July 1, 2013; 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. 757, 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. 757, S.D. 2, H.D. 2, C.D. 1.

Representatives Wooley, Onishi, Brower and Cheape.  
Managers on the part of the House.  
(Representative Brower was excused.)

Senators Nishihara, Kouchi, English, Ige and Tokuda.  
Managers on the part of the Senate.  
(Senators Ige and Tokuda were excused.)

**Conf. Com. Rep. 88 on S.B. No. 305**

The purpose of this measure is to:

- (1) Specify that the Hawaii Public Housing Authority is not authorized to develop public land in a conservation district;
- (2) Authorize the Hawaii Public Housing Authority to develop public housing projects; and
- (3) Authorize the Hawaii Public Housing Authority to develop commercial and industrial properties in connection with the development of public housing dwelling units.

Your Committee on Conference finds that the Hawaii Public Housing Authority is allowed to develop several different classes of land, such as public land in agricultural districts and certain federal lands. This measure would provide the Hawaii Public Housing Authority with more development options to further serve the low-income residents of Hawaii and benefit the surrounding communities in which those properties are situated.

Your Committee on Conference has amended this measure by:

- (1) Removing language that would have required the Hawaii Public Housing Authority to adopt rules to determine qualifications for developers and contractors in the development of public housing projects;
- (2) Adding language to allow the Hawaii Public Housing Authority to sell or lease properties if it determines that the uses will be an integral part of the public housing development or a benefit to the community;
- (3) Removing language that would have required the Hawaii Public Housing Authority to adopt rules related to the designation of the uses of properties and the rate at which the properties can be leased;
- (4) Specifying that the net proceeds of all sales, in addition to leases, of properties, less costs to the Hawaii Public Housing Authority, shall be deposited in the public housing revolving fund; and
- (5) Changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 305, 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. 305, S.D. 1, H.D. 1, C.D. 1.

Representatives Cabanilla, Evans, Woodson, Belatti and Cheape.  
Managers on the part of the House.  
(Representatives Belatti and Cheape were excused.)

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

**Conf. Com. Rep. 89 on S.B. No. 1336**

The purpose of this measure is to support access to acute, long-term, and emergency medical care in our State, particularly in rural areas, by temporarily designating Kahuku Medical Center as a rural hospital to enable the Medical Center to maintain its status as a critical access hospital.

Your Committee on Conference finds that rural hospitals are essential components of the State's health care system. Maintaining acute, long-term, and emergency services in areas like the North Shore of Oahu is essential to ensure access to health care among community residents and timely access to emergent care for visitors. The loss of Kahuku Medical Center's designation as a critical access hospital would endanger its ability to provide these services to residents and visitors on the North Shore.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to July 1, 2013; and
- (2) Inserting a repeal date of June 30, 2023.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1336, 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. 1336, S.D. 2, H.D. 1, C.D. 1.

Representatives Belatti, Morikawa, Carroll and Fukumoto.  
Managers on the part of the House.

Senators Chun Oakland, Green, Kidani, Ige and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

**Conf. Com. Rep. 90 on S.B. No. 1074**

The purpose of this measure is to:

- (1) Regulate physical therapist assistants by limiting the use of certain titles and requiring licensure prior to practicing in the State;
- (2) Add a physical therapist assistant to the Board of Physical Therapy to replace the physician member; and
- (3) Appropriate funds from the Compliance Resolution Fund to implement the licensure of physical therapist assistants.

Your Committee on Conference finds that physical therapist assistants are health care providers who deliver physical therapy services under the direction and supervision of physical therapists. Your Committee on Conference further finds that physical therapist assistants must meet specific educational requirements and be licensed in order to provide services that are reimbursed by Medicare and/or Medicaid. The lack of licensure by physical therapy assistants has an impact on these reimbursements.

Your Committee on Conference additionally finds that Hawaii is the only state in the country that does not regulate physical therapy assistants. This measure protects the public and ensures consumer safety by regulating the practice of physical therapist assistants and requiring physical therapist assistants to receive appropriate education and training to practice in the State.

Your Committee on Conference has amended this measure by:

- (1) Amending the definition of "physical therapy" or "physical therapy services";
- (2) Inserting an appropriation amount of \$40,000 out of the Compliance Resolution Fund for fiscal year 2014-2015 to implement the licensure of physical therapist assistants;
- (3) Inserting an effective date of upon approval; provided that:
  - (A) The Board of Physical Therapy shall adopt rules pursuant to section 461J-5, Hawaii Revised Statutes, implementing the licensure requirement under this measure no later than December 1, 2014;
  - (B) A physical therapist assistant may practice without a license until November 30, 2014, or the effective date of rules implementing licensure requirements by the Board of Physical Therapy, whichever occurs first; and

(C) The appropriation section shall take effect on July 1, 2014; and

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

Your Committee on Conference notes that the Department of Commerce and Consumer Affairs has indicated it will post the commencement date of the application period for physical therapist assistants, as required by this measure, on its website.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1074, 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. 1074, S.D. 2, H.D. 1, C.D. 1.

Representatives McKelvey, Belatti, Morikawa, Yamane and Fukumoto.  
Managers on the part of the House.  
(Representative Yamane was excused.)

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

### **Conf. Com. Rep. 91 on S.B. No. 458**

The purpose of this measure is to modify the funding resources for public school facilities by repealing the state educational facilities improvement special fund (special fund) on July 1, 2023.

In addition, this measure facilitates the repeal of the Special Fund by:

- (1) Immediately repealing the required deposit of a portion of certain general excise tax revenues into the special fund;
- (2) Limiting expenditures from the special fund to projects authorized by the Legislature for fiscal years ending prior to July 1, 2014;
- (3) Providing that lease payments made from the lease payments for schools account within the special fund pursuant to financing agreements shall only be made for financing agreements entered into prior to July 1, 2013;
- (4) Repealing statutory provisions exempting the special fund from the payment of central service and administrative expenses; and
- (5) Repealing the statutory provision authorizing the Department of Education to enter into financing agreements in accordance with the special fund.

Your Committee on Conference finds that the state educational facilities improvement special fund was established by Act 368, Session Laws of Hawaii 1989, and was designed to provide a consistent source of funding for public school facilities from general excise tax revenues and proceeds from the sale of general obligation bonds. Over the years, capital improvement projects for public school facilities have generally been funded by monies in the special fund that are subsequently fully capitalized through the issuance of general obligation bonds. In light of this arrangement, this measure repeals the special fund to allow the Department of Education's capital improvement projects to be funded directly with general obligation bonds.

Your Committee on Conference has amended this measure by limiting expenditures from the special fund to projects authorized by the Legislature for fiscal years ending prior to July 1, 2016, rather than July 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 458, 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. 458, S.D. 1, H.D. 1, C.D. 1.

Representatives Takumi, Luke, Nishimoto and Johanson.  
Managers on the part of the House.

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

### **Conf. Com. Rep. 92 on S.B. No. 1087**

The purpose of this measure is to establish a regulatory financing structure that authorizes the Public Utilities Commission and the Department of Business, Economic Development, and Tourism to acquire and provide low-cost financing, to be deployed through a financing program to make green infrastructure installations accessible and affordable for Hawaii's consumers; achieve measurable cost savings; and achieve our State's clean energy goals.

Specifically, this measure:

- (1) Establishes the Hawaii Green Infrastructure Loan Program;
- (2) Establishes the Hawaii Green Infrastructure Authority within the Department of Business, Economic Development, and Tourism;
- (3) Authorizes the creation of green infrastructure property consisting of all property, rights, and interests of the Hawaii Green

Infrastructure Loan Program, which shall vest in the Department of Business, Economic Development, and Tourism for the purpose of securing bond amounts payable under the Loan Program, and other financing costs;

- (4) Establishes the Hawaii Green Infrastructure Bond Fund to be administered by the Department of Business, Economic Development, and Tourism and to receive proceeds of the Green Infrastructure Fee and Green Infrastructure property;
- (5) Establishes the Hawaii Green Infrastructure Special Fund to receive proceeds of the Loan Program and other monies and to be expended on the operations of the Loan Program, including through credits to electric utility customers for reimbursement of excess Green Infrastructure Charge collected;
- (6) Authorizes the Department of Business, Economic Development, and Tourism to issue up to \$200,000,000 in revenue bonds to establish and administer the Hawaii Green Infrastructure Loan Program;
- (7) Appropriates unspecified amounts for fiscal years 2013-2014 and 2014-2015 to the Department of Business, Economic Development, and Tourism out of the Hawaii Green Infrastructure Special Fund; and
- (8) Appropriates unspecified amounts for fiscal years 2013-2014 and 2014-2015 to the Department of Business, Economic Development, and Tourism out of the Hawaii Green Infrastructure Bond Fund.

Your Committee on Conference finds that significant investment in infrastructure must be made to achieve the State's goals of energy self-sufficiency and greater energy security and diversification, and to support the achievement of the Renewable Portfolio Standards and Energy Efficiency Portfolio Standards. Your Committee on Conference further recognizes that these green infrastructure installations will support Hawaii's evolving energy market and ecosystem and provide affordable and accessible energy options for Hawaii's consumers.

Your Committee on Conference further finds that up-front costs of green infrastructure equipment are a barrier preventing many electric utility customers from investing in these installations and benefiting by achieving lower energy costs. Existing programs may not serve the entire spectrum of the consumer market, particularly those consumers who lack access to capital or who cannot afford these up-front costs, thereby creating an underserved market. This measure will establish a means of acquiring and providing alternative low-cost financing to underserved markets, enabling the installation of green infrastructure equipment in those markets.

Your Committee on Conference notes its concerns that there may be technical barriers to reaching higher penetration levels of intermittent power while maintaining acceptable reliability and safety standards for all electric ratepayers. Thus, it is important to continue to consider a diverse portfolio of energy options while also continuing to pursue ways to integrate increased levels of intermittent power onto the grid.

Your Committee on Conference also notes that because of the quickly evolving energy market, it will be important to evaluate the effectiveness and reach of these programs, including their effectiveness in reaching underserved markets. The study will determine if the allowable use of program proceeds shall be expanded or revised in order to best serve all of Hawaii's consumers and achieve our State's energy goals. This study will also look into new types of energy technologies and existing energy technologies not included in the initial implementation of the loan program that may be available to provide affordable energy options. It will be important to ensure the Loan Program has enough time to provide meaningful data and analysis on these issues in order to provide recommendations on how to best revise the loan program.

Your Committee on Conference has amended this measure by:

- (1) Adding language to further articulate the intent of the measure to support Hawaii's evolving energy market to provide affordable and accessible energy options for consumers;
- (2) Specifying an appropriation amount of \$100,000,000 from the Hawaii Green Infrastructure Special Fund for fiscal years 2013-2014 and 2014-2015;
- (3) Specifying an appropriation amount of \$10,000,000 from the Hawaii Green Infrastructure Bond Fund for fiscal years 2013-2014 and 2014-2015;
- (4) Requiring the Hawaii Green Infrastructure Authority to conduct a study during the 2015 calendar year on the effectiveness and affordability of its activities and programs, and submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016; and
- (5) Making this measure effective upon its approval; provided that the appropriations shall be effective on July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1087, 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. 1087, S.D. 2, H.D. 3, C.D. 1.

Representatives Lee, McKelvey, Luke, Cullen and Thielen.  
Managers on the part of the House.

Senators Dela Cruz, Gabbard, Baker, Ige and Kouchi.  
Managers on the part of the Senate.

**Conf. Com. Rep. 93 on S.B. No. 1340**

The purpose of this measure is to establish the young adult voluntary foster care program to care for and supervise eligible foster youth until the age of twenty-one.

Your Committee on Conference finds that foster youth who age out of the foster care system at age eighteen often do not have the financial, emotional, or housing support from their biological family. Without family support or the resources to provide for the basic necessities in life, many of these former foster youths may not have the financial means to attend school. There is a need to support these former foster youths to ensure their success and transition into society. Providing foster care support to these former foster youths while attending school would enable them to focus on academic success and career development instead of worrying about housing, food, and other basic needs.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to allow young adults to waive their right to be present at court hearings and reviews;
- (2) Deleting language that would have appropriated funds to child protective services;
- (3) Deleting language that would have appropriated funds for child protective services payments; and
- (4) Changing the effective date to July 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1340, 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. 1340, S.D. 2, H.D. 2, C.D. 1.

Representatives Carroll, Rhoads, Kobayashi, Belatti and Fukumoto.  
Managers on the part of the House.  
(Representative Belatti was excused.)

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

#### **Conf. Com. Rep. 94 on S.B. No. 1069**

The purpose of this measure is to:

- (1) Clarify licensure requirements for mortgage loan originators and mortgage loan originator companies, and for mortgage servicer companies that conduct mortgage loan origination activities;
- (2) Adjust fees for mortgage loan origination licensees; and
- (3) Establish fees for mortgage servicer companies that conduct mortgage loan origination activities.

Your Committee on Conference finds that this measure enhances the regulation of licensees under chapter 454F, Hawaii Revised Statutes, the Secure and Fair Enforcement for Mortgage Licensing Act. Your Committee on Conference further finds that in addition to clarifying the law regulating mortgage loan origination activities, this measure provides an adjusted licensing fee schedule to help ensure that the Division of Financial Institutions of the Department of Commerce and Consumer Affairs can continue to provide oversight and services for consumers and the mortgage loan origination industry.

Your Committee on Conference is encouraged by the communication between the parties affected by this measure. It is your Committee on Conference's hope that the relevant data continues to be shared. Your Committee on Conference therefore encourages the Division of Financial Institutions to provide more statistical information in the Department of Commerce and Consumer Affairs' annual report to the Legislature, such as the balance, revenues, and expenditures of the Mortgage Loan Recovery Fund.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that a mortgage loan originator company shall pay a processing fee of \$35 for each control person and deleting the exemption for certain control persons;
- (2) Requiring an initial application fee of \$600 for a mortgage servicer company seeking a license to do business in Hawaii;
- (3) Removing the reporting requirement for the Commissioner of Financial Institutions detailing the implementation of Act 32, Special Session Laws of Hawaii 2009;
- (4) Inserting an effective date of 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. 1069, 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. 1069, S.D. 2, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 95 on S.B. No. 1388**

The purpose of this measure is to clarify:

- (1) The composition of the membership of the Board of Directors of the Research Corporation of the University of Hawaii (RCUH);
- (2) The role of RCUH and its Board of Directors;
- (3) The relationship between the Board of Directors and the University of Hawaii System;
- (4) The authorization of the Board of Directors with respect to the employment of an Executive Director; and
- (5) The authorization of RCUH with respect to construction contracts.

Your Committee on Conference finds that the fundamental mission of RCUH is to support the research and training programs of the University of Hawaii System and to enhance research, development, and training generally in Hawaii. However, concerns have been raised as to whether RCUH and its Board of Directors have been given a broader range of authority and flexibility than originally intended. This measure clarifies the role of RCUH and its Board of Directors, as well as the relationship between the Board of Directors and the University of Hawaii System.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1388, 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. 1388, S.D. 2, H.D. 2, C.D. 1.

Representatives Choy, Luke, Nakashima and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 96 on S.B. No. 1221**

The purpose of this measure is to appropriate funds to the University of Hawaii at Hilo to hire a program coordinator and a technical support staff member for an international flight training center and associated aeronautical training programs at the University of Hawaii at Hilo and Hawaii Community College.

Your Committee on Conference finds that pursuant to Senate Concurrent Resolution No. 156, S.D. 1, adopted during the Regular Session of 2012, the Legislature urged the creation of an exploratory committee to consider the establishment of an international flight training center and associated aeronautical training programs at the University of Hawaii at Hilo and Hawaii Community College.

Your Committee on Conference further finds that this measure will provide funding to complete the necessary studies and planning for the programs' future implementation.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the program coordinator and technical support staff member shall work in conjunction with the state aviation community;
- (2) Inserting an appropriation amount of \$100,000 for fiscal year 2013-2014 only; and
- (3) Making this measure effective on July 1, 2013.

As affirmed by the record of votes of the managers of your Committee 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. 2, 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. 2, C.D. 1.

Representatives Choy, Nishimoto, Nakashima and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 97 on S.B. No. 606**

The purpose of this measure is to provide funds for the University of Hawaii to pay student employee salaries at new or expanded worksites on each campus and for full-time equivalent support staff for the Vice Chancellor for Students at the University of Hawaii at Manoa.

Your Committee on Conference finds that the hiring of students at the various campuses within the University of Hawaii System is beneficial to

the University and the students. Students who work on campus tend to perform better academically than those who work off-campus.

Your Committee on Conference further finds that many students depend on part-time work while enrolled in school. The University of Hawaii at Manoa spends approximately \$22,000,000 to hire and employ students, yet more than 2,500 students could not find an on-campus job during the most recently completed semester. This measure will increase student employment throughout the University of Hawaii System, improve the financial status of students, and improve students' academic performance.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$500,000 for fiscal year 2013-2014;
- (2) Removing the unspecified appropriation for fiscal year 2014-2015;
- (3) Removing authorization for the Vice Chancellor for Students at the University of Hawaii at Manoa to hire an unspecified number of full-time equivalent (FTE) support staff;
- (4) Authorizing, rather than mandating, that funding priority be given to students employed for university programs supporting access, retention, and diversity over other student employees;
- (5) Making this measure effective on July 1, 2013; 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. 606, 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. 606, S.D. 2, H.D. 2, C.D. 1.

Representatives Choy, Luke, Takai and Fale.  
Managers on the part of the House.

Senators Taniguchi, Kidani, Kahele, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

#### **Conf. Com. Rep. 98 on S.B. No. 563**

The purpose of this measure is to:

- (1) Reconstitute the form and function of the Candidate Advisory Council of the Board of Regents of the University of Hawaii (Candidate Advisory Council);
- (2) Specify factors the Senate must consider in determining whether to confirm a nominee to the Board of Regents; and
- (3) Specify the process by which the Board of Regents shall elect its chair and vice chairperson.

Since the passage of Act 56, Session Laws of Hawaii 2007, to implement the amendments to article X, section 6, of the Hawaii State Constitution, your Committee on Conference finds that while the Candidate Advisory Council has nominated several outstanding appointees to the Board of Regents, a number of issues have arisen from the method of Regent selection that has hampered the work of the Candidate Advisory Council and led to questions regarding the final selection of appointees during the Senate confirmation process. The most recent example is the Senate's rejection of two of the Governor's nominees to the Board of Regents during the Regular Session of 2011. As such, the form and function of the Candidate Advisory Council need to be reconstituted to increase the Governor's ability to appoint qualified individuals to serve as Regents and effectively lead the University of Hawaii System.

Your Committee on Conference further finds that in confirming members of the Board of Regents, the Senate should consider the combination of abilities, breadth of experiences, and characteristics of the Board of Regents as a whole.

Your Committee on Conference has amended this measure by:

- (1) Administratively attaching the Candidate Advisory Council to the University of Hawaii;
- (2) Removing the requirement that the Candidate Advisory Council require Board of Regents candidates and members of their immediate families to disclose family relationships with University of Hawaii employees;
- (3) Providing the Candidate Advisory Council sixty days, rather than thirty days, to initiate the recruitment and evaluation of candidates for vacancies on the Board of Regents;
- (4) Increasing the number of Candidate Advisory Council members who shall be appointed by the Governor from four to five;
- (5) Removing the requirement that one member of the Candidate Advisory Council be a representative of the University of Hawaii Alumni Association;
- (6) Clarifying that the term of the member of the Candidate Advisory Council representing the Association of Emeritus Regents of the

- University of Hawaii (Association of Emeritus Regents) shall run concurrently with the term of the appointing Chair of the Association;
- (7) Removing the requirement that one member of the Candidate Advisory Council be a student;
  - (8) Encouraging the Governor, President of the Senate, and Speaker of the House of Representatives to appoint full-time students and University of Hawaii alumni, in addition to faculty and staff, to the Candidate Advisory Council;
  - (9) Providing that if a full-time student is appointed to the Candidate Advisory Council, the student shall have been enrolled as a full-time student for at least three consecutive semesters and shall serve a term of two years;
  - (10) Clarifying that the members of the Candidate Advisory Council appointed by the President of the Senate and Speaker of the House of Representatives shall serve a term of four years;
  - (11) Clarifying that the members of the Candidate Advisory Council appointed by the Governor shall serve a term of four years; provided that the appointments shall run concurrently with the term of the appointing Governor;
  - (12) Specifying that the members of the Candidate Advisory Council whose terms have expired may continue as holdover members until a successor is appointed, subject to certain restrictions;
  - (13) Clarifying that a vacancy on the Candidate Advisory Council during a term shall be filled for the remainder of the unexpired term by the appointing authority who appointed the member who created the vacancy;
  - (14) Clarifying that the voting members, rather than all members, shall elect the chairperson of the Candidate Advisory Council;
  - (15) Clarifying that a concurrence of a majority of the voting members of the Candidate Advisory Council, rather than all of its members, shall be necessary to validate any action taken by the Candidate Advisory Council;
  - (16) Requiring the Candidate Advisory Council to meet annually and at all other times necessary;
  - (17) Exempting the Candidate Advisory Council from the requirements of Hawaii's Sunshine Law in part I of chapter 92, Hawaii Revised Statutes;
  - (18) Deleting the requirement that the Governor remove members of the Board of Regents only for cause;
  - (19) Requiring the Board of Regents to elect a chairperson and one or more vice-chairpersons, rather than just one vice-chairperson, at its first meeting after June 30 of each year;
  - (20) Clarifying the method by which each seat of the Candidate Advisory Council shall be filled once the terms of the members of the Candidate Advisory Council serving on the effective date of this measure have expired;
  - (21) Making this measure effective upon its approval; and
  - (22) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

It is the intent of your Committee on Conference that the current member of the Regents Candidate Advisory Council selected by the Chairperson of the Association of Emeritus Regents shall continue to serve as a voting member until that member's current term expires, after which time the member representing the Association of Emeritus Regents shall become a nonvoting member.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 563, 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. 563, S.D. 3, H.D. 2, C.D. 1.

Representatives Choy, Luke, Nishimoto and Fale.  
Managers on the part of the House.

Senators Taniguchi, Kidani, Ige, Kahele and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

#### **Conf. Com. Rep. 99 on S.B. No. 326**

The purpose of this measure is to establish and appropriate funds for a Good Agricultural Practices Task Force to identify and develop good agricultural practices and preventative measure guidelines in the food supply system to improve the overall safety of locally grown food.

Your Committee on Conference finds that food safety is vital to improving food production and food security in the State. This measure seeks to develop strategies to ensure safe food throughout the farm-to-consumer food supply system in order to mitigate health and food safety risks and increase consumer confidence in locally produced food.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that appropriated an unspecified amount of funds for administrative costs associated with the Good Agricultural

Practices Task Force; and

- (2) Inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 326, 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. 326, S.D. 1, H.D. 1, C.D. 1.

Representatives Wooley, Belatti, Onishi, Cachola and Cheape.  
Managers on the part of the House.  
(Representative Belatti was excused.)

Senators Nishihara, Kouchi, Ige, L. Thielen and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

**Conf. Com. Rep. 100 on H.B. No. 762**

The purpose of this bill is to protect and preserve historic Washington Place, a center of social and political life in the Hawaiian Islands for over a century. Specifically, this measure:

- (1) Statutorily establishes the Department of Accounting and General Services as the agency responsible for preserving and protecting Washington Place, including the grounds and the historic residence situated on its premises;
- (2) Establishes the Washington Place Trust Fund (Fund) to pay for the administration, operation, management, and maintenance of Washington Place;
- (3) Prohibits moneys in the Fund from being transferred to the general fund or any other fund in the state treasury; and
- (4) Provides that all unencumbered and unexpended moneys in excess of an unspecified amount remaining on balance in the Fund at the close of June 30 of each year must lapse to the credit of the general fund.

Your Committee on Conference has amended this measure by:

- (1) Deleting the provisions requiring that unencumbered and unexpended moneys from the Fund lapse to the credit of the general fund;
- (2) Changing its effective date to July 1, 2013; and
- (3) 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. 762, 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. 762, H.D. 2, S.D. 1, C.D. 1.

Representatives Takai, Takayama, Ito and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 101 on H.B. No. 536**

The purpose of this measure is to allow the Hawaii Public Housing Authority to refuse to select any applicant for, or terminate the tenancy of an individual residing in, state low-income housing if the applicant, tenant, or a household member owns or acquires a home within the State.

Your Committee on Conference has amended this measure by:

- (1) Specifying that parents of disabled veterans shall not use the veteran status of their adult child as a basis for a housing or tenant preference;
- (2) Changing its effective date to upon its approval; and
- (3) 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. 536, 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. 536, H.D. 1, S.D. 2, C.D. 1.



Representatives Cabanilla, Woodson, Morikawa and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

Senators Chun Oakland, Kouchi, Green, Ige and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

**Conf. Com. Rep. 102 on H.B. No. 899**

The purpose of this measure is to restore the exemption from paying a pro rata share of central service expenses of state government for the Deposit Beverage Container Deposit Special Fund.

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. 899, 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. 899, H.D. 2, S.D. 2, C.D. 1.

Representatives Lee, Lowen, Kawakami and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 103 on H.B. No. 1136**

The purpose of this bill is to appropriate an unspecified amount for the Hawaii Civil Air Patrol for fiscal years 2013-2014 and 2014-2015.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$150,000 for the Hawaii Civil Air Patrol for fiscal year 2013-2014, rather than fiscal years 2013-2014 and 2014-2015; and
- (2) Changing its effective date from July 1, 2150, to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1136, 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. 1136, H.D. 2, S.D. 1, C.D. 1.

Representatives Aquino, Takai, Ing, Yamane and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

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

**Conf. Com. Rep. 104 on H.B. No. 1279**

The purpose of this bill is to provide matching funds for competitively bid program expenses incurred for reintegration support, job training, employment placement, and case management for incarcerated persons who are reentering the community.

Your Committee on Conference has amended this measure by:

- (1) Deleting all references to matching funds;
- (2) Authorizing the Department of Labor and Industrial Relations until June 30, 2014, to receive monetary donations and to expend the moneys collected for reintegration of offenders;
- (3) Inserting an appropriation amount of \$250,000 for fiscal year 2013-2014 for expenses incurred for reintegration support, job training, employment placement, and case management, including through programs in partnership with the Department of Public Safety, for incarcerated persons who are reentering the community;
- (4) Changing its effective date from July 1, 2075, to July 1, 2013; and
- (5) Making technical 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. 1279, 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. 1279, H.D. 1, S.D. 2, C.D. 1.

Representatives Aquino, Ing, Ichiyama and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

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

### **Conf. Com. Rep. 105 on H.B. No. 200**

#### **I. INTRODUCTION**

As submitted to the Legislature prior to the start of the 2013 Regular Session, the proposed general fund portion of the executive budget exceeded the revenue forecast of the Council on Revenues on an annual basis. The state general fund financial plan relied upon a carryover balance and revenue measures that the Legislature was not certain to adopt. As would be expected of any household or business, your Committee on Conference carefully scrutinized expenses in an effort to avoid a budget that could not be supported by realistic operating revenues.

Your Committee on Conference was conservative in its approach to fiscal matters and has successfully controlled growth in the budget. About \$253,000,000 was reduced from the Governor's general fund budget request over the upcoming fiscal biennium. As the economy begins to recover, your Committee on Conference's priority is to build a solid financial base upon which the State and its citizens may prosper.

In developing a measured budget for the executive branch of government for fiscal biennium 2013-2015, your Committee on Conference continued its adherence to the following principles:

- Support the State's core functions, including programs that provide services for those most in need;
- Make strategic investments in people and programs that encourage economic growth and lower future costs; and
- Support long-term planning and accountability efforts to fundamentally change the character and delivery of government services.

Although your Committee on Conference has substantially reduced the Governor's budget request, it still provided needed resources for education, important safety net programs, environmental protection, and modernization of the State's information technology infrastructure.

#### **II. ECONOMIC OUTLOOK**

While lingering concerns remain, economic data have generally been positive. Unemployment continues to decline, the housing market continues to improve, and financial markets have rallied to all-time highs. However, the effects of the federal budget sequestration, the congressional budget paralysis, and a potential European fiscal crisis are largely unknown. Sequestration is of particular concern, given its likely far-reaching impact and uncertainty on how programs, as well as the local economy, will ultimately be impacted.

The Congressional Budget Office (CBO), which produces ten-year economic forecasts for the congressional budget committees, expects economic growth to remain slow this year as gradual improvements to the economy will be offset by scheduled budgetary changes. CBO projects that the nation's real gross domestic product will grow by just 1.4 per cent this year, as measured by the change from the fourth quarter of 2012, and by 3.4 per cent next year due to improving economic factors. CBO also forecasts that the national unemployment rate will remain near 7.5 per cent through 2014 and will eventually fall to 5.5 per cent by the end of 2017.

The Federal Reserve, which is tasked with setting the United States' monetary policy, stated that they will continue to stimulate the economy and keep interest rates at exceptionally low levels until the unemployment rate falls to 6.5 per cent. Continued stimulation by the Federal Reserve, coupled with sluggish short-term growth forecasts, indicates that significant risks still exist and will continue to exist for the next couple of years.

Hawaii's economy is also experiencing positive growth, largely driven by a continued surge in the visitor industry. The Hawaii visitor industry experienced a 9.6 per cent growth in arrivals and an 18.5 per cent increase in visitor spending in 2012 compared to 2011, according to the Department of Business, Economic Development, and Tourism (DBEDT).

#### **III. GENERAL FUND REVENUE OUTLOOK**

By law, the Council on Revenues (COR) reports its latest tax revenue forecast to the Governor and Legislature on June 1, September 10, January 10, and March 15 of each year. State revenues come primarily from the general excise tax and the state income tax. Similar to last year, COR has made significant forecast changes.

At the September 6, 2012, meeting, COR lowered their forecast for fiscal year 2012-2013 tax revenue growth from 5.3 per cent to 4.9 per cent, citing the reassessment of the cost of renewable energy tax credits as the basis for the decrease. COR subsequently raised their forecast at the January 3, 2013, meeting, from 4.9 per cent to 5.1 per cent, mainly citing a strong visitor industry and expansion in the overall economy.

At the most recent meeting on March 13, 2013, COR raised their fiscal year 2012-2013 forecast from 5.1 per cent to 6.7 per cent, in addition to raising their forecasts for fiscal years 2013-2014 and 2014-2015. COR based the revisions on the strong visitor industry and growth of the economy. The latest change in COR projections adds approximately \$343,000,000 in general fund revenues to the 2012-2013 fiscal year and the 2013-2015 fiscal biennium.

Your Committee on Conference notes, however, that COR also warned of potential adverse effects from sequestration relating to the federal Budget Control Act of 2011. Moreover, your Committee on Conference prefers to take a conservative approach in its assumption of future revenue growth and the funding of new programs that will require annual resources.

#### IV. REDUCING UNFUNDED LIABILITIES

Over the past several years, the State has made significant progress on addressing the unfunded liability of the Employees' Retirement System (ERS). Measures taken to address this issue include reducing benefits for new employees, increasing the contributions made by new employees, establishing disincentives for spiking of benefits, and providing additional funding for the ERS. The State is now on a course that will allow it to fully resolve this liability.

Your Committee on Conference is also committed to addressing the other major unfunded liability of the State -- health benefits costs for public sector employees and retirees. An appropriation to prefund Other Post Employment Benefits (OPEB) will demonstrate the State's commitment to address the unfunded liability of the Employer-Union Health Benefits Trust Fund (EUTF).

Your Committee on Conference firmly believes that paying down the State's unfunded liabilities must be a priority, and not treated as a discretionary expense.

#### V. BUDGET OVERVIEW

As adjusted for governor's message items, the Governor's general fund budget request adds \$526,000,000 for fiscal year 2013-2014 and \$693,000,000 for fiscal year 2014-2015. While these are significant sums, large portions are non-discretionary in nature.

The budget request includes \$78,000,000 each year to restore previously reduced labor costs. This amount represents the five per cent reduction in compensation that state workers have endured, but does not include funding of potential additional collective bargaining costs.

This cost and others, such as debt service, health premiums, retirement benefits, Medicaid, federal budget sequestration mitigation, and the State's first payments for its share of the EUTF's unfunded liability, amount to \$384,000,000 for fiscal year 2013-2014 and \$524,000,000 for fiscal year 2014-2015, or nearly three quarters of the Governor's general fund budget request.

The Governor also requested funds for several significant initiatives. Over the fiscal biennium, these initiatives include over \$60,000,000 for the Office of Information Management Technology, \$32,000,000 for an early learning program, and \$29,000,000 for a 1:1 digital device per student strategy. Many other requests were also made to restore or strengthen government services.

Your Committee on Conference evaluated the Governor's requests and funded those costs that pertain to core state functions, support programs for those in need, encourage economic growth, and lower future costs.

Your Committee on Conference does not support a budgeting philosophy that asserts that departments are entitled to base funding levels. Excess moneys from existing appropriations, and lower priority purposes, should be budgeted for higher-priority programs and services on a statewide basis. Budgetary accountability and transparency for the public regarding how and where state funds are expended is of critical importance to your Committee on Conference. Your Committee on Conference firmly believes that the communication of these expenditures to the Legislature is an integral step in the budgeting process.

In addition, total vacancies across all state departments represent \$168,000,000 in all sources of funds. These funds remain with the departments for their use. Your Committee on Conference does not condone the practice of holding positions vacant to utilize the funds for other purposes. Shifting of budgeted funds and development of budget details that do not accurately depict expected costs have and continue to frustrate the efforts of the Legislature.

Accordingly, your Committee on Conference made several significant adjustments, notably for the Departments of the Attorney General and Public Safety, that reflect the Committee's desire to budget funds in the manner that they are expected to be used. Through reduction of vacant positions, your Committee on Conference finds that it has already changed the budgeting behavior of the various departments. Your Committee on Conference appreciates the departments that, on their own initiative, volunteered to trade off positions to keep those they felt were essential. Your Committee on Conference looks forward to continued efforts by the departments towards accountability and transparency in the budgeting process.

#### VI. DEPARTMENT HIGHLIGHTS

##### Human Services

Your Committee on Conference has taken the sensible approach of restoring and allocating funds for programs and operations that provide needed services and generate the most social benefit among Hawaii residents. The Department of Human Services has reported that, despite growth trends in Hawaii's economy overall, many of the State's assistance programs continue to experience increased enrollment, and the demand for services has left many of the Department's divisions operating beyond capacity.

The Department's Benefit, Employment, and Support Services Division programs reported a 2.8 per cent enrollment increase in Temporary Assistance for Needy Families (TANF) and Temporary Assistance for Other Needy Families (TAONF) and a 4.8 per cent enrollment increase in general assistance beneficiaries. In fiscal year 2011-2012, the Med-QUEST Division reported enrollment increases of five per cent. Your Committee on Conference understands that many of the services and resources provided by the Department constitute a critical safety net for Hawaii's most vulnerable population and is mindful of its duty to provide adequate resources for human services programs.

Homelessness in Hawaii has been a major concern in recent years. The Department's Homeless Services program has implemented a Housing First initiative to address chronic homelessness through a rapid transition to housing and has sought to enhance available shelters by means of asset management and contract review. In support of the Administration's efforts and for the continued piloting of the Housing First program, your Committee on Conference has provided positions and \$997,806 in fiscal year 2013-2014 and \$595,612 in fiscal year 2014-2015 in general funds to address homelessness throughout the State.

Your Committee on Conference is committed to investing in Hawaii's youth and is mindful of the need to provide avenues of care for all children. Without proper programmatic support, outreach, and infrastructure, a child in need is more likely to experience hunger and homelessness and is statistically more likely to engage in criminal behavior. To address these concerns, your Committee on Conference has provided \$1,088,790 in fiscal year 2014-2015 to support the Voluntary Foster Care to Twenty-One project. Your Committee on Conference believes this program will successfully help foster children aged eighteen to twenty-one to gradually transition out of foster care and become financially stable and productive members of the community. Further, your Committee on Conference has also provided \$400,000 in general funds to expand the Youth Community Service Centers pilot program. These facilities will continue to provide alternatives to incarceration and reduce recidivism among juvenile offenders.

Rising national health care costs lead to higher Medicaid costs to the State and inevitably reduce funding available for other priorities in Hawaii's overall fiscal plan. More than thirteen per cent of the executive branch's general fund expenditures is devoted to capitation payments, and with the expansion of coverage through the Affordable Care Act (ACA), that percentage may rise. Your Committee on Conference understands that the high cost of health care is a national issue. Without a national solution to implement industry controls, the State must either fund the cost of care or sacrifice services. However, your Committee on Conference notes that Hawaii offers a Medicaid benefits package that is among the nation's most generous.

Your Committee on Conference finds growth in Medicaid without an accompanying effort in managing costs to be unsustainable. Your Committee on Conference recognizes that managed care payments for QUEST and QUEST Expanded Access in the state Medicaid program should be funded and appreciates the Department's efforts to thoroughly vet enrollment and capitation rate projections; however, your Committee on Conference would like to allow the Legislature an opportunity to address these untenable cost increases over the interim. To this end, your Committee on Conference has provided general funds in accordance with the Department's request for Medicaid health care payments for fiscal year 2013-2014 only, in the amount of \$43,153,802. For fiscal year 2014-2015, your Committee on Conference has provided an adjusted general fund amount of \$76,744,627 to encourage cost management initiatives and give the State time to more thoroughly evaluate the necessary funding for Medicaid health care payments in fiscal year 2014-2015.

Your Committee on Conference is also aware of the need to address the increases in enrollment levels and additional coverage requirements that come under ACA. The Department has identified a number of cost drivers and projects enrollment increases of roughly forty-six thousand individuals as a direct result of ACA. Further, under ACA, states will be required to reimburse primary care physicians for one hundred per cent of Medicaid costs, in contrast to the sixty per cent paid by Hawaii prior to ACA. While the federal government has agreed to fund the entire forty per cent increase through fiscal year 2013-2014, thereafter, the State must pay a fifty per cent share of the one hundred per cent Medicaid reimbursement to primary care physicians. Your Committee on Conference recognizes these imminent health care changes and associated costs; however, your Committee on Conference is also particularly aware of the variability with which the timing and rates of cost increases under ACA may occur. As such, your Committee on Conference has provided the Department's requested amount of \$20,195,448 in fiscal year 2013-2014 and the adjusted amount of \$25,203,267 in fiscal year 2014-2015 for the general fund portions of ACA related health care costs.

Your Committee on Conference acknowledges the Department's good faith efforts to restore reimbursements in acute care facilities and proactively implement seriously mentally ill client services, which would be mandated under ACA, in order to phase in additional coverage costs in the Med-QUEST Division. To this end, your Committee on Conference has provided for expenditures from the hospitals and nursing facilities sustainability special funds to supplement general and federal funds for these purposes.

Your Committee on Conference supports the Department's goals to provide timely service delivery and improve access to resources. Accordingly, your Committee on Conference has provided positions and funding throughout the Department to manage processing backlogs, restore critical personnel, and expedite the transformation and integration of information technology solutions, including \$1,500,000 in general funds and \$7,500,000 in federal funds for the Med-QUEST integrated eligibility system.

### Health

Your Committee on Conference acknowledges the Department of Health's role in providing health care and services to protect the well-being of people in Hawaii.

Your Committee on Conference recognizes the significance of caring for our kupuna and is aware of the need for a single, coordinated system of information and access for our elderly and disabled population. Your Committee on Conference recognizes the improvements that the Executive Office on Aging has made to our existing aging and disability resource centers in becoming fully-functional under federal standards. For example, the aging and disability center on Maui has recently become fully-functional by federal standards, with the other counties scheduled to follow shortly. Your Committee on Conference understands that the completion of this effort is dependent upon continued funding and, therefore, has provided \$1,400,000 in general funds to support this initiative.

Your Committee on Conference is also aware of the Hawaii's Long-Term Commission's recommendation to establish a public long-term care insurance program, to be funded primarily through premiums rather than general fund revenues. Therefore, your Committee on Conference has provided \$380,000 in general funds in fiscal year 2013-2014 for the Executive Office on Aging to conduct the necessary actuarial analysis to provide future design details for a public long-term care program for the working population.

The Department's Developmental Disabilities Division oversees the waiver program that provides home and community based services to individuals with a developmental disability. Your Committee on Conference is aware of the waiver program's difficulty in meeting the state matching fund requirement for federal Medicaid funds, especially in adhering to prior lawsuit settlements, which require a reasonable pace of new admissions into the waiver program. In addition, your Committee on Conference is cognizant of the federal government's concern over this program's state funding shortage and the risk of losing Medicaid funds if the program is not supported with additional state funds. As such, your Committee on Conference has provided \$1,500,000 in general funds for the waiver program. Further, your Committee on Conference has provided \$640,000 in fiscal year 2013-2014 and \$350,000 in fiscal year 2014-2015 in general funds to better reflect the program's portion of costs for shared contracts with the Department of Human Services.

Your Committee on Conference further finds that the Developmental Disabilities Division does not currently have an electronic health records system that meets privacy safeguard standards and reporting requirements as mandated by the Affordable Care Act. Your Committee on Conference understands that compliance with these requirements must be met by 2016 to avoid reduced federal reimbursements. Therefore, your Committee on Conference has provided \$1,000,000 in general funds in fiscal year 2013-2014 for the development and implementation of an electronic health records system that will meet federal requirements.

Your Committee on Conference understands how crucial it is to provide children with a safe, encouraging environment in which to develop, as well as to identify those children with developmental delays so that appropriate services can be provided. To this end, the Department's Early Intervention Program conducts comprehensive multi-disciplinary developmental evaluations for children and provides necessary services through community providers. Since this program was reduced during the economic downturn, it has faced a recurring deficit in serving Hawaii's special needs keiki. As such, your Committee on Conference has provided \$1,271,698 in general funds in fiscal year 2013-2014 to assist children with special health needs. To ensure a positive environment for childhood growth and development, your Committee on Conference supports the continued use of tobacco settlement special funds for the Home Visitation Program, formerly known as Healthy Start, that provides parenting and childhood health services and, therefore, has provided \$3,000,000 of those funds for this purpose.

Due to the closure of Hawaii Medical Center's hospitals in December 2011, the Department's emergency ambulance program has been tasked with meeting an increased demand for services. In an effort to continue to support growing emergency medical transportation needs, your Committee on Conference has provided \$1,300,000 in general funds in fiscal year 2013-2014 and \$1,000,000 in special funds in fiscal year 2014-2015 to reflect the increase in cigarette tax revenue to the Department. In view of the cigarette tax increase from .0075 cents per cigarette to .0125 cents that will revert to the Department effective July 1, 2013, your Committee on Conference has also provided for additional expenditures of \$5,300,000 for the state comprehensive trauma system and \$3,750,000 for community health centers in special funds.

Your Committee on Conference recognizes the importance of monitoring disease-carrying vectors for the betterment of State public health. Further, your Committee on Conference is cognizant of the reduction of these services during times of fiscal constraint. As such, your Committee on Conference has provided positions and \$73,920 in general funds in fiscal year 2013-2014 and \$147,840 in general funds in fiscal year 2014-2015 to increase vector surveillance at state ports of entry. In addition, your Committee on Conference has provided positions and \$223,771 in special funds in fiscal year 2013-2014 and \$480,804 in special funds in fiscal year 2014-2015 to improve sanitation health services inspection rates for food establishments throughout the State.

Your Committee on Conference supports efforts to improve health care coordination and increase access for all of Hawaii's residents. The Hawaii Health Information Exchange is a non-profit organization designated by the State to build the statewide health information exchange. Your Committee on Conference is cognizant that their five-year funding contract will be coming to an end, despite the vast amount of work ahead in improving Hawaii's health care information system. As such, your Committee on Conference has provided \$1,000,000 in general funds in fiscal year 2013-2014 to support the organization's efforts towards improving the State's health information technology. Your Committee on Conference has also provided positions and \$53,000 in general funds and \$961,250 in federal funds in fiscal year 2013-2014, and \$165,830 in general funds in fiscal year 2014-2015 for the Healthcare Transformation Initiative in the Office of the Governor. This initiative will help the State implement components of the ACA, as well as identify strategies to improve the delivery of healthcare in the State.

#### Hawaii Health Systems Corporation

Your Committee on Conference recognizes the Hawaii Health Systems Corporation's (HHSC) role as a principal health care provider for Hawaii's most vulnerable citizens and visitors, especially those on the neighbor islands. HHSC is under increasing pressure as health care costs continue to rise while federal and private reimbursement rates decline.

Hale Makemae is a program housed in Kula Hospital in Maui. It is the State's only twenty-four-hour long-term care facility for medically fragile, severely physically disabled, and developmentally disabled patients on the islands of Hawaii, Maui, and Oahu. These patients are bedbound and unable to participate in activities of daily living without trained assistance. In support of expanding the unique services at Hale Makemae, your Committee on Conference has provided \$800,000 in general funds for each year of the 2013-2015 fiscal biennium. These funds will be used to double the program's patient intake and subsidize a recurring operating deficit caused by unreimbursed Medicaid costs.

Further, in consideration of providing funds to maintain operations at HHSC hospitals, your Committee on Conference has provided \$1,000,000 in special funds for the operational deficit in Alii Community Care and Roselani Place. Roselani Place provides care to elderly individuals who need help with daily tasks but do not need the restrictive and full-time health care services of a nursing home.

#### University of Hawaii

The University of Hawaii system is the State's premier institution for higher education, a nationally recognized research university and a local economic driver.

Your Committee on Conference understands that the University system is experiencing unprecedented increases in enrollment; however, your Committee on Conference is concerned about the University's decision to continuously increase tuition without a clear nexus between the increases in tuition and the quality of education for students. Furthermore, your Committee on Conference remains unsettled by the University's salary determination process for its top executive and managerial staff, as well as its lack of financial transparency and accountability. Your Committee on Conference believes in the potential of the University to be an internationally recognized place of learning and sincerely hopes that bettering the educational experience for its students is the primary focus for the University when making decisions.

The University of Hawaii West Oahu (UHWO) opened its new Kapolei campus in Fall 2012. Your Committee on Conference supports UHWO's goal of raising the educational and economic attainment levels in the West Oahu region. Your Committee on Conference recognizes that with the initial opening, UHWO focused on providing academic and curriculum options for incoming students. Now that the campus is operational, your Committee on Conference recognizes the need to provide support for the campus and, therefore, has provided positions and \$3,000,000 in general funds.

Your Committee on Conference recognizes that the University of Hawaii Community Colleges play an indispensable role in providing post-secondary educational opportunities for those wanting to pursue higher education or specific technical skills. As such, your Committee on Conference realizes the importance of keeping community college tuitions low to provide more prospective post-secondary students with an alternative path to higher education. Your Committee on Conference also understands that unlike four-year institutions that have a larger student population, the community colleges lack the enrollment concentrations that would enable them to generate sufficient tuition revenues to meet their operational needs and, consequently, may not be as well-equipped in comparison. Therefore, your Committee on Conference has provided \$4,000,000 in general funds in fiscal year 2013-2014 and \$2,000,000 in general funds in fiscal year 2014-2015 for the operating expenses of community colleges statewide.

The Academy for Creative Media empowers students to express their stories through multiple digital media platforms within a context of cultural and aesthetic value. In support of expansion of the Academy's film and digital media programs statewide, your Committee on Conference has provided positions and \$2,086,371 in general funds to build capacity for workforce growth and to support the growing needs of multi-media industries.

In addition, your Committee on Conference has provided positions and \$400,000 for the 'Ulu'ulu: Henry Ku'ualoha Giugni Moving Image Archive of Hawaii, which preserves film and videotape related to Hawaiian history and culture.

Your Committee on Conference recognizes the importance of tracking Hawaii's students to capture, analyze, and use student data from pre-school to high school, college, and the workforce. To this end, your Committee on Conference has provided \$100,000 for fiscal year 2013-2014 and \$200,000 for fiscal year 2014-2015 in general funds for the statewide longitudinal data system.

Your Committee on Conference acknowledges the significance of Science, Technology, Engineering and Math (STEM) initiatives at the University of Hawaii. Further, your Committee on Conference supports the University's role of advancing STEM education through outreach to pre-college students. Therefore, your Committee on Conference has provided positions and \$1,500,000 in general funds for STEM initiatives, which include supporting the Fostering Inspiration and Relevance through Science and Technology Pre-Academy. This program provides Hawaii's middle-school students in both regular education and charter schools statewide with hands-on, interactive learning opportunities across STEM subjects, which allow them to develop critical thinking skills to address real-world problems.

### Education

Your Committee on Conference remains concerned with the Department of Education's management of state funds and resources in relation to its ability to meet the new assessments under the Common Core State Standards (CCSS), which were adopted by the Board of Education in June 2010. The new CCSS assessments are scheduled for implementation in the 2014-2015 school year.

Under Act 89, Session Laws of Hawaii 1996, the Legislature determined that the traditional centralized school system was not the best model to meet the needs of Hawaii's diverse student population. Thus, Act 89 began a systemic reform that envisioned "top-down support for bottom-up reforms" to provide individual schools with the flexibility and autonomy to develop and implement alternative administrative and instructional frameworks that would lead to better quality education and higher student performance. The Legislature's intent was to empower each school to be directly accountable for student achievement and "to put students first."

Although your Committee on Conference is encouraged by the Department's efforts to achieve the objectives of Act 89, your Committee on Conference finds that the Department is still mired in bureaucratic inertia. The Department's responses to your Committee on Conference's requests for information were reiterations of the inadequate information contained on budget forms and references to complying with the Department of Budget and Finance's budget instructions. While your Committee on Conference understands that the Department submits its budget in accordance with certain instructions, legislative review and oversight dictate that your Committee on Conference asks the probing and practical questions to determine what the funds will be used for and whether such use is appropriate under law, rule, or policy.

Your Committee on Conference has grave concerns with the Department's ability to monitor and track its resources. Your Committee on Conference requested a breakdown by categorical program of the appropriations reported by the Department that comprise the seventy per cent of appropriations that are supposed to be expended by principals pursuant to section 302A-1301(b), Hawaii Revised Statutes. However, your Committee on Conference was informed that it would take some time to compile because such a report is not usually prepared by the Department's budget branch.

Your Committee on Conference also requested a report of all temporary positions established by the Department under section 302A-1116, Hawaii Revised Statutes, which requires that each temporary position created by the Department not exceed a one year term. The law also requires the Department to report the creation of all temporary positions to the Department of Budget and Finance. Your Committee on Conference was advised that the Department has created approximately one thousand temporary positions, with many continuing from year to year. However, the Department has never reported any of these positions to the Department of Budget and Finance since the enactment of the law in 1996. Your Committee on Conference finds these actions, or lack thereof, disturbing.

Your Committee on Conference further notes the recent audit of the Department's \$92,000,000 food services program and its findings that mirror the audit of the student transportation program:

- (1) Unclear ownership of the food purchasing and meal payment collections processes;
- (2) Lack of oversight, monitoring, and accountability of purchases;
- (3) Insufficient controls in the payment collection process;
- (4) Lack of current and comprehensive purchasing policies and procedures;
- (5) Lack of technology in menu planning, ordering, and inventory;
- (6) Systemic failure to follow internal procedures regarding the completion and retention of required forms and supporting documentation; and
- (7) Undefined methods for staffing school kitchens, thus rendering the process susceptible to manipulation.

If the Department is unable to efficiently provide such essential services as school lunches and bus transportation, the latter of which is estimated to face an \$8,000,000 shortfall in each year of the fiscal biennium, how can it instill confidence that it will efficiently manage new programs such as the 1:1 digital device per student strategy in meeting the new CCSS assessments?

Your Committee on Conference's adjustments to the Department's budget reflect these ongoing concerns.

Your Committee on Conference acknowledges that public schools will be required to meet the new assessments under the CCSS in the coming 2014-2015 school year and that, under the recently negotiated employment contract, teachers' compensation will be tied, in part, to the assessment results. However, your Committee on Conference is hard pressed in finding that the 1:1 digital device per student strategy is the best means of meeting the CCSS assessments.

Your Committee on Conference is aware that Hawaii is one of twenty-five states in the SMARTER Balanced Assessment consortium of states. Your Committee on Conference requested information on what the other states in the consortium were doing to meet the CCSS assessment requirements and was provided with information on seven states. Although all seven states had employed computers or laptops in a 1:1 initiative, none of the states had done so specifically in response to meeting the CCSS assessments as Hawaii proposes to do. It appears premature for the Department to commit such resources and staff time to an initiative that is being pursued by only a handful of states on an anecdotal basis.

Your Committee on Conference has denied the Department's request for \$7,125,000 for fiscal year 2013-2014 and \$22,250,000 for fiscal year 2014-2015 for the 1:1 digital device per student strategy. Because of the concerns with implementation of the program, your Committee on Conference has instead provided \$8,219,659 for fiscal year 2013-2014, which the Department will use to undertake a pilot program.

Your Committee on Conference also has provided \$1,000,000 for the development of assessments in the Hawaiian language for Hawaiian language immersion students to more accurately measure their academic achievement. Your Committee on Conference strongly encourages the Board of Education to consult with Aha Kauleo, the University of Hawaii, the Office of Hawaiian Affairs, Kamehameha Schools, and other relevant organizations in the development grade specific assessments.

As one of the fundamental precepts of Act 89, your Committee on Conference maintains that state funds are best spent at the school level under the direction of principals. Your Committee on Conference further believes that any federal impact aid funds received by the State should be used at the school level to directly benefit students. Although your Committee on Conference understands that the Department proposes to move federal impact aid funds from the classroom to school support and replace it with general funds, your Committee on Conference would rather apply such federal dollars directly to the schools and classrooms.

To this end, your Committee on Conference has provided \$10,000,000 in federal funds for each fiscal year for weighted student formula (WSF), \$40,000,000 in federal funds for each fiscal year for regular instruction, and \$3,600,000 in federal funds for each fiscal year for special education in regular schools. Your Committee on Conference rejects the Department's proposal to add \$45,980,154 in federal funds in fiscal year 2013-2014 and \$46,774,111 in federal funds in fiscal year 2014-2015 for various programs in the school support program. The Department's proposal funds ancillary services, not direct classroom instruction. Your Committee on Conference's approach maintains use of federal impact aid funds only for school-based budgeting and special education.

Your Committee on Conference has also provided \$12,857,918 in general funds in fiscal year 2013-2014 for WSF to support student learning at our schools.

Your Committee on Conference acknowledges the Department's efforts to address problems with student transportation services. Your Committee on Conference remains optimistic that the Department will be able to break the cycle of tiered, non-competitive contracts, establish internal controls and accountability, and develop greater expertise and ownership within the Student Transportation Division. Your Committee on Conference, however, is mindful that the Department remains less than forthcoming with information. In the initial phases of budget development, it was revealed that there was an \$8,000,000 shortfall and that the Department planned to use federal impact aid funds currently programmed for school based budgeting to cover the shortfall. Your Committee on Conference accepts this proposal for fiscal year 2013-2014 only, with the expectation that the Department will have made meaningful changes in the way it negotiates and contracts for transportation services by fiscal year 2014-2015 and will not require further funds to cover shortfalls. Your Committee on Conference further notes that this Legislature has passed specific measures intended to remove impediments and give the Department greater leeway in negotiating and contracting with transportation providers. This will allow the Department to leverage these statutory changes so as to engender greater competition, which will result in lower costs and a more efficient transportation system.

#### Early Learning

Your Committee on Conference supports early education for Hawaii's keiki and acknowledges that, with the upcoming change to the entrance age for kindergarten students, services will need to be made available for the estimated 3,472 unserved late-born four-year olds. Your Committee on Conference has provided \$315,000 in general funds for the Executive Office on Early Learning. However, your Committee on Conference has concerns as to how many families of these unserved four-year olds will actually seek day care services and whether the projected service capacity can be achieved.

To assist in the transition of the program, your Committee on Conference has provided one temporary position and \$125,000 in federal funds for both fiscal years for the Head Start coordinator to work on early learning program coordination.

#### Charter Schools

Funding for charter schools is premised on the concept of providing operating funds in an amount equal to that provided for regular education students on a per pupil basis. Your Committee on Conference has provided \$1,074,881,407 in fiscal year 2013-2014 and \$1,043,025,951 in fiscal year 2014-2015 in general funds for all regular education cost categories to the Department of Education. This amount does not include funding for special education services and adult education. The Department has projected regular education enrollments of 175,868 students for fiscal year 2013-2014 and 172,493 for fiscal year 2014-2015, which does not include the Department's projected 5,100 junior kindergarten students. This equates to a funding amount of \$6,111.86 per student for fiscal year 2013-2014 and \$6,046.77 for fiscal year 2014-2015.

Your Committee on Conference used projected student enrollment figures provided by charter schools of 10,541 for fiscal year 2013-2014 and 11,254 for fiscal year 2014-2015 in its calculation of an appropriate funding level. Under use of these enrollment figures, the charter schools' general fund appropriations must be \$64,428,297 for fiscal year 2013-2014 and \$68,392,955 for fiscal year 2014-2015 to achieve a per pupil funding amount equal to regular education students. Thus, your Committee on Conference has adjusted the executive budget request to add \$127,557 in fiscal year 2013-2014 and \$3,752,771 in fiscal year 2014-2015 in general funds to achieve this end.

Projected student enrollment and comparable funding for charter school and regular education students remains an ongoing concern. Counts can fluctuate dramatically, as evidenced by the inclusion of the student-count from five new charter schools, their removal from the count, the reinstatement of two schools, and then the removal of one school due to a deferred opening. Your Committee on Conference finds that the requirement under 302D-28(c), Hawaii Revised Statutes, that the Director of Finance make an appropriate adjustment based upon actual student enrollment effectively accounts for the imprecise student enrollment projections and provides each agency with comparable non-facility funding.

#### Libraries

Your Committee on Conference finds that services provided by public libraries reach a broad spectrum of the population and are an invaluable public resource. Further, your Committee on Conference remains mindful of the need to modernize public library services to keep pace with advancements in technology and to update and maintain the circulated materials. Accordingly, your Committee on Conference has provided \$700,000 in general funds for fiscal year 2013-2014 for the purchase of books, e-book subscriptions, and other circulated materials.

#### Hawaiian Home Lands

In 1978, the following provisions were added to article XII, section 1 of the State Constitution:

The proceeds and income from Hawaiian home lands shall be used only in accordance with the terms and spirit of such Act. The legislature shall make sufficient sums available for the following purposes: (1) development of home, agriculture, farm and ranch lots; (2) home, agriculture, aquaculture, farm and ranch loans; (3) rehabilitation projects to include, but not limited to, educational, economic, political, social and cultural processes by which the general welfare and conditions of native Hawaiians are thereby improved; (4) the administration and operating budget of the department of Hawaiian home lands; in furtherance of (1), (2), (3) and (4) herein, by appropriating the same in the manner provided by law.

In 2007, *Nelson v. Young*, Civil No. 07-1-1663-08 BIA, a suit for declaratory and injunctive relief was filed in the First Circuit Court against the Director of Finance and the Hawaiian Homes Commission (Commission). The Attorney General has provided your Committee on Conference with information regarding the lawsuit. The Committee on Conference understands that plaintiffs asked the court to declare that the Commission and the Director are required to budget and request, and the Legislature is required to appropriate, "sufficient sums" to enable the Department of Hawaiian Home Lands (DHHL) to fulfill each of the four purposes set out in the 1978 addition to article XII, section 1 of the State Constitution. Your Committee on Conference further understands that plaintiffs also asked the court to prospectively enjoin the Commission from entering into general leases of the "available lands," and to instead require that the Commission rely solely on "sufficient sums" appropriated by the Legislature to fund its implementation of the Hawaiian Homes Commission Act (HHCA), 1920, enacted by Congress. Under the HHCA, receipts from general leases are the principal source of funding for DHHL's homesteading and other programs.

After concluding that the political question doctrine prevented the court from judging the plaintiffs' claims, the circuit court dismissed the plaintiffs' complaint and entered judgment in favor of the Director of Finance and the Hawaiian Homes Commission. The plaintiffs appealed the judgment to the Intermediate Court of Appeals (ICA). The ICA concluded that the plaintiffs' demand for legislative funding for all four constitutionally specified purposes was not barred by the political question doctrine. It vacated the circuit court's judgment and remanded the case back to the circuit court to determine what constituted "sufficient sums." The Director of Finance petitioned the Hawaii Supreme Court to review the ICA's decision; the Hawaiian Homes Commission did not file an appeal.

The ICA's judgment was affirmed in part, and vacated in part, by the Hawaii Supreme Court. *Nelson v. Young*, 127 Haw. 185, 277 P.3d 279 (2012). The Supreme Court ruled that a court could determine what constituted "sufficient sums" for DHHL's administrative and operating expenses only, but not for the other enumerated purposes. The Supreme Court held, "[i]t is clear that the constitutional delegates intended to require appropriation of 'sufficient sums' to relieve DHHL of the burden of general leasing its lands to generate administrative and operating funds, and to that end, they identified the minimum funding necessary for such expenses." 127 Haw. at 203, 277 P.3d at 297. With respect to that amount, the Court stated, "[a]t a minimum, funding at or above the \$1,300,000 to \$1,600,000 envisioned in 1978 [presumably . . . adjusted to reflect the impact of factors such as inflation or increased collective bargaining costs] would be required." *Id.*

Your Committee on Conference understands that the case will be remanded to the circuit court to determine what constitutes "sufficient sums" for DHHL's administrative and operating expenses, as soon as the Supreme Court rules upon the plaintiffs' counsels' motion for attorneys' fees and costs on appeal.

Your Committee on Conference does not wish to intrude upon or influence the pending court proceedings. However, your Committee on Conference recognizes that administrative and operating costs will be incurred and that both DHHL and the Governor have included requests for general fund appropriations for DHHL's administrative and operating expenses for the 2013-2015 fiscal biennium. As such, your Committee on Conference has provided \$9,632,000 in general funds for DHHL's administrative and operating expenses.

#### Accounting and General Services

One important function of the Department of Accounting and General Services is the timely production of the State's comprehensive annual financial report (CAFR). Due to publication delays that negatively impacted state bond ratings, the Department was authorized to hire a private accounting firm in fiscal year 2011-2012. However, your Committee on Conference recognizes the cost-savings and enhanced oversight that can be achieved by producing the CAFR in-house. As such, your Committee on Conference has provided positions and \$96,724 in fiscal year 2013-2014 and \$49,048 in fiscal year 2014-2015 in general funds to transition the responsibility back to the Department.

Your Committee on Conference understands the vital importance of preserving historical documents for ensured access in the future. Therefore, your Committee on Conference has provided \$262,500 in general funds in fiscal year 2013-2014 and \$325,090 in special funds in fiscal year 2014-2015 for the digital archives project at the Hawaii State Archives.

In order to ensure the State's assets and liabilities are adequately protected, proper insurance coverage is essential. Risk is present in the delivery of all government services and is coupled with costlier litigation and complex intergovernmental risk pools. The State is challenged with unique risks and a significant scope of coverage that could affect budgetary stability and potentially result in catastrophic financial losses. Your Committee on Conference



understands the importance of a comprehensive risk management plan and has provided \$4,700,000 in general funds for property, liability, and crime insurance coverage over fiscal biennium 2013-2015.

#### Office of Information Management and Technology

The Office of Information Management and Technology (OIMT) has laid the groundwork to transform the use of technology throughout the State. OIMT strives to make access to state government more responsive and secure while enhancing service delivery to both the public and government employees. The administration continues to promote the State's information technology infrastructure needs as a high priority.

The Information Resource Management Transformation Strategic Plan has outlined the specific projects necessary to enhance security, privacy, and governance. Your Committee on Conference understands how crucial it is to continue to support OIMT as the Plan enters the implementation phase. Your Committee on Conference also recognizes the need to revolutionize information technology within the State. In support of these efforts, your Committee on Conference has provided positions and \$18,811,090 in fiscal year 2013-2014 and \$14,358,110 in fiscal year 2014-2015 in general funds to launch the strategic plan.

#### Budget and Finance

Fixed costs for debt service, the Employees' Retirement System (ERS), and health benefit payments comprise nearly one-third of the State's total general fund budget. These components require annual adjustments based upon assumptions for interest rates, payroll increases, and membership growth, which are beyond your Committee on Conference's ability to modify on a near term basis.

Your Committee on Conference recognizes that the State's positive fiscal condition is the result of financial prudence exhibited over the last two years. As previously indicated, your Committee on Conference is mindful of the opportunity to address the State's growing unfunded liability for Other Post-Employment Benefits (OPEB). As such, your Committee on Conference has provided \$100,000,000 in fiscal year 2013-2014 and \$117,400,000 in fiscal year 2014-2015 in general funds to begin prefunding OPEB. Although your Committee on Conference is aware that these amounts are not fully reflective of the proposed thirty year amortization schedule, your Committee on Conference finds this to be a necessary step toward reducing the State's unfunded OPEB liabilities.

Your Committee on Conference also requests the Director of Finance to explore ways to assess non-general funds for the reasonable and equitable portion of the unfunded liability of retirees whose salaries were paid from the non-general funds.

Your Committee on Conference finds that paying the additional amounts of the ERS unfunded liability attributable to spiking with new general fund appropriations will not encourage state agencies to deter the activity. Thus, your Committee on Conference has provided \$2,000,000 in fiscal year 2013-2014 and \$4,000,000 in fiscal year 2014-2015 in interdepartmental transfers from state agencies to make payments for the ERS unfunded liability attributable to employees spiking their pension benefits. Your Committee on Conference has directed the Director of Finance to transfer the funds based upon an assessment.

Your Committee on Conference acknowledges the Public Utilities Commission's operational efficiencies despite its limited office space. Your Committee on Conference has provided \$3,980,000 of the Commission's revenue surplus to be reinvested in the form of office expansion and renovation for the Commission.

#### Public Safety

Your Committee on Conference understands that economic conditions have caused a significant rise in energy costs. Despite efforts to reduce energy usage, increases in electricity and utility rates have driven utility costs beyond the Department of Public Safety's authorized budget. Thus, to accommodate cost increases, your Committee on Conference has transferred \$3,312,295 in fiscal year 2013-2014 and \$3,491,253 in fiscal year 2014-2015 in general funds from the Department's administration program account to several facilities for rising energy and sewer costs. Outdated security and rising food costs have also adversely impacted the Department's budget. Your Committee on Conference understands the need for improved safety measures and healthy meal options. Therefore, your Committee on Conference has provided \$1,046,338 in fiscal year 2013-2014 and \$945,751 in fiscal year 2014-2015 in general funds for updated cameras, phone systems, and food services.

Your Committee on Conference recognizes the need for the visual presence of deputy sheriffs in public buildings as a deterrent to potential problems. In particular, the presence of deputy sheriffs to provide security in the State's courthouses is necessary to protect the public and ensure the safe and efficient operations of the Judiciary. Your Committee on Conference notes that significant safety and security threats were identified throughout public access points for several judiciary facilities. As a result, Your Committee on Conference has provided positions and \$321,518 in fiscal year 2013-2014 and \$528,313 in fiscal year 2014-2015 in general funds for the provision of security in Oahu, Hawaii, and Maui courts.

Your Committee on Conference understands the importance of restoring prison services and returning inmates to Hawaii. The Department seeks to transform the current correctional system in an effort to lower recidivism rates while providing mental health and career services. Your Committee on Conference supports the Justice Reinvestment Initiative and has provided for the transfer of \$4,337,824 in fiscal year 2013-2014 and \$7,258,243 in fiscal year 2014-2015 in general funds from non-state facilities to local facilities to reopen the Kulani Correctional Facility and facilitate the transition of inmates and services back to Hawaii.

#### Land and Natural Resources

The Department of Land and Natural Resources is committed to protecting, conserving, and managing Hawaii's unique and limited natural, cultural, and historic resources.

Your Committee on Conference recognizes the Department's efforts in maintaining Hawaii's most valuable assets. Hawaii's fresh water supply is not inexhaustible and is susceptible to local and global environmental changes. As such, it requires prudent management and protection. The Department launched the *Rain Follows the Forest Initiative* last year, which identifies and protects high priority watershed areas. With the Legislature's support, the Department was able to protect and maintain over one hundred sixty thousand acres of watersheds in fiscal year 2012-2013. In order to continue this

initiative, your Committee on Conference has provided positions and \$3,500,000 in general funds in fiscal year 2013-2014 to increase watershed protection throughout the State.

Invasive species are extremely detrimental to Hawaii's native ecosystems and natural resources. Your Committee on Conference is aware of the increase in invasive species over the past two years, including the increasing population of axis deer and fire ants on the Big Island and Maui, and the first detection of mongooses on Kauai, which previously served as a seabird refuge. Your Committee on Conference is also cognizant of the fiscal need to control invasive species now, to avoid exponentially increased costs of addressing invasive species damage in the future. Therefore, your Committee on Conference has provided \$750,000 in general funds to the Hawaii Invasive Species Council. These funds will be used as part of a competitive grant funding process for invasive species prevention, control, and outreach. In addition, your Committee on Conference is conscious of the growing invasive algae problem in Kaneohe Bay and the Department's recent success in combating the algae with the introduction of indigenous sea urchins. As such, your Committee on Conference has provided \$229,932 in general funds to continue the Department's Super Sucker project that removes the invasive algae from Kaneohe Bay.

Your Committee on Conference is mindful of the Department's efforts to accommodate the increase in visitors to Hawaii's State Parks, despite limited funding. Therefore, your Committee on Conference has provided \$442,000 in general funds for the State Parks Division's recurring payroll deficit and \$300,000 in general funds for rising electricity costs. Your Committee on Conference has also provided \$500,000 in fiscal year 2013-2014 and \$1,000,000 in fiscal year 2014-2015 in special funds for the State Parks Division to utilize their revenues from state park fee increases. In addition, your Committee on Conference has provided maintenance positions for the new Diamond Head Linear Park and Kauai District State Parks, to be funded with these increased fee revenues.

Your Committee on Conference is aware of the Department resorting to state parks special funds to fund required lifeguard services, at the expense of parks' repair and maintenance. Thus, your Committee on Conference has provided \$200,000 in general funds to support lifeguard services throughout the State. Your Committee on Conference has also provided \$100,000 in fiscal year 2013-2014 for land appraisals and other studies at Turtle Bay on the island of Oahu.

Hawaii's State Historic Preservation Division works to preserve Hawaii's rare historical and cultural sites. Your Committee on Conference is cognizant of the Division's recent federal review and the resulting corrective action plan requiring the Division to maintain a minimum staffing level, among other stipulations, in order to avoid federal funding decreases. As such, your Committee on Conference has provided positions and \$122,448 in general funds to support federally required positions, as well as \$62,400 in fiscal year 2013-2014 and \$44,900 in fiscal year 2014-2014 in special funds for the Division to upgrade its computer systems in compliance with federal equipment requirements.

Your Committee on Conference is aware of the recurring payroll shortage in recreational fisheries and the potential to exponentially increase federal funds with minimal state matching funds. Therefore, your Committee on Conference has provided \$150,000 in general funds that will generate an additional \$450,000 in federal funds to allow the program to meet payroll and perform various statewide projects, such as stocking rainbow trout for the Kokee Fishing area on Kauai, maintaining and constructing artificial reefs, and continuing Maui-Oahu marine resource assessments.

#### Agriculture

Agriculture is an integral part of Hawaii's economy. Your Committee on Conference is aware that the Department of Agriculture's primary responsibilities are to promote agricultural sustainability and protect the State from invasive species. Your Committee on Conference is dedicated to promoting self-sufficiency, conserving resources, and preventing the introduction and proliferation of invasive species in the State.

Your Committee on Conference recognizes the need to attract farmers and ranchers to ensure a sustainable and secure future for the State's food supply. Therefore, your Committee on Conference has provided \$750,000 in general funds in fiscal year 2014-2015 for low interest rate loans and to enhance Hawaii's locally grown food sources and reduce our dependence on imported food.

Your Committee on Conference acknowledges the progress made by the Department's Agricultural Resource Management Division and the need to supplement existing operations in order to accommodate the Division's growing list of capital improvement projects for irrigation systems and agricultural parks. As such, your Committee on Conference has provided engineer positions and funding to enhance operational capacity and focus on improvements to pastures and the expansion of the Kunia irrigation system.

Your Committee on Conference is conscious of the threat of invasive species to the State and supports the Department's efforts to improve awareness, interception, and enforcement practices. To this end, your Committee on Conference has provided positions and \$505,098 in fiscal year 2013-2014 and \$639,196 in fiscal year 2014-2015 in general funds for plant, pest, and bio control programs and \$215,568 in general funds for the Maui Plant Quarantine Inspector positions, where federal funding was recently reduced. Further, your Committee on Conference has provided positions and \$162,540 in general funds for the Detector Dog Program in Honolulu Airport to intercept illegal invasive species.

#### Business, Economic Development, and Tourism

As a public entity, the State has the unique capacity to develop policies and strategies and make investments that promote job growth, industry development, and financial stability to the benefit of all Hawaii's citizens. Your Committee on Conference supports the Department of Business, Economic Development, and Tourism's efforts to generate long term economic stability through strategic multi-industry investments, business community outreach and development, and the maximization of federal funds.

The Department has identified key investment opportunities over the upcoming fiscal biennium that are expected to help promote and sustain positive growth trends throughout the economy. Through strategic implementations of business incubators and accelerators, international tradeshows, and partnerships with innovative industries, the Department has demonstrated Hawaii's potential as a strong, productive leader in a globally-competitive market. As such, your Committee on Conference has provided funds to targeted areas that are expected to augment and maximize the Department's efforts. Among these general funded investments are: \$50,000 in fiscal year 2013-2014 for the Hawaii fashion industry; \$175,877 in fiscal year 2013-2014 and \$250,000 in fiscal year 2014-2015 for the Small Business State Trade Export Promotion program, which will receive a federal match of \$1,000,000; \$75,000 in fiscal year 2013-2014 for the operation of the Beijing and Taipei out of state offices; and \$100,000 for economic studies to track consumer trends and industry growth in Hawaii.

While the tourism industry continues to grow, your Committee on Conference is aware that the State is approaching visitor capacity. However, your Committee on Conference is also cognizant of various emerging industries that have already experienced or anticipate significant growth potential. Clean energy has proven to be a primary area of growth and activity in Hawaii's economy. Still on track to achieve Hawaii's seventy per cent clean energy goal by 2030, Hawaii has already ranked among the top three states in the nation for solar water heaters and performance contracting per capita, power purchase agreements, cumulative installed photovoltaic capacity per capita, and clean energy job growth. In support of continuing these positive trends, as well as to mitigate the risk of the State's tourism industry reaching a plateau, your Committee on Conference has provided \$1,855,000 in special funds and \$10,468,000 in other federal funds for clean energy initiatives and continued public private partnerships to develop advanced low emission and zero emission vehicles centered on electric drive technologies.

Your Committee on Conference is also mindful of the growing interest, support, and progress of aerospace projects and technologies and recognizes the importance of timely investment in a potentially landmark industry. To this end, and in accordance with the foresight of prior legislative bodies, your Committee on Conference has provided general funds to allow for continued operations of the Challenger Center Hawaii and Pacific International Space Center for Exploration Systems in the amount of \$248,656 and \$400,000, respectively.

Prior year reductions to the Department's budget and personnel resources continue to inhibit the Department's ability to capitalize on investment opportunities and perform various statutorily mandated duties in a timely manner. Your Committee on Conference recognizes the need to address these operational deficiencies and has worked with the Department to restore critical positions and target strategic investments. To this end, your Committee on Conference has provided positions in various divisions to support operational efficiency and oversight throughout the Department. Your Committee on Conference expects that with these added positions, the Department can accommodate the growing private sector demand for services, such as land use petitions and film permits, and utilize additional administrative and clerical support to diminish internal inefficiencies.

#### Commerce and Consumer Affairs

Your Committee on Conference recognizes the Department of Commerce and Consumer Affairs' role in delivering consumer protection services, including consumer education outreach and commerce regulation. Your Committee on Conference is concerned about unlicensed contracting and advocates education as a way to mitigate this concern. As such, your Committee on Conference has provided \$612,922 in special funds for the Mortgage Foreclosure Dispute Resolution Program and \$150,000 in special funds to support consumer education campaigns over the 2013-2015 fiscal biennium.

#### Attorney General

Your Committee on Conference is aware that the federal government has decreased the percentage of federal funds that the Department of Human Services (DHS) may use to compensate the Department of the Attorney General for representation in Title IV-E cases from thirty-one per cent to twenty-five per cent. To better serve the Division, your Committee on Conference recognizes that the ability to manage more Title IV-E cases requires the Family Law Division to lease a space in closer proximity to the Family Law Court in Kapolei, Oahu. To this end, your Committee on Conference has provided \$145,000 in general funds for lease payments in the new Kapolei location.

Your Committee on Conference recognizes the importance of providing services to victims of crime. Therefore, your Committee on Conference has provided \$200,000 in fiscal year 2013-2014 in general funds to collect, compile, and disseminate timely and accurate restitution information to victims throughout the State. Your Committee on Conference is also cognizant of the fact that a substantial and disproportionate number of serious crimes are committed by repeat offenders. Your Committee on Conference wishes to assist in creating a safer community by focusing prosecution on repeat and violent offenders. In order to better protect the public from repeat offenders and to provide services and counseling to crime victims, your Committee on Conference has provided \$850,000 in general funds for the Career Criminal Prosecution Program and Victim Witness Program.

Your Committee on Conference has provided \$127,000 in fiscal year 2013-2014 and \$200,000 in fiscal year 2014-2015 in general funds for maintenance and operating costs for the Automated Fingerprint Identification System, which is essential to the operations of law enforcement and is used on-site by law-enforcement agents to conduct criminal background checks using both fingerprints and photo identification.

#### Taxation

Your Committee on Conference understands that in order to enhance the State's tax revenue stream, it is essential to modernize the tax system. Currently, the Department of Taxation lacks the tools necessary to efficiently collect proceeds that fund important state programs. Therefore, your Committee on Conference has provided positions and \$1,572,070 in fiscal year 2013-2014 and \$4,062,808 in fiscal year 2014-2015 in general funds to expedite the modernization. This funding will improve the State's ability to effectively manage tax collection and streamline operations to ultimately improve service delivery, access, and returns processing in the State's tax system.

#### Transportation

Your Committee on Conference understands the significance of managing the State's public airports, commercial harbors, and highways. Your Committee on Conference has provided funds for debt service payments for both the airports special fund and harbors special fund. This will allow for modernization and refurbishment of airport and harbor facilities across the State. Your Committee on Conference has also provided \$87,000,000 in special funds in fiscal year 2014-2015 for various special repair and maintenance projects across the State's airports, harbors, and roadways.

The Aloha Tower Development Corporation has presented complicated issues for your Committee on Conference in the past. As the partnership with Hawaii Pacific University continues to develop, your Committee on Conference supports this long-awaited movement toward committed investment in Aloha Tower by adding an administrative professional to manage the project. Your Committee on Conference has also approved special funds for a consulting contract for a Highways State Safety Oversight Agency that will work with the new rail-safety oversight officer at the Honolulu Authority for Rapid Transit on the Honolulu Rail Transit project.

Your Committee on Conference recognizes that airports are the primary means for travelers entering and leaving the State and that the Honolulu International Airport receives the bulk of incoming overseas travelers. Your Committee on Conference is dedicated to ensuring that the initial reception and last impression of travelers passing through Hawaii's airports is positive. For this purpose, your Committee on Conference has provided thirty-two janitorial positions and \$755,153 in fiscal year 2013-2014 and \$1,510,306 in fiscal year 2014-2015 in special funds to ensure that the Honolulu International Airport is well-maintained and instills a lasting impression of aloha.

Defense

Your Committee on Conference is aware of the positive impact tuition assistance programs can make for Hawaii National Guard service members. As such, your Committee on Conference has provided \$100,000 in general funds to support recruitment and retention by means of reimbursing service members for post-secondary education costs.

Your Committee on Conference acknowledges the importance of caring for our veterans. Therefore, your Committee on Conference has provided five additional Veterans Services Counselors and \$474,196 in general funds to support veterans across the State.

Labor and Industrial Relations

Your Committee on Conference recognizes that prior year reductions have greatly affected the day-to-day operations of the Disability Compensation Division (DCD). Current staffing levels have limited the Division's ability to meet its duties, as described in Act 206, Session Laws of Hawaii 2011, resulting in worker's compensation claim decisions taking up to four months. The Division also faces an increasing number of cases for temporary disability insurance claims. It is the priority of your Committee on Conference to reduce the growing backlog of DCD cases and help the Department of Labor and Industrial Relations address these pressing cases for the State. To this end, your Committee on Conference has provided positions and \$244,000 in fiscal year 2013-2014 and \$488,000 in fiscal year 2014-2015 in general funds to alleviate the backlog of disability compensation cases.

Human Resources Development

Your Committee on Conference understands the need for adequate staffing to fulfill departmental responsibilities. The Department of Human Resources Development has struggled to complete timely and effective recruitment actions as a result of significant budget cuts in prior years. Therefore, your Committee on Conference has provided positions and \$104,826 in fiscal year 2013-2014 and \$190,452 in fiscal year 2014-2015 in general funds to address these deficiencies and alleviate the vacancy backlog throughout the State.

Your Committee on Conference is aware of the rising cost and occurrence of workers' compensation claims as well as the Department of Human Resources Development's responsibility to pay such claims to injured state employees as required by state law. To this end, your Committee on Conference has provided \$457,000 in fiscal year 2013-2014 and \$545,000 in fiscal year 2014-2015 in general funds for these obligations.

**VII. CAPITAL IMPROVEMENTS PROGRAM**

Your Committee on Conference finds that the State's economic outlook continues to improve steadily. The infusion and investments made in state facilities over the past biennium has contributed to overall savings for our residents and has produced a steady increase in job creation for the construction industry as well. However, despite the increase in revenue collections and strengthening fiscal year ending balances, your Committee on Conference acknowledges that construction and service industries have not yet returned to pre-recession levels. Your Committee on Conference recognizes the need to support a sustained capital improvement program that will diversify the State's economy, while streamlining government operations in a responsible manner.

Accordingly, your Committee on Conference has provided \$980,506,000 in general obligation and general obligation reimbursable bonds and \$2,246,060,000 in all means of financing for fiscal year 2013-2014; and \$387,346,000 in general obligation bonds and \$843,817,000 in all means of financing in fiscal year 2014-2015.

While developing the capital improvement project budget, your Committee on Conference recognized the need to address the repair and maintenance and health and safety project backlogs that continue to plague the State's agencies and departments. Your Committee on Conference believes that this capital improvement project budget addresses the most basic necessities of many state facilities and remains cautiously optimistic about the future growth and technological advancement of state operations.

Highlights of the capital improvement project budget for the biennium include over \$454,009,000 in appropriations for the Department of Education to address school improvements, upgrades, and renovations. Appropriations for the Department of Education include funding for critical issues at many existing school campuses, such as the modernization project at Farrington High School. In addition, your Committee on Conference acknowledges the importance of investing in the future needs of the State's keiki and thus has provided funding for a number of new schools across the State, including East Kapolei Middle School, East Kapolei High School and Kihei High School.

To help the University of Hawaii address the needs of campus facilities statewide, your Committee on Conference has approved over \$233,094,000. Of those funds, \$30,000,000 has been designated for renovations and improvements of Snyder Hall at the University of Hawaii Manoa campus and \$50,000,000 has been designated for capital renewal and deferred maintenance of facilities statewide. Furthermore, your Committee on Conference sought to invest in the community college system by appropriating \$38,213,000 for the new advanced technology and training center at the Honolulu Community College, as well as \$10,000,000 for minor capital improvement projects for all community college facilities.

Your Committee on Conference has continuing concerns for the State's transportation infrastructure, which is a vital component of the State's long-term economic viability. Investment in airports, harbors, and highways is necessary to address the continued influx of visitors, the efficient transport of goods within and without the State, and the day-to-day needs of our residents. Your Committee on Conference has demonstrated its commitment to transportation projects by appropriating, for fiscal biennium 2013-2015, \$1,275,747,000 for the Department of Transportation, including \$299,696,000 for state highways on every island.

Your Committee on Conference believes that the capital improvement projects within this budget will help the State to maintain the long-term viability of its current facilities, while also laying the foundation for the State to improve its operating efficiency through technological infrastructure development and modernization.

**VIII. CONCLUSION**

Your Committee on Conference has adjusted the Governor's operating budget request by providing through this measure:

- (1) \$6,036,556,466 in general funds and \$11,819,318,188 in all means of financing for fiscal year 2013-2014; and

(2) \$6,123,494,985 in general funds and \$11,988,000,674 in all means of financing for fiscal year 2014-2015.

Your Committee on Conference has also 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 Luke, Cullen, Hashem, Ing, Jordan, Kobayashi, Lowen, Morikawa, Nishimoto, Onishi, Takayama, Tokioka, Woodson, Yamashita, Fukumoto, Johanson and Ward.  
Managers on the part of the House.

Senators Ige, Kidani, Chun Oakland, Dela Cruz, English, Espero, Kahele, Keith-Agaran, Kouchi, Ruderman, L. Thielen, Tokuda and Slom.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 106 on H.B. No. 222**

Your Committee on Conference recognizes the significance of the services and advocacy that the Office of Hawaiian Affairs (OHA) provides its beneficiaries and acknowledges the need to ensure that OHA has sufficient resources to continue these services.

Your Committee on Conference has provided \$250,000 in general funds and \$250,000 in trust funds for 'Oiwi Television, Hawaii's first and only Native Hawaiian television station. Your Committee on Conference is cognizant of OHA's focus on educational enrichment programs in the community, especially for Native Hawaiian K-12 programs. As such, your Committee on Conference has provided \$134,430 in general funds and \$134,430 in trust funds for OHA to enhance academic services for its beneficiaries. Your Committee on Conference understands the importance of health care and making health services accessible. To this end, your Committee on Conference has provided \$400,000 in general funds and \$400,000 in trust funds in fiscal year 2013-2014 for OHA's direct health services and prevention programs.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 222, 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. 222, H.D. 2, S.D. 2, C.D. 1.

Representatives Hanohano, Luke, Nishimoto and Johanson.  
Managers on the part of the House.

Senators Galuteria, Ige, Keith-Agaran, Hee and Slom.  
Managers on the part of the Senate.

#### **Conf. Com. Rep. 107 on H.B. No. 197**

The purpose of this bill is to appropriate funds for the operating budget and capital improvement project budget of the Judiciary for the 2013-2015 fiscal biennium.

In concert with the decision to restore the five per cent labor savings reduction to agencies statewide, your Committee on Conference has provided \$4,134,343 in general funds to the Judiciary to restore funds for labor costs. In addition, your Committee notes that scheduled pay increases for judges as called for by the 2006 Commission on Salaries were previously deferred. Your Committee on Conference is now able to restore judges' salaries to the amounts scheduled for fiscal year 2013-2014 by the Commission on Salaries. As such, your Committee on Conference has provided \$4,465,777 in general funds to restore judges' salaries in various judiciary programs.

Your Committee on Conference is cognizant of the need to reinvest in judiciary programs that partner with private and nonprofit providers to administer assessments, treatment, counseling, and shelter services. Investments in these services reduce recidivism and corresponding incarceration costs as well as increase accessibility to court resources for domestic violence victims and drug court offenders, juveniles and adults alike. To this end, your Committee on Conference has provided \$718,438 in general funds to restore funding for purchase of service contracts in the Judiciary.

Your Committee on Conference also supports the public-private partnerships between the Judiciary and the community, particularly the Hawaii Children's Justice Centers (Centers). These programs bring together professionals to coordinate their activities and investigations of child abuse and neglect. Lack of professional support and neighbor island outreach for forensic specialist services at the Centers have resulted in many child victims going without timely assessment and returning home to face abuse and neglect. To address these problems, your Committee on Conference has provided \$95,652 in fiscal year 2013-2014 and \$186,804 in fiscal year 2014-2015 in general funds to support neighbor island Children Justice Centers in the upcoming biennium.

Your Committee on Conference is aware of the high demand for legal services for Hawaii's vulnerable populations. The Judiciary works with the legal community to provide subsidized court services to those who cannot afford to pay on their own. Act 180, Session Laws of Hawaii 2011, included a provision that increased surcharges for various court services in calendar year 2012, which was intended to increase funds available for deposit into the Indigent Legal Assistance Fund (Fund) and expand the Judiciary's capacity to provide low- and moderate income residents with additional access to legal services. However, the lack of a concurrent increase in the Fund's expenditure ceiling has resulted in the Judiciary's inability to expend the additional moneys for their intended purpose. To address this administrative anomaly, your Committee on Conference has authorized a special fund expenditure of an additional \$1,000,000 from the Indigent Legal Assistance Fund.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 197, 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. 197, H.D. 2, S.D. 2, C.D. 1.

Representatives Rhoads, Luke, Nishimoto and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 108 on H.B. No. 471**

The purpose of this measure is to address light pollution issues and preserve the quality of the night sky by extending the term of the temporary Starlight Reserve advisory committee for an additional year from June 30, 2013, to June 30, 2014.

Your Committee on Conference has amended this measure by:

- (1) Extending the term of the temporary Starlight Reserve advisory committee for an additional year, from June 30, 2014, to June 30, 2015, for a total two-year extension; and
- (2) Changing its effective date to June 29, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 471, 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. 471, H.D. 1, S.D. 1, C.D. 1.

Representatives Tsuji, Takayama, Cachola and Ward.  
Managers on the part of the House.

Senators Dela Cruz, Espero, English, Green and Slom.  
Managers on the part of the Senate.  
(Senators Green and Slom were excused.)

**Conf. Com. Rep. 109 on H.B. No. 653**

The purpose of this measure is to support the construction and renovation of health care facilities by authorizing the Department of Budget and Finance to issue \$175,000,000 in special purpose revenue bonds to assist Hawai'i Pacific Health with the construction or renovation of health care facilities.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the special purpose revenue bonds in the bill relate to not-for-profit corporations that provide health care facilities to the general public; 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. 653, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 653, S.D. 1, C.D. 1.

Representatives Belatti, Morikawa, Kobayashi and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 110 on H.B. No. 928**

The purpose of this measure is to clarify that certain funds of the Department of Labor and Industrial Relations are trust funds. More specifically, this measure renames the following funds as trust funds:

- (1) The unemployment compensation fund, established pursuant to section 383-121, Hawaii Revised Statutes (HRS);
- (2) The special compensation fund, established pursuant to section 386-151, HRS;
- (3) The special fund for disability benefits, established pursuant to section 392-61, HRS; and
- (4) The special premium supplementation fund, established pursuant to section 393-41, HRS.

Your Committee on Conference has amended this measure by:

- (1) Changing references to "legislative auditor" to "state auditor";
- (2) Making conforming amendments to sections 36-27(a) and 36-30(a), HRS, to remove references to the unemployment compensation fund since these sections refer specifically to special funds; 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. 928, 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. 928, H.D. 1, S.D. 1, C.D. 1.

Representatives Nakashima, Hashem, Yamashita and Johanson.  
Managers on the part of the House.

Senators Hee, Kouchi, Keith-Agaran, Kidani and Slom.  
Managers on the part of the Senate.  
(Senators Kidani and Slom were excused.)

**Conf. Com. Rep. 111 on H.B. No. 977**

The purpose of this measure is to increase highway safety by conforming state law with recent changes to federal regulations relating to commercial driver licensing. More specifically, this measure provides for a commercial learner's permit and implements various other changes to enhance the commercial driver license program.

Your Committee on Conference has amended this measure by:

- (1) Requiring all commercial driver's licenses that are surrendered to be shredded;
- (2) Requiring the examiner of drivers to accept test scores of a Hawaii commercial learner's permit holder under specified conditions; and
- (3) Clarifying the circumstances under which a Hawaii commercial driver's license shall be issued.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 977, 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. 977, H.D. 2, S.D. 2, C.D. 1.

Representatives Yamane, McKelvey, Har, Ito, Nakashima and Cheape.  
Managers on the part of the House.  
(Representatives Har and Nakashima were excused.)

Senators English, Espero, Ige, Kahele and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Kahele were excused.)

**Conf. Com. Rep. 112 on H.B. No. 218**

The purpose of this measure is to enhance the Corrections Population Management Commission's capacity to examine the issue of the disproportionate number of Native Hawaiians in the criminal justice system by adding two new members to the Commission as follows:

- (1) The Administrator of the Office of Hawaiian Affairs; and
- (2) A member of the public who is knowledgeable on issues relating to the criminal justice system and has substantial experience or expertise in traditional Native Hawaii practices.

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. 218, 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. 218, H.D. 1, S.D. 2, C.D. 1.

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

Senators Espero, Galuteria, Chun Oakland, Keith-Agaran and Slom.  
Managers on the part of the Senate.

**Conf. Com. Rep. 113 on H.B. No. 1430**

The purpose of this measure is to appropriate unspecified sums for the establishment and operation of a comprehensive service center for the deaf, hard of hearing, and deaf-blind.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$400,000 for fiscal year 2013-2014 and deleting the appropriation amount for fiscal year 2014-2015; and

- (2) Changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1430, 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. 1430, H.D. 2, S.D. 2, C.D. 1.

Representatives Carroll, Kobayashi, Tokioka and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 114 on H.B. No. 424**

The purpose of this measure is authorize the Governor to appoint commissioners of deeds to administer oaths, take acknowledgements, and take proofs of execution outside of the United States in connection with the execution of conveyance documents relating to time shares.

This measure also:

- (1) Requires commissioners of deeds to provide a written notice to each person whose signature is witnessed or acknowledged by the commissioner;
- (2) Establishes bonding requirements, penalties, and liabilities for commissioners of deeds; and
- (3) Appropriates unspecified funds for expenses incurred by the Office of the Lieutenant Governor related to administrative requirements for the commissioners of deeds program.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the appropriation amount out of the general revenues of the State of Hawaii shall be \$60,000 or so much thereof as may be necessary for fiscal years 2013-2014 and 2014-2015 for expenses incurred by the Office of the Lieutenant Governor related to establishing and administering the commissioners of deeds program;
- (2) Specifying that this measure shall take effect on July 1, 2013; provided that the Governor shall appoint commissioners no later than July 1, 2014; and
- (3) 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. 424, 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. 424, H.D. 1, S.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 115 on H.B. No. 632**

The purpose and intent of this measure is to require executive departments to share data with the public.

Specifically, this measure:

- (1) Requires executive departments to use reasonable efforts to make appropriate and existing electronic data sets available to the public through the State's open data portal;
- (2) Absolves the State of liability for deficient or inaccurate information contained in the data sets, except for instances involving gross negligence, wilful and wanton misconduct, or intentional misconduct;
- (3) Authorizes the Chief Information Officer to license the data sets that are on the open data website to third parties to copy, display, distribute, or create derivative works;
- (4) Requires the Chief Information Officer to establish data set policies and procedures; and
- (5) Appropriates unspecified funds for the establishment of positions to promote open data and for open data coordinators for departments and agencies.



Your Committee on Conference has amended this measure by:

- (1) Specifying that this Act is not intended to limit or expand a person's ability to access a public record under Chapter 92F, Hawaii Revised Statutes;
- (2) Amending the definition of "data set" to exclude any data that is protected from disclosure under applicable federal or state law, or contract, or data that is proprietary;
- (3) Deleting the definition of "open data";
- (4) Specifying that disclosure of a data set shall be consistent with Chapter 92F, Hawaii Revised Statutes, and other state and federal laws related to security and privacy;
- (5) Specifying that standards to determine which data sets are appropriate for online disclosure developed by the Chief Information Officer and Office of Information Practices shall not require departments to post information that is otherwise required to be disclosed under Chapter 92F, Hawaii Revised Statutes, but is personally identifiable information that may pose a personal or public security risk, is of minimal public interest, or is otherwise inappropriate for online disclosure as part of a data set;
- (6) Inserting an appropriation amount of \$100,000 for fiscal years 2013-2014 and 2014-2015 for the Office of Information Practices to establish one full-time equivalent position to promote open data pursuant to this Act;
- (7) Deleting language appropriating funds for departments and agencies to provide open data coordinators;
- (8) Changing the effective date of this measure to July 1, 2013; and
- (9) 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. 632, 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. 632, H.D. 2, S.D. 2, C.D. 1.

Representatives McKelvey, Tsuji, Cullen, Brower and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

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

#### **Conf. Com. Rep. 116 on H.B. No. 1396**

The purpose of this bill is to preserve, perpetuate, and share the legacy of Americans of Japanese ancestry who served in the armed forces of the United States, as well as those who were detained in internment camps, during World War II. Specifically, this measure:

- (1) Appropriates an unspecified amount to the University of Hawaii at West Oahu for the planning, design, and construction of the Nisei Veterans Legacy Center;
- (2) Requires the University of Hawaii at West Oahu to report to the 2014 Legislature on the status of the Nisei Veterans Legacy Center, including the status of public and private grants or donations;
- (3) Appropriates an unspecified amount to continue the work of the Honouliuli Park Site Project Advisory Group;
- (4) Requires the Honouliuli Park Site Project Advisory Group to report to the 2014 Legislature on the Group's recommendations to leverage funding for a Honouliuli Internment Site educational resource center and the status of designating the Honouliuli internment prisoner of war camp site and associated sites as part of the United States National Park Service; and
- (5) Conditions the expenditure of all appropriations in the measure on the funds being matched by private or public grants or donations.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$150,000 for Fiscal Year 2013-2014 to the University of Hawaii at West Oahu to be used only for the planning and design of the Nisei Veterans Legacy Center and not for construction;
- (2) Deleting all provisions and references relating to the Honouliuli Internment Site and Honouliuli Park Site Project Advisory Group;
- (3) Changing its effective date to July 1, 2013; 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. 1396, 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. 1396, H.D. 1, S.D. 2, C.D. 1.

Representatives Takai, Choy, Cullen, Ito and Ward.  
Managers on the part of the House.

Senators Wakai, Solomon, Chun Oakland, Keith-Agaran and Slom.  
Managers on the part of the Senate.  
(Senators Chun Oakland and Slom were excused.)

**Conf. Com. Rep. 117 on H.B. No. 114**

The purpose of this measure is to ensure the effective management of the University of Hawaii's facilities and fiscal resources by, among other things:

- (1) Temporarily requiring the Administrator of the State Procurement Office, rather than the President of the University, to be the chief procurement officer for the University of Hawaii for construction procurements;
- (2) Temporarily requiring all procurements for construction, other than those for repair and maintenance, to be supervised by the Department of Accounting and General Services on behalf of the Board of Regents; and
- (3) Statutorily establishing an Independent Audit Committee within the Board of Regents.

This measure also appropriates an unspecified amount in general revenues to the Department of Accounting and General Services for additional staff positions to supervise assigned University of Hawaii construction projects for new buildings.

Your Committee on Conference recognizes that the Administrator of the State Procurement Office currently acts as the chief procurement officer for many executive branch departments and believes that the Office has the expertise to oversee the University's construction projects, including the use of professional services.

Your Committee on Conference also finds that by designating the Administrator as the chief procurement officer for construction projects and professional services, the Administrator will have the ability to review procurement procedures. It is the intent of your Committee on Conference to provide the Administrator with the broadest flexibility to carry out the purposes of this measure.

In addition, it is the intent of your Committee on Conference that the University work with the Department of Accounting and General Services to ensure that the procurement process is faithfully adhered to and that sound judgment is used in the selection of professional services and public fund expenditures. Your Committee on Conference recognizes that the Department of Accounting and General Services has the expertise and experience to assist the University with its procurement of professional services. Your Committee realizes, however, that repair and maintenance is most efficiently executed outside the purview of this measure.

Your Committee on Conference realizes that transferring every aspect of construction projects to the Department of Accounting and General Services may be premature at this time and that an assessment of resources and capacity should be made prior to committing to such a transfer.

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

- (1) Permitting the President of the University of Hawaii to continue to serve as the chief procurement officer for construction procurements for professional services determined by both the University and the Department of Accounting and General Services to be for repair and maintenance;
- (2) Deleting the requirement that construction procurement, including consultant services, with specified exceptions, be subject to the supervision of the Department of Accounting and General Services;
- (3) Requiring procurements for professional services for construction projects to be coordinated with the Department of Accounting and General Services, with the exception of those procurements determined by both the University and the Department to be professional services for repair and maintenance;
- (4) Exempting the Independent Audit Committee from the Administrative Procedure and Sunshine Laws to the extent that the Committee is engaged in discussions or proceedings arising from an investigation by the Committee relating to potentially actionable civil or criminal conduct;
- (5) Narrowing the Independent Audit Committee's responsibility to review complaints related to accounting and auditing to those the Committee deems necessary for review;
- (6) Deleting the appropriation to the Department of Accounting and General Services for additional staff positions to supervise assigned University of Hawaii construction projects for new buildings;
- (7) Changing its effective date to July 1, 2013, and removing the two-year sunset requirement; 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. 114, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 114, H.D. 3, S.D. 2, C.D. 1.

Representatives Choy, Luke, Nakashima and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 118 on H.B. No. 430**

The purpose of this measure is to exempt deductible charitable contributions from the temporary limit on the amount of itemized tax deductions claimable by certain taxpayers.

Your Committee on Conference has amended this measure by changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 430, 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. 430, H.D. 1, S.D. 1, C.D. 1.

Representatives Luke, Nishimoto, Yamashita and Ward.  
Managers on the part of the House.  
(Representative Yamashita was excused.)

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

**Conf. Com. Rep. 119 on H.B. No. 1263**

The purpose of this measure is to protect Hawaii's agricultural industry by appropriating two fiscal years of funding to operate and maintain the East Kauai Irrigation System.

Your Committee on Conference has amended this measure by:

- (1) Inserting a one-year appropriation of \$75,000 for improvements to the East Kauai Irrigation System;
- (2) Including a one-year appropriation of \$45,000 for improvements to the Peekauai Ditch Irrigation System, also known as Menehune Ditch, and all appurtenances thereto;
- (3) Changing its effective date to July 1, 2013; 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. 1263, 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. 1263, H.D. 2, S.D. 2, C.D. 1.

Representatives Wooley, Evans, Onishi, Cachola and Cheape.  
Managers on the part of the House.  
(Representative Cachola was excused.)

Senators Nishihara, Solomon, Kouchi, Ige and Slom.  
Managers on the part of the Senate.  
(Senators Ige and Slom were excused.)

**Conf. Com. Rep. 120 on H.B. No. 775**

The purpose of this measure is to appropriate funds to satisfy claims against the State or its officers or employees for the overpayment of taxes, or for refunds, reimbursements, payments of judgments or settlements, or other liabilities.

Your Committee on Conference has amended this measure by adding two new claims against the State as follows:

- (1) Gilchrist v. Kimoto, et al., Civil No. 12-13-00147 SOM-BMK, USDC, in the amount of \$14,000.00; and
- (2) Evelyn Cho in the amount of \$1,628.33.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 775, 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. 775, H.D. 2, S.D. 2, C.D. 1.

Representatives Rhoads, Cullen, Carroll and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 121 on H.B. No. 1068**

The purpose of this measure is to promote services for victims of human trafficking by:

- (1) Requiring certain establishments to post and keep posted information regarding the National Human Trafficking Resource Center Hotline in a conspicuous place near the establishment's primary public entrance or another area where posters and notices are customarily posted;
- (2) Defining the term "establishment" to mean a place of employment that:
  - (A) Holds a liquor dispenser license or cabaret license;
  - (B) Is a hospital emergency room;
  - (C) Is a massage therapy establishment; or
  - (D) Is a farm operation employing five or more persons; and
- (3) Establishing a fine for the wilful and knowing failure, neglect, or refusal to post the required information.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that certain employers shall post and keep posted the National Human Trafficking Resource Center Hotline required notice in a place readily accessible to employees;
- (2) Limiting the posting requirement to employers that:
  - (A) Hold a liquor dispenser license or cabaret license;
  - (B) Maintain a massage therapy establishment that employs five or more people; or
  - (C) Employ one or more erotic or nude massagers or erotic or nude dancers;
- (3) Eliminates the Department of Labor and Industrial Relations' authorization to contract with State or county agencies to implement or enforce the notice requirements relating to human trafficking;
- (4) Changing its effective date to January 1, 2014; 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. 1068, 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. 1068, H.D. 1, S.D. 2, C.D. 1.

Representatives Wooley, McKelvey, Cabanilla, Cachola, Carroll and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 122 on H.B. No. 1424**

The purpose of this measure is to require the Department of Land and Natural Resources to engage in efforts to acquire the parcel of land located at Lipoa Point and to ensure, to the maximum extent possible, that the seller of the lands uses the proceeds of the sale to benefit the pension plan of retirees of the Maui Land and Pineapple Company, Inc.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the Department of Land and Natural Resources is required to engage to acquire the parcel of land located at Lipoa Point;
- (2) Deleting the reference to the Land Conservation Fund, section 173A-5(i), Hawaii Revised Statutes;
- (3) Specifying that the Department of Land and Natural Resources shall ensure, to the maximum extent practicable, that the proceeds from the sale of the lands are used to benefit the pension plan of retirees of the Maui Land and Pineapple Company, Inc.;
- (4) Providing that the provisions of the bill shall not be construed to obligate the State for the pension fund liabilities; and
- (5) Changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on

Conference is in accord with the intent and purpose of H.B. No. 1424, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1424, S.D. 2, C.D. 1.

Representatives Hanohano, Evans, Cullen, Coffman and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 123 on H.B. No. 266**

The purpose of this measure is to enhance language access in Hawaii for those individuals whose primary language is not English. Specifically, this bill:

- (1) Requires the Office of Language Access, in collaboration with other state agencies, to implement a Multilingual Website Pilot Project that will improve language access to information provided online for limited English proficient persons seeking information about government and government-funded services in the State of Hawaii;
- (2) Requires the Executive Director of the Office of Language Access to administer a Statewide Language Access Resource Center that will address the interpretation and translation needs of the State;
- (3) Authorizes the Executive Director of the Office of Language Access to hire personnel necessary to staff the Statewide Language Access Resource Center and to administer the multilingual website;
- (4) Establishes minimum staffing requirements for staffing of the Statewide Language Access Resource Center and administration of the multilingual website, and requiring that bilingual personnel be used to the extent possible;
- (5) Requires the Executive Director of the Office of Language Access to consult with the Office of Information Management and Technology in developing the multilingual website; and
- (6) Appropriates unspecified amounts for the Statewide Language Access Resource Center and the Multilingual Website Pilot Project.

Your Committee on Conference has amended this measure by:

- (1) Appropriating \$170,000 for fiscal year 2013-2014 and \$170,000 for fiscal year 2014-2015 for the Statewide Language Access Resource Center;
- (2) Appropriating \$80,000 for fiscal year 2013-2014 and \$80,000 for fiscal year 2014-2015 for the Multilingual Website Pilot Project;
- (3) Changing its effective date to July 1, 2013; 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. 266, 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. 266, H.D. 1, S.D. 2, C.D. 1.

Representatives Belatti, Morikawa, Jordan and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 124 on H.B. No. 672**

The purpose of this measure is to reduce the number of minors and youth who smoke by:

- (1) Prohibiting the sale of electronic smoking devices to minors and the purchase of these items by minors; and
- (2) Requiring retailers to sell tobacco products only in a direct face-to-face exchange between the retailer and consumer, except for retail tobacco stores, bars, or establishments where the minimum age for admission is eighteen.

Your Committee on Conference has amended this measure by:

- (1) Exempting duty-free sales enterprises selling duty-free merchandise from the requirement that retailers sell tobacco products only in a direct, face-to-face exchange;
- (2) Changing its effective date to upon approval, provided that the requirement that certain retailers sell tobacco products only in a face-to-face exchange takes effect on July 1, 2014; and

- (3) 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. 672, 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. 672, H.D. 2, S.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Onishi, Brower and Fukumoto.  
Managers on the part of the House.  
(Representatives Brower and Onishi were excused.)

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

**Conf. Com. Rep. 125 on H.B. No. 1147**

The purpose of this measure is to encourage transparency in the elections process by:

- (1) Requiring noncandidate committees that make only independent expenditures to identify certain top contributors in their advertisements, while providing an exemption for any radio or television advertisement of such short duration that the identification of top contributors would constitute a hardship;
- (2) Clarifying that all fines collected for the failure to file candidate or noncandidate committee reports, or for the filing of substantially defective or deficient reports shall be deposited into the general fund;
- (3) Requiring all reports filed with the Campaign Spending Commission to be made publicly available on the Commission's website in a searchable database;
- (4) Expanding the information regarding contributions and expenditures required to be disclosed in noncandidate committee reports;
- (5) Requiring noncandidate committees making only independent expenditures to certify that no expenditures have been coordinated with a candidate, candidate committee, or any agent thereof;
- (6) Establishing reporting requirements for late expenditures made shortly before an election;
- (7) Expanding the information required to be included in statements of information filed for electioneering communications;
- (8) Broadening the definition of "electioneering communication" to include any advertisement that is published by electronic means;
- (9) Amending disclosure requirements for advertisements; and
- (10) Repealing corporate campaign contribution reporting requirements that are redundant with filing requirements for noncandidate committees, which are made applicable to corporations by this measure.

Your Committee on Conference finds that additional disclosure of information regarding election campaign contributions and expenditures is necessary due to the recent decision of the United States Supreme Court in *Citizens United v. Federal Election Commission*, 558 U.S. 310 (2010), and subsequent case law. These decisions have led to the proliferation of SuperPACS, noncandidate committees who make only independent expenditures, and their virtually unlimited spending in the political arena.

Hawaii's experience in the most recent election cycle, when SuperPACs were formed and enormous quantities were expended on campaign advertising aiming to influence voters, demonstrates the need to amend the state's campaign finance laws in order to give the public access to information about who is influencing elections. Many of the noncandidate committees that certified to the state Campaign Spending Commission that they were making only independent expenditures during the 2012 election had contributors who contributed very large sums of money, at or above \$10,000 from each contributor in the aggregate. Further, many had contributors who contributed over \$50,000, \$100,000, and \$150,000. These numbers are quite significant in light of the fact that many of Hawaii's electoral races cover small areas or constituencies.

Current law requires only that the name of the SuperPAC, which can be meaningless or misleading, be disclosed in a campaign advertisement. This level of disclosure is inadequate to provide the electorate with information showing the true source of the funds behind the advertising seeking to influence their vote at the time the advertisement reaches the public. The additional reporting requirement for campaign advertisements creates more effective disclosure by requiring the disclosure of top contributors to big money SuperPACs in the advertisements themselves, so that the true funding sources are made transparent to the public.

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

- (1) Clarifying that where a noncandidate committee that makes only independent expenditures has more than three top contributors who contributed in equal amounts, the noncandidate committee may select which of the top contributors to identify;
- (2) Changing the effective date to November 5, 2014; 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. 1147, 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. 1147, H.D. 2, S.D. 2, C.D. 1.

Representatives Rhoads, Cullen, Takayama and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 126 on S.B. No. 593**

The purpose of this measure is to:

- (1) Expand the livestock feed subsidies program to include milking goats, goats raised for meat, sheep, lambs, fish, and crustaceans;
- (2) Create a livestock feed developer subsidy; and
- (3) Appropriate funds for the Livestock Revitalization Program.

Your Committee on Conference finds that the cost of feed for livestock production in Hawaii constitutes up to seventy percent of total production costs, a significant amount more than production costs for mainland producers. Many livestock farms have gone out of business, primarily due to the rising cost of feed and the farms' inability to compete with mainland suppliers. To improve Hawaii's self-sufficiency, this measure provides financial assistance to livestock producers to maintain and stabilize the livestock industry in the State.

Your Committee on Conference has amended this measure by:

- (1) Removing language establishing grant subsidies for qualified feed developers in chapter 155D, Hawaii Revised Statutes, and deleting all reference to qualified feed developer grants, including a new definition for qualified feed developer and an appropriation for qualified feed developer grants;
- (2) Inserting an appropriation amount of \$1,500,000 to the Agricultural Development Division of the Department of Agriculture for livestock feed subsidies and administrative costs of the Livestock Revitalization Program and deleting the appropriation for fiscal year 2014-2015;
- (3) Removing the \$250,000 per year cap on grants to qualified producers;
- (4) Inserting an effective date of July 1, 2013; 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. 593, 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. 593, S.D. 2, H.D. 1, C.D. 1.

Representatives Wooley, Onishi, Takayama and Cheape.  
Managers on the part of the House.  
(Representative Takayama was excused.)

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

**Conf. Com. Rep. 127 on S.B. No. 614**

The purpose of this measure is to appropriate funds for the Comptroller and the State Foundation on Culture and the Arts to commission permanent works of art to honor the late United States Senator Daniel K. Inouye and the late United States Representative Patsy T. Mink.

Your Committee on Conference finds that commissioning works of art to honor the accomplishments and contributions of the late Senator Inouye and the late Representative Mink will perpetuate their legacies and inspire future generations in Hawaii. Your Committee on Conference further finds that works of art portraying Senator Inouye and Representative Mink will properly honor the memories of these extraordinary individuals.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have specified the locations at which the works of art honoring Senator Inouye and Representative Mink are to be installed;
- (2) Inserting an appropriation amount of \$250,000 for the works of art; and
- (3) Inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 614, S.D. 1, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 614, S.D. 1, H.D. 2, C.D. 1.

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

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

**Conf. Com. Rep. 128 on S.B. No. 635**

The purpose of this measure is to protect law enforcement animals in the line of duty. Specifically, this measure:

- (1) Creates the offense of cruelty to a law enforcement animal in the first and second degrees;
- (2) Establishes penalties; and
- (3) Provides exceptions to the offenses, affirmative defenses, and restitution to certain affected parties.

Your Committee on Conference finds that law enforcement animals are an integral part of Hawaii's law enforcement and corrections agencies and are hand-selected and highly trained for their jobs. These animals diligently work side-by-side with law enforcement officers, deputies, and other personnel and should be afforded special protections. This measure protects law enforcement animals in the line of duty.

Your Committee on Conference has amended this measure by adopting the H.D. 1 version of this measure which:

- (1) Adds the definition of "law enforcement animal" to section 711-1110, Hawaii Revised Statutes;
- (2) Amends section 711-1109.4, Hawaii Revised Statutes, to include recklessly causing substantial bodily injury to or death of any law enforcement animal under the offense of causing injury or death to a service dog; rename the offense; provide certain exceptions to this offense; establish that a violation is a class C felony; provide restitution; and establish an affirmative defense;
- (3) Amends section 711-1109.5, Hawaii Revised Statutes, to include intentionally or knowingly striking, beating, kicking, stabbing, shooting, or administering any type of harmful substance or poison to a law enforcement animal under the offense of intentional interference with the use of a service dog; rename the offense; provide certain exceptions to this offense; establish that a violation is a misdemeanor; and provide restitution; and
- (4) Inserts 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. 635, 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. 635, S.D. 1, H.D. 3, C.D. 1.

Representatives Aquino, Ito, Ing, Takumi and McDermott.  
Managers on the part of the House.  
(Representatives Takumi and McDermott were excused.)

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

**Conf. Com. Rep. 129 on S.B. No. 82**

The purpose of this measure is to:

- (1) Authorize the Hawaii Public Housing Authority to receive, use, and dispose of property and sell real property subject to legislative approval;
- (2) Authorize the Authority to receive gifted property to benefit public housing residents under certain conditions;
- (3) Authorize the Authority to engage the services of volunteers; and
- (4) Require the Legislature to establish federal and state low-income housing preferences for tenant eligibility in any contract for financial assistance and preferences for tenant selection by the Hawaii Public Housing Authority, other than those established by federal law.

Your Committee on Conference finds that projects that assist the Hawaii Public Housing Authority in rehabilitating vacant units need physical labor, electrical wiring, and plumbing. Many volunteers come to the Authority to improve their community by creating projects and rehabilitating vacant units. These projects contribute to positive community relations as well as provide needed housing for individuals.



Your Committee on Conference further finds that the Hawaii Public Housing Authority selects tenants upon the basis of those greatest in need but that greater direction to the Hawaii Public Housing Authority is needed to determine the availability of units for applicants with and without preferences.

Your Committee on Conference has amended this measure by:

- (1) Removing language that would have required the Legislature to determine any preferences not established pursuant to federal law in regard to tenant eligibility or preference in a contract for financial assistance with the Hawaii Public Housing Authority;
- (2) Removing language that would have required the Legislature to establish any preferences except for any preferences established by federal law in regard to housing and tenant selection by the Hawaii Public Housing Authority;
- (3) Inserting language that requires the Hawaii Public Housing Authority to make available not less than fifty percent of available federal and state low-income housing units for applicants without preference and up to fifty percent of available federal and state low-income housing units for applicants with preference;
- (4) Changing the effective date to July 1, 2013; 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. 82, 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. 82, S.D. 1, H.D. 2, C.D. 1.

Representatives Cabanilla, Woodson, Carroll and Ward.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 130 on S.B. No. 946**

The purpose of this measure is to establish proactive measures to reduce the unfunded liabilities of the State and counties for employee health benefit obligations.

More specifically, this measure:

- (1) Convenes and makes an unspecified appropriation in fiscal year 2013-2014 to a Hawaii employer-union health benefits trust fund task force that is placed within the Department of Budget and Finance to examine the unfunded liability of the Hawaii employer-union health benefits trust fund (EUTF);
- (2) Establishes the Hawaii employer-union health benefits trust fund captive insurance company (captive insurance company) to provide its subscribers with a means of financing and managing their contractual obligations to provide health insurance, group life insurance, and other benefits to their employees;
- (3) Establishes a board of trustees to govern the captive insurance company whose trustees are appointed by the Governor to represent retirees, employee-beneficiaries, public employers, and the counties;
- (4) Establishes a Hawaii employer-union health benefits trust fund captive insurance company fund within the Department of Budget and Finance to provide public employee-beneficiaries and their beneficiaries with health and other benefit plans;
- (5) Establishes a Hawaii employer-union health benefits trust fund captive insurance company reserve account within the Department of Budget and Finance to be used as a reserve against or to pay future costs of providing health and other benefit plans;
- (6) Establishes a Hawaii employer-union health benefits trust fund captive insurance company minimum capital and surplus account within the Department of Budget and Finance to hold the minimum capital and surplus amounts established by the Insurance Commissioner; and
- (7) Repeals the EUTF, and transfers its rights, powers, functions, and duties to the captive insurance company.

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

- (1) Reorganizing the measure by eliminating the designation of parts and making the title of the former part II that established the captive insurance company and the accompanying preamble applicable to the entire measure;
- (2) Clarifying that one of the primary purposes of the captive insurance company is to provide the public employers, rather than subscribers, with a means of financing and managing their contractual obligations to provide health insurance, group life insurance, and other benefits to their employees;
- (3) Replacing the administrator of the captive insurance company with an attorney-in-fact and deleting provisions relating to the powers and duties of the administrator;

- (4) Specifying that the trustee who represents the counties shall be recommended by the Hawaii Association of Counties;
- (5) Replacing the voting method of one vote per group of trustees with the voting method of one vote per individual trustee;
- (6) Renaming the Hawaii employer-union health benefits trust fund captive insurance company reserve account as the Hawaii employer-union health benefits trust fund captive insurance company rate stabilization reserves and deleting the initial balance requirements, the authorization to cover catastrophic health events, and other specified powers;
- (7) Deleting the Hawaii employer-union health benefits trust fund captive insurance company minimum capital and surplus account;
- (8) Establishing the Hawaii employer-union health benefits trust fund captive insurance company other post employment benefits reserve fund within the Department of Budget and Finance to be used as a reserve for the future costs of providing other post employment benefits to retirees and their beneficiaries when there are insufficient moneys to cover current claims in the Hawaii employer-union health benefits trust fund captive insurance company fund;
- (9) Requiring employers to make annual required contributions, as determined by the board of trustees, to the Hawaii employer-union health benefits trust fund captive insurance company other post employment benefits reserve fund;
- (10) Establishing a schedule of annual required contributions, notwithstanding the determinations by the board of trustees, for the six-year fiscal period from 2013-2014 to 2018-2019;
- (11) Authorizing the Director of Finance to retain transient accommodations tax revenues and other sources of revenues to supplement payments for counties that fall short of paying their annual required contributions;
- (12) Changing the effective date to July 1, 2013; and
- (13) Making technical nonsubstantive amendments for the purposes of clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 946, 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. 946, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Cachola and Johanson.  
Managers on the part of the House.

Senators Hee, Ige, Baker and Kouchi.  
Managers on the part of the Senate.  
(Senator Baker voted no.)

#### **Conf. Com. Rep. 131 on S.B. No. 1349**

The purpose of this measure is to support and foster the growth of jobs in the research and development industry in Hawaii. More specifically, this measure:

- (1) Reestablishes the income tax credit for qualified research activities that applies to taxable years December 31, 2013, to December 31, 2017;
- (2) Requires the Department of Business, Economic Development, and Tourism to conduct studies to measure the effectiveness of the tax credit and submit reports to the Legislature; and
- (3) Updates certain provisions of the income tax credit for qualified research activities to conform to section 41 of the Internal Revenue Code.

Your Committee on Conference finds that the reestablishment of the qualified research activities tax credit will allow Hawaii research and development companies to remain competitive with mainland companies and generate and sustain lucrative high technology jobs in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Inserting language to ensure consistency between the calculation of the amount of the tax credit under section 41 of the Internal Revenue Code, the application of the federal tax provisions in section 41 of the Internal Revenue Code, and the requirement that a business claim a federal tax credit for the same qualified research activities under section 41 of the Internal Revenue Code;
- (2) Limiting the federal tax provisions in section 41 of the Internal Revenue Code to expenses incurred for qualified research activities after December 31, 2012;
- (3) Limiting the tax credit to taxable years from December 31, 2012, to December 31, 2019;
- (4) Making the measure effective on July 1, 2013; 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. 1349, 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. 1349, S.D. 2, H.D. 1, C.D. 1.

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

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

**Conf. Com. Rep. 132 on S.B. No. 1057**

The purpose of this measure is to establish employer contribution amounts for plan years 2011-2012 and 2012-2013 for Hawaii Employer-Union Health Benefits Trust Fund health benefit plan premiums for the employees of collective bargaining unit (10) and their excluded counterparts.

Your Committee on Conference finds that the State and the exclusive representative of collective bargaining unit (9) reached an impasse concerning Hawaii Employer-Union Health Benefits Trust Fund employer contributions for plan years 2011-2012 and 2012-2013. Therefore, pursuant to section 89-11(g), Hawaii Revised Statutes, after consideration of recommendations by both parties, the Legislature was tasked with establishing the contribution amounts by enactment. Your Committee on Conference acknowledges that the State recommended contributions at fifty per cent for the employer contribution level for collective bargaining unit (9) and their excluded counterparts.

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

- (1) Adding sections that provide employer contribution amounts for Employer-Union Health Benefits Trust Fund health benefit plan premiums for plan years 2011-2012 and 2012-2013 for employees in collective bargaining unit (9) and their excluded counterparts;
- (2) Inserting specific dollar amounts that establish the employer contribution level;
- (3) Changing the effective date to upon approval; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1057, 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. 1057, S.D. 2, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

Senators Hee, Ige, Shimabukuro, Kouchi and L. Thielen.  
Managers on the part of the Senate.  
(Senators Kouchi and L. Thielen were excused.)

**Conf. Com. Rep. 133 on S.B. No. 1094**

The purpose of this measure is to recapitalize the State's fiscal reserves by transferring an unspecified amount from general funds to the emergency and budget reserve fund.

Your Committee on Conference finds that in 2008, during the economic downturn, the State was compelled to enact a number of cost-saving measures. Your Committee on Conference recognizes that the use of the emergency and budget reserve fund and the Hawaii hurricane relief fund allowed the State to avoid undertaking even greater spending reductions and revenue enhancement measures. Your Committee on Conference believes that recapitalizing the fiscal reserves for the State is essential to safeguard the future economic well-being of the State.

Your Committee on Conference amended this measure by:

- (1) Inserting an appropriation amount of \$50,000,000;
- (2) Changing the fiscal year of the appropriation from fiscal year 2014-2015 to fiscal year 2013-2014;
- (3) Changing the effective date to July 1, 2013; and
- (4) Making technical nonsubstantive amendments for purposes of clarity and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1094, 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. 1094, S.D. 1, H.D. 1, C.D. 1.

Representatives Luke, Ing, Nishimoto and Johanson.  
Managers on the part of the House.  
(Representative Ing was excused.)

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

**Conf. Com. Rep. 134 on S.B. No. 1206**

The purpose of this measure is to clarify that the authority of the Director of Taxation includes the collection and general administration of all taxes.

Your Committee on Conference finds that section 231-13, Hawaii Revised Statutes, could be clearer as to whether the Director of Taxation is authorized to collect and administer all taxes or only delinquent taxes. Your Committee on Conference further finds that this measure sufficiently clarifies that the Department of Taxation is authorized to administer and collect all taxes, including delinquent taxes, which will facilitate greater effectiveness and efficiency in the operation of the Department.

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

- (1) Requiring the Department of Taxation to submit reports to the Legislature regarding contracts entered into under section 231-13, Hawaii Revised Statutes, as amended by this measure, and the effect of this measure on the assessment, enforcement, and collection of taxes; and
- (2) Changing the effective date to "upon approval" and adding a sunset date of June 30, 2017.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1206, 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. 1206, S.D. 1, H.D. 1, C.D. 1.

Representatives Luke, Nishimoto and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 135 on S.B. No. 1280**

The purpose of this measure is to encourage the development of efficient energy systems in Hawaii by authorizing the issuance of special purpose revenue bonds to assist Kona SWAC, LLC, in constructing a portion of a seawater air conditioning district cooling system.

Your Committee on Conference finds that Kona SWAC, LLC, seeks to develop a seawater air conditioning solution for Kona that precludes the need to cool water with electricity and instead uses seawater for cooling. Your Committee on Conference believes that finding and developing new and innovative technologies that decrease the State's dependence on oil continue to be in the public interest. Accordingly, your Committee on Conference finds that assisting in the financing for the construction of a portion of the seawater air conditioning district cooling system to serve Kona and nearby areas on the island of Hawaii furthers the State's interest in developing new and efficient energy systems.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the Department of Budget and Finance is authorized to issue special purpose revenue bonds in a total amount not to exceed \$40,000,000; and
- (2) Changing the effective date from July 1, 2050, to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1280, 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. 1280, S.D. 2, H.D. 1, C.D. 1.

Representatives Tsuji, Tokioka, Ohno and Ward.  
Managers on the part of the House.  
(Representative Ward was excused.)

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

**Conf. Com. Rep. 136 on H.B. No. 353**

The purpose of this measure is to appropriate unspecified funds to control and contain damage caused by the coffee berry borer and for research to develop new methods of preventing and treating infestations.

Your Committee on Conference has amended this measure by:

- (1) Inserting the appropriation amount of \$250,000 for fiscal year 2013-2014 and the same sum for fiscal year 2014-2015 to research and develop methods for the prevention and treatment of coffee berry borer infestations;
- (2) Inserting the appropriation amount of \$300,000 for fiscal year 2013-2014 to fund coffee berry borer infestation damage control and mitigation efforts;
- (3) Changing the expending agency of the appropriation for fiscal year 2013-2014 to fund coffee berry borer infestation damage control and mitigation efforts from the University of Hawaii to the Department of Agriculture;
- (4) Specifying that all amounts appropriated pursuant to this measure shall not be expended unless matched on a dollar-for-dollar basis; and
- (5) Changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 353, 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. 353, H.D. 1, S.D. 2, C.D. 1.

Representatives Luke, Lowen, Onishi, Wooley and Cheape.  
Managers on the part of the House.  
(Representative Wooley was excused.)

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

#### **Conf. Com. Rep. 137 on H.B. No. 763**

The purpose of this measure is to streamline the operations of the State Building Code Council and the application of the State Building Code by:

- (1) Amending the composition and authority of the Council;
- (2) Specifying the required content of the Building Code and allowable amendment; and
- (3) Making an appropriation to fund efforts by the Council to create a uniform State Building code.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation;
- (2) Changing its effective date to July 1, 2013; 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 H.B. No. 763, 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. 763, H.D. 1, S.D. 1, C.D. 1.

Representatives Evans, Lowen, Hashem and Cheape.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 138 on H.B. No. 988**

The purpose of this measure is to support the operations of an environmental disaster standby and response facility in the State that has the capacity to undertake the recovery and rehabilitation of native wildlife that are sickened, injured, or contaminated as a result of an oil or fuel related disaster in the State by authorizing expenditures for that purpose from the Environmental Response Revolving Fund.

Your Committee on Conference has amended this measure by changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 988, 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. 988, H.D. 2, S.D. 2, C.D. 1.

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

Senators Gabbard, Solomon, Chun Oakland, Ruderman and Slom.  
Managers on the part of the Senate.  
(Senators Chun Oakland and Slom were excused.)

**Conf. Com. Rep. 139 on H.B. No. 417**

The purpose of this measure is to address the shortage of primary care providers in the State by appropriating funds for the interdisciplinary Hawaii Health Systems Corporation Primary Care Training Program at Hilo Medical Center.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$1,800,000 for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015; and
- (2) Changing its effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 417, 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. 417, H.D. 2, S.D. 1, C.D. 1.

Representatives Belatti, Morikawa, Onishi and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 140 on H.B. No. 908**

The purpose of this measure is to improve the health and well-being of women, children, and families at risk for adverse health and safety concerns by establishing a program within the Department of Health for hospital-based screening and home visiting services for newborns' families.

Your Committee on Conference has amended this measure by:

- (1) Changing the funding source from general funds to the Hawaii Tobacco Settlement Special Fund;
- (2) Inserting the appropriation amount of \$3,000,000 for fiscal year 2012-2013 to carry out the purposes of this measure; and
- (3) Changing its effective date to June 30, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 908, 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. 908, H.D. 2, S.D. 1, C.D. 1.

Representatives Belatti, Kobayashi, Morikawa, Jordan and Fukumoto.  
Managers on the part of the House.

Senators Green, Chun Oakland, Keith-Agaran, Shimabukuro and Slom.  
Managers on the part of the Senate.  
(Senator Keith-Agaran was excused.)

**Conf. Com. Rep. 141 on H.B. No. 820**

The purpose of this measure is to provide a legislative vehicle to fund pending public sector bargaining cost items for salary adjustments and other cost adjustments for public employees in collective bargaining unit (5) and their excluded counterparts for fiscal biennium 2013-2015.

Your Committee on Conference has amended this measure by:

- (1) Inserting specified sums to fund salary adjustments and other cost adjustments for public employees in collective bargaining unit (5) and their excluded counterparts for fiscal biennium 2013-2015;
- (2) Amending the funding sources for the salary adjustments and other cost adjustments for employees in collective bargaining unit (5) and their excluded counterparts;
- (3) Providing for specified sums to fund the Hawaii Employer-Union Health Benefits Trust Fund costs for employees in collective bargaining unit (5) and their excluded counterparts for fiscal biennium 2013-2015;
- (4) Changing its effective date to July 1, 2013; 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. 820, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 820, S.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

**Conf. Com. Rep. 142 on H.B. No. 816**

The purpose of this measure is to provide a legislative vehicle to fund pending public sector collective bargaining cost items for salary adjustment and other cost adjustments for public employees in collective bargaining unit (1) and their excluded counterparts for fiscal biennium 2013-2015.

Your Committee on Conference has amended this measure by:

- (1) Inserting additional funding sources and specified sums for collective bargaining cost items for unit (1) and its excluded counterparts, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for collective bargaining unit (1) for fiscal biennium 2013-2015;
- (2) Changing its effective date to July 1, 2013; 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. 816, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 816, S.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

**Conf. Com. Rep. 143 on H.B. No. 749**

The purpose of this measure is to increase the State's agricultural self-sufficiency and the attractiveness and opportunities for an agricultural education and livelihood by establishing the Hawaii Agriculture Workforce Advisory Board within the Department of Labor and Industrial Relations to, among other things, develop partnerships and engage in activities to further the development of the agricultural workforce in the State.

This measure also appropriates an unspecified amount in general revenues to the Department of Labor and Industrial Relations to assist in the establishment and support of the Hawaii Agriculture Workforce Advisory Board.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the farming community representative will serve for a two-year term;
- (2) Specifying that the Hawaii Agriculture Workforce Advisory Board is not subject to the provisions of section 26-34, Hawaii Revised Statutes, including the selection and terms of members of boards and commissions;
- (3) Requiring the Hawaii Agriculture Workforce Advisory Board to advise the Department of Labor and Industrial Relations on the development of partnerships and other specified activities to further the development of the agricultural workforce in the State, rather than engage in such activities itself;
- (4) Specifying that members of the Hawaii Agriculture Workforce Advisory Board will serve without compensation, but that the farming community representative will be reimbursed for those necessary expenses incurred during the performance of the representative's duties;
- (5) Deleting the appropriation to the Department of Labor and Industrial Relations to assist in the establishment and support of the Hawaii Agriculture Workforce Advisory Board;
- (6) Changing its effective date to upon approval; and
- (7) Making technical, nonsubstantive amendments for clarity and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 749, 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. 749, H.D. 2, S.D. 2, C.D. 1.

Representatives Nakashima, Wooley, Hashem, Takumi and Cheape.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

**Conf. Com. Rep. 144 on H.B. No. 546**

The purpose of this measure is to reduce the unfunded liability of the Hawaii Employer-Union Health Benefits Trust Fund (EUTF).

More specifically, this measure:

- (1) Convenes and appropriates funds for a task force placed within the Department of Budget and Finance to examine the unfunded liability of the EUTF;
- (2) Requires, rather than authorizes, the Board of Trustees of the EUTF to establish a separate trust fund to receive employer contributions to prefund other post-employment health and other benefit plan costs for retirees and their beneficiaries;
- (3) Requires public employers to pay actuarially-determined, annual required contributions to the trust fund;
- (4) Uses general excise tax revenues and transient accommodations tax revenues or other sources of revenue to supplement deficient payments by state public employers and county public employers, respectively;
- (5) Requires full payments of the annual required contribution commencing with fiscal year 2018-2019, with a transitional schedule of payments commencing with fiscal year 2014-2015; and
- (6) Requires and appropriates funds for the Director of Finance to develop an implementation plan with regard to:
  - (A) The sharing of investment information, advice, and services between the Employees' Retirement System and the EUTF for the investment of moneys in the separate trust fund; and
  - (B) Procedures for the receipt of payments from county public employers into the separate trust fund.

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

- (1) Specifying the amounts of the appropriations for both the task force and the implementation plan;
- (2) Changing the effective date to July 1, 2013; 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. 546, 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. 546, H.D. 2, S.D. 2, C.D. 1.

Representatives Nakashima, Luke, Cachola and Johanson.  
Managers on the part of the House.

Senators Hee, Ige, Keith-Agaran, Kouchi and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

**Conf. Com. Rep. 145 on H.B. No. 120**

The purpose of this measure is to enhance public access to information collected by the Department of Health regarding its inspections of state-licensed care facilities by, among other things:

- (1) Requiring the Department of Health to post on its website electronic copies of reports for all inspections it performs of state-licensed facilities specified in the measure;
- (2) Establishing a Working Group on Licensed Care Facilities to develop an inspection form to be posted online with information that is fair to the care home operators and useful to the public;
- (3) Requiring the Working Group to report its findings and recommendations to the Legislature prior to the 2014 Regular Session; and
- (4) Appropriating unspecified amounts for each year of the 2013-2015 fiscal biennium to fund equipment, website and database development, and staff support.

Your Committee on Conference has amended this measure by:

- (1) Clarifying that the representatives from major caregiver provider groups that may be invited by the Director of Health to participate in the Working Group must be representatives of specified types of state-licensed care facilities;



- (2) Inserting the appropriation amount of \$74,000 for each year of the 2013-2015 fiscal biennium to fund computer equipment, website and database development, and staff support;
- (3) Specifying that the appropriation includes funding for two full-time equivalent positions (2.0 FTE);
- (4) Changing its effective date to July 1, 2013; and
- (5) Making a technical, nonsubstantive amendment for clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 120, 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. 120, H.D. 2, S.D. 2, C.D. 1.

Representatives Belatti, Carroll, McKelvey, Morikawa, Cabanilla, Jordan and Fukumoto.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 146 on S.B. No. 1194**

The purpose of this measure is to adjust the transient accommodations tax rate and the disposition of the transient accommodations tax revenues. Among other things, this measure:

- (1) Specifies new transient accommodations tax rates as follows:
  - (A) 8.25 percent for the period beginning on July 1, 2009, to June 30, 2010;
  - (B) 9.25 percent for the period beginning on July 1, 2010, to June 30, 2013; and
  - (C) 7.25 percent for the period beginning on July 1, 2013, and thereafter;
- (2) Repeals the additional transient accommodations tax imposed by Act 61, Session Laws of Hawaii 2009;
- (3) Repeals the daily transient accommodations tax for complimentary accommodations; and
- (4) Makes permanent the caps on the transient accommodations tax revenue distributions to the tourism special fund and the counties.

Your Committee on Conference finds that allowing the transient accommodations tax rate to fall to 7.25 percent beginning on July 1, 2013, would deprive the general fund of needed tax revenues. According to the Department of Budget and Finance, retaining a 9.25 percent tax rate is a key component to ensuring that the State's general fund financial plan remains balanced beyond the fiscal biennium 2013-2015. Your Committee on Conference further finds that the State requires a consistent amount of funds to effectively market itself in a competitive tourist industry, to maintain tourist attractions, and to enhance the visitor experience.

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

- (1) Making permanent the 9.25 percent tax on the gross rental or gross rental proceeds derived from furnishing transient accommodations;
- (2) Allocating \$33,000,000, rather than 17.3 percent, of the transient accommodations tax revenue to the convention center enterprise special fund and repealing the language that required revenues collected in excess of \$33,000,000 to be deposited into the general fund;
- (3) Allocating \$82,000,000, rather than 34.2 percent, of the transient accommodations tax revenue to the tourism special fund, repealing the language specifying that the revenues be for tourism promotion and visitor industry research, and repealing the language that placed a \$71,000,000 per fiscal year cap on revenues to be deposited into the tourism special fund until June 30, 2015;
- (4) Repealing the \$1,000,000 allocation to the state parks special fund and special land development fund;
- (5) Allocating \$1,000,000 of the \$82,000,000 allocated to the tourism special fund for the operation of a Hawaiian center and the Museum of Hawaiian Music and Dance at the Hawaii Convention Center;
- (6) Allocating \$93,000,000, rather than 44.8 percent, of the transient accommodations tax revenue to the counties and repealing the \$93,000,000 cap on the amount to be transferred to the counties;
- (7) Allocating \$3,000,000 of the excess revenue from the transient accommodations tax deposited into the general fund for natural resources important to the visitor industry, facilities, and public lands connected with enhancing the visitor experience; provided that these funds shall be expended by mutual agreement of the Board of Land and Natural Resources and the Board of Directors of the Hawaii Tourism Authority;
- (8) Changing the effective date to July 1, 2013; and
- (9) 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. 1194, 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. 1194, S.D. 2, H.D. 1, C.D. 1.

Representatives Luke, Brower, Nishimoto and Johanson.  
Managers on the part of the House.

Senators Galuteria, Keith-Agaran, Ige, Kidani and Kouchi.  
Managers on the part of the Senate.  
(Senator Kidani was excused.)

**Conf. Com. Rep. 147 on S.B. No. 1092**

The purpose of this measure is to make a general fund appropriation for fiscal year 2014-2015 to recapitalize the hurricane reserve trust fund.

Your Committee on Conference finds that the hurricane reserve trust fund has declined over the last decade from approximately \$220,000,000 to \$20,000,000. Your Committee on Conference further finds that, as the State continues its economic recovery, an accelerated recapitalization of the trust fund is prudent and fiscally sound.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the amount of the appropriation is \$50,000,000;
- (2) Changing the fiscal year of the appropriation from fiscal year 2014-2015 to fiscal year 2013-2014;
- (3) Changing the effective date from July 1, 2030, to July 1, 2013; and
- (4) Making technical nonsubstantive amendments for the purposes of consistency, clarity, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1092, 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. 1092, S.D. 1, H.D. 1, C.D. 1.

Representatives Luke, Nishimoto, Woodson and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 148 on S.B. No. 498**

The purpose of this measure is to address the emergency medical service needs of the residents of West and South Maui by appropriating funds for a twenty-four-hour, seven-days-a-week, special emergency medical response vehicle unit to be based in the Maalaea area on Maui, which will include a vehicle, equipment, and personnel costs for twenty-four-hour, seven-days-a-week staffing by state-certified emergency medical service personnel.

Your Committee on Conference finds that the populations of West and South Maui have significantly increased over time, resulting in an increase of calls for emergency medical services from these communities. Your Committee on Conference believes it is necessary and prudent to expand emergency medical response services, reduce response times, and increase the chances of a positive outcome for the residents of these communities.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation amount of \$600,000 out of the emergency medical services special fund to fund the vehicle unit and appropriate staffing for fiscal years 2013-2014 and 2014-2015; and
- (2) Changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 498, 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. 498, S.D. 2, H.D. 1, C.D. 1.

Representatives Belatti, Morikawa, Woodson and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 149 on S.B. No. 867**

The purpose of this measure is to amend the law relating to state and county contributions to the Hawaii Employer-Union Health Benefits Trust Fund. Specifically, this measure:

- (1) Repeals provisions relating to the base monthly contributions for health benefit plans paid by the State and counties for retired public employees;
- (2) Repeals the requirement that the base monthly composite monthly contributions be adjusted annually and the method for calculating the contributions; and
- (3) Makes conforming amendments to applicable sections of the law relating to the Hawaii Employer-Union Health Benefits Trust Fund to reflect the amendments under this measure.

Your Committee on Conference finds that under existing law, retired state and county employees receive a base monthly contribution health premium benefit, the amount of which depends on the date that the retired employee entered the public employment system. The base monthly contribution formula provides an upper threshold parameter used by the Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees to determine the health benefit plans for retired state and county employees. This base monthly contribution serves as a cap on the amount that the public employers are required to pay for medical, prescription drug, dental, and vision premiums. This cap could potentially become a problem if a carrier exceeds the base monthly contribution premium for non-Medicare retirees, which could cause the out-of-pocket costs to the non-Medicare retirees to increase thereby diminishing the accrued retirees' health benefits, which violates article XVI, section 2, of the Hawaii State Constitution. This measure eliminates this cap to address the potential diminishment of accrued benefits of retired public employees.

Your Committee on Conference has amended this measure by adopting the S.D. 2 version, which provides an unspecified base monthly contribution amount for supplemental Medicare and non-Medicare two-party plans and sets forth the required state and county base monthly contribution for other retiree health benefit plans as unspecified amounts beginning January 1, 2014, and amending it further by:

- (1) Adding specified base monthly contribution amounts for each employee-beneficiary enrolled in supplemental Medicare self plans, supplemental Medicare two-party plans, supplemental Medicare family plans, non-Medicare self plans, non-Medicare two-party plans, and non-Medicare family plans based on one hundred percent of the employer contribution amounts for these plans as of January 1, 2013, plus five percent; and
- (2) Changing the effective date to January 1, 2014.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 867, 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. 867, S.D. 2, H.D. 1, C.D. 1.

Representatives Nakashima, Hashem, Yamashita and Johanson.  
Managers on the part of the House.

Senators Hee, Ige, Kouchi, L. Thielen and Slom.  
Managers on the part of the Senate.  
(Senator Slom was excused.)

#### **Conf. Com. Rep. 150 on S.B. No. 46**

The purpose of this measure is to bring Hawaii into compliance with Title IV of the Higher Education Act of 1965, as amended, by establishing a post-secondary education authorization program within the Department of Commerce and Consumer Affairs (DCCA) and creating the framework for authorizing private post-secondary educational institutions in the State.

Your Committee on Conference finds that in October 2010, the United States Department of Education issued new regulations for programs authorized under Title IV of the Higher Education Act of 1965, as amended, to hold programs accountable for preparing students for gainful employment, protect students from misleading recruiting practices, ensure that only eligible students receive financial aid, and strengthen federal aid programs.

Your Committee on Conference further finds that the State was unable to satisfy all of the requirements of the Higher Education Act of 1965, as amended, relating to state authorization by the July 1, 2011, deadline. However, the United States Department of Education provided the opportunity for states and institutions to receive an extension to July 1, 2013, for certain regulations. The State must proactively examine the requirements of the Higher Education Act of 1965, as amended, and ensure state compliance.

In fiscal year 2011, roughly 63,000 students in Hawaii received more than \$283,000,000 in federal funds under Title IV of the Higher Education Act of 1965, as amended. It is imperative that Hawaii does not jeopardize the receipt of federal funds under Title IV of the Higher Education Act of 1965, as amended.

Your Committee on Conference understands that this measure is a major departure from the status quo and will require granting DCCA the flexibility necessary to get the state authorization program up and running as quickly as possible.

Your Committee on Conference notes that once DCCA has the program in place, the following issues may need to be addressed further:

- (1) Whether the required surety bond amount should be amended to specify that the alternative amount be no more than six months' worth of the maximum prepaid tuition and fees of a private college or university; and
- (2) Determining what entity should be responsible for all prepaid, unearned tuition and fees, student loans, Pell grants, and other student financial aid assistance if an authorized private college or university ceases operation.

Your Committee on Conference has amended this measure by:

- (1) Amending the definition of "accredited" by reverting to the definition in the S.D. 1 version of this measure;
- (2) Deleting the definition of "nationally recognized accrediting agency";
- (3) Amending the definitions of "private college or university" and "seminary" or "religious training institution" for purposes of clarity and consistency;
- (4) Authorizing the Director of Commerce and Consumer Affairs (Director) to appoint one or more advisory committees to assist DCCA;
- (5) Clarifying that the Director may establish the types and amount of fees DCCA may assess in order to carry out the purposes of the new chapter;
- (6) Clarifying that in order to award degrees in the State, all private colleges and universities, seminaries, and religious training institutions operating in the State on the effective date of this measure shall be authorized no later than July 1, 2014;
- (7) Removing language relating to the issuance of certificates of authorization as proof of authorization;
- (8) Clarifying that failure to maintain accreditation and to meet or maintain the requirements of financial integrity shall be grounds for the Director to refuse to reauthorize, reinstate or restore, or to deny, revoke, suspend, or condition any authorization;
- (9) Clarifying that DCCA may contract with a third party for the storage or maintenance of any records required to be deposited with DCCA;
- (10) Increasing the surety bond amount from \$5,000 to \$50,000;
- (11) Clarifying that the two-year restriction on complaints shall not apply to complaints related to obtaining transcripts;
- (12) Removing language requiring DCCA to be responsible for all prepaid, unearned tuition and fees, student loans, Pell grants, and other student financial aid assistance if an authorized private college or university ceases operation;
- (13) Specifying that any institution applying for authorization shall be required to pay the authorization fee;
- (14) Authorizing DCCA to adopt interim rules, subject to certain requirements;
- (15) Removing the repeal of the Post-Secondary Education Commission in chapter 304A, part VII, subpart C, Hawaii Revised Statutes;
- (16) Authorizing rather than mandating DCCA to hire an implementation coordinator or team to assist with the implementation of this measure;
- (17) Specifying that the implementation coordinator or team may assist the Director in establishing a staffing structure and recruiting staff necessary to carry out the purposes of this measure;
- (18) Appropriating \$400,000 to DCCA for fiscal year 2013-2014 only for the purpose of contracting an implementation coordinator or team;
- (19) Removing the authorization for three full-time equivalent (3.0 FTE) permanent positions;
- (20) Adding additional reporting requirements for DCCA and asking that DCCA report back to the Legislature prior to the Regular Session of 2015 in addition to its report prior to the Regular Session of 2014;
- (21) Making this measure effective upon its approval; provided that part IV of this measure shall take effect on July 1, 2013; and
- (22) 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. 46, 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. 46, S.D. 2, H.D. 3, C.D. 1.

Representatives Ichiyama, McKelvey, Nishimoto, Aquino and Fale.  
Managers on the part of the House.  
(Representative Aquino was excused.)

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

**Conf. Com. Rep. 151 on S.B. No. 722**

The purpose of this measure is to require the Department of Accounting and General Services to coordinate efforts to establish a complete inventory of state-owned or managed public buildings, facilities, and sites on lands of the public land trust.

Act 54, Session Laws of Hawaii 2011, establishes a comprehensive information system for public lands to be used for the inventory and

maintenance of information relating to the public land trust, also known as ceded lands, and other state lands. All state and county agencies are directed to assist the Department of Land and Natural Resources in facilitating the establishment of the comprehensive information system for public lands.

Your Committee on Conference finds that the inventory required to be taken and information to be maintained are important tools to assist the State to manage its assets. Insufficient information on underutilized public facilities exacerbates lost revenues for the State, so it is important that all state and county agencies work together to ensure that state facilities are used to their fullest potential.

It is not the intent of your Committee on Conference that this measure be interpreted as requiring the Department of Land and Natural Resources to transfer hardware, if such transfer would impose undue hardship on the Department's State Lands Information Management System (SLIMS), which is an essential tool of the Department to manage lands under its jurisdiction. Your Committee on Conference emphasizes that, what is important is that the information be transferred in a suitable format.

Your Committee on Conference has amended this measure by:

- (1) Specifying in the purpose section that the purpose of this measure is to require the Department of Land and Natural Resources to expand the scope of the comprehensive information system and adding to the purpose section a reference to 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;
- (2) Inserting language to require the Department of Accounting and General Services to incorporate the inventory of public buildings, facilities, and sites together with the public land trust inventory and the public land trust information system;
- (3) Inserting language to require all state agencies to transfer to the Department of Accounting and General Services all programs and hardware associated with the inventory;
- (4) Inserting an appropriation amount of \$250,000 for fiscal year 2013-2014 only for the Department of Accounting and General Services to coordinate the inventory of public buildings, facilities, and sites and for the creation of a comprehensive system for asset management;
- (5) Changing the effective date to July 1, 2013; 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. 722, 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. 722, S.D. 2, H.D. 1, C.D. 1.

Representatives Evans, Hanohano, Lowen, Lee and Cheape.  
Managers on the part of the House.  
(Representative Lee was excused.)

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

#### **Conf. Com. Rep. 152 on S.B. No. 5**

The purpose of this measure is to provide fair compensation to lessees when a withdrawal or taking by the State of land leased for intensive agricultural or pastoral uses renders the land unusable for the lessees' original intended purposes.

Your Committee on Conference finds that the Department of Land and Natural Resources established conservation easements on approximately six thousand acres of lands, originally leased for pasture or special livestock use, in order to widen Saddle Road in the County of Hawaii. As a result, the lessee ranchers were prevented from grazing cattle and effectively deprived of their use of the land.

Although the Department reduced the lease rent in proportion to the taking of the land, the lessees received no other compensation. Existing law also provides no other method of compensation. However, the lessees are still required by their leases to maintain insurance on the land and pay taxes for the land they cannot use for the specific purpose for which it was originally leased. As a result, several lessees reduced their herd size and have been unable to mitigate the long-term, fixed costs associated with operating a ranch in the way they anticipated when the lease was negotiated. Thus, the lessees have experienced financial hardship for an extended period of time that is not sufficiently mitigated by a reduction in their lease rent.

Your Committee on Conference has amended this measure by:

- (1) Changing the effective date to upon approval; and
- (2) Making a technical, nonsubstantive amendment 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. 5, 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. 5, S.D. 1, H.D. 1, C.D. 1.

Representatives Wooley, Evans, Onishi, Tsuji and Cheape.  
Managers on the part of the House.  
(Representative Onishi was excused.)

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

**Conf. Com. Rep. 153 on S.B. No. 244**

The purpose of this measure is to:

- (1) Require charter schools to complete an annual independent financial audit;
- (2) Require the State Public Charter School Commission (Charter School Commission) to develop procedures for conducting criminal history checks of persons who are employed or seeking employment in any position that places them in close proximity to children;
- (3) Specify when a charter school may use criminal history information to terminate or deny employment;
- (4) Specify charter school enrollment requirements;
- (5) Authorize the Charter School Commission to request facilities funding for charter schools as part of its annual budget request;
- (6) Amend the definition of "employee" under chapter 84, Hawaii Revised Statutes (HRS), to include any person under an employment contract to serve as chief executive officer, chief administrative officer, executive director, or designated head of a charter school;
- (7) Require Charter School Commission members to disclose to the Commission a list of all charter schools in which the member is an employee, governing board member, vendor, contractor, agent, or representative and disqualify members from voting on or participating in the discussion of such matters;
- (8) Authorize the Charter School Commission to hire employees without regard to chapters 76 and 89, Hawaii Revised Statutes;
- (9) Remove the requirement that a nonprofit organization that governs a conversion charter school make minimum annual contributions to the charter school; and
- (10) Make other amendments to chapter 302D, HRS, for the purposes of clarity and consistency.

Your Committee on Conference finds that Hawaii's charter schools are ranked each year by the National Alliance for Public Charter Schools (NAPCS). In 2011, Hawaii's ranking fell from thirty-fourth place to thirty-fifth place, out of a total of forty-two states.

Your Committee on Conference further finds that in 2012, the Legislature passed Act 130, Session Laws of Hawaii 2012 (Act 130), which established a new charter school law that created a solid governance structure for Hawaii's charter school system with clear lines of authority and accountability to foster improved student outcomes. As a result of Act 130, Hawaii's charter school system leapt to fourteenth place in NAPCS' rankings. This measure continues to build on the progress made by Act 130.

Your Committee on Conference has amended this measure by:

- (1) Deleting the expansion of the definition of "employee" in section 84-3, HRS, to include any person under an employment contract to serve as the chief executive officer, chief administrative officer, executive director, or designated head of a charter school;
- (2) Removing language which provided that funds distributed to public charter schools are considered expended upon distribution;
- (3) Specifying when a charter school or charter school's governing board, in consultation with the Hawaii State Ethics Commission, must adopt standards of conduct to apply to the chief executive officer, chief administrative officer, executive director, or designated head of the charter school;
- (4) Making this measure effective upon its 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. 244, 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. 244, S.D. 2, H.D. 1, C.D. 1.

Representatives Takumi, Rhoads, Ing, Ohno and Fale.  
Managers on the part of the House.

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

**Conf. Com. Rep. 154 on S.B. No. 877**

The purpose of this measure is to establish procedures for the Hawaii Labor Relations Board to conduct appeals and authorize the Board to notify parties of a hearing using first class mail.

Your Committee on Conference finds that this measure sets forth the procedures for the Hawaii Labor Relations Board to conduct appeals hearings. Your Committee on Conference further finds that existing law requires the Hawaii Labor Relations Board to use registered or certified mail to provide notice to parties of a hearing. This measure would permit the Board to more efficiently allocate resources by using first class mail instead.

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. 877, 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. 877, S.D. 1, H.D. 2, C.D. 1.

Representatives Nakashima, Hashem and Ing.  
Managers on the part of the House.  
(Representative Ing was excused.)

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

**Conf. Com. Rep. 155 on S.B. No. 908**

The purpose of this measure is to appropriate funds for fiscal biennium 2011-2013 for public employees in collective bargaining unit (9) and for employees excluded from collective bargaining that are in the same compensation plans as those officers and employees within collective bargaining unit (9).

Your Committee on Conference finds that this measure is necessary to serve as the legislative vehicle to appropriate funds to cover collective bargaining costs and other cost items that have been awarded through arbitration.

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

- (1) Clarifying that the measure is an emergency appropriation measure that qualifies for immediate passage;
- (2) Clarifying that the appropriations are necessary to fund the salary increases and wage related costs contained in the arbitrated settlement for certain public employees;
- (3) Clarifying the sources of funding;
- (4) Limiting the appropriations contained in the measure to only fiscal year 2012-2013 and inserting specific amounts;
- (5) Highlighting the amount appropriated for the Department of Education;
- (6) Adding a lapse date of June 30, 2013, for all funds appropriated or authorized by this measure;
- (7) Changing the effective date to "upon approval" and deleting language on retroactive application to July 1, 2011; and
- (8) Making technical nonsubstantive amendments for the purposes of clarity, style, and consistency.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 908, 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. 908, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

**Conf. Com. Rep. 156 on S.B. No. 551**

The purpose of this measure is to recognize the sacrifices and contributions of veterans from Hawaii by requiring the Office of Veterans Services, with the assistance of the Department of Accounting and General Services, Department of Defense, and State Historic Preservation Division, to develop plans to establish a memorial honoring the veterans of the Persian Gulf War, Operation Desert Storm, Operation Iraqi Freedom, Operation New Dawn, Operation Enduring Freedom, Global War on Terrorism, Homeland Defense, and Operation Noble Eagle, and those who have protected our borders by land, sea, and air.

Your Committee on Conference finds that veterans from Hawaii deserve recognition for their valiant service during recent conflicts, specifically the Persian Gulf War, Operation Desert Storm, Operation Iraqi Freedom, Operation New Dawn, and Operation Enduring Freedom. Your Committee on Conference further finds that it is important to recognize service members who engaged in the Global War on Terrorism, Homeland Defense, and Operation Noble Eagle, as well as those who have protected our borders by land, sea, and air. This measure honors the courage and sacrifices of these veterans.

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

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 551, 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. 551, S.D. 2, H.D. 1, C.D. 1.

Representatives Takai, Takayama, Ito and Ward.  
Managers on the part of the House.

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

**Conf. Com. Rep. 157 on S.B. No. 680**

The purpose of this measure is to establish the operational infrastructure to help ensure the health and safety of the people of Hawaii by:

- (1) Creating a homeland security law and establishing within the State Department of Defense an Office of Homeland Security to be headed by the Director of Homeland Security, who is the Adjutant General;
- (2) Specifying actions the Director of Homeland Security is authorized to make, including preparing comprehensive plans and programs for homeland security and defense; developing and maintaining a list of critical infrastructure; fostering coordination on security matters with all nations of the Pacific region to the extent permitted under federal law; and soliciting and managing funds; and
- (3) Authorizing the establishment of county organizations for homeland security.

Your Committee on Conference finds that state departments and agencies are currently performing many missions and tasks to combat terrorism and support homeland security requirements without underlying statutory authority. Your Committee on Conference further finds that this measure will establish an office of homeland security to provide a comprehensive program to protect Hawaii's residents, infrastructure, and government from terrorism and attacks.

Your Committee on Conference has amended this measure by inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 680, 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. 680, S.D. 1, H.D. 1, C.D. 1.

Representatives Aquino, Takai, Ing, Yamashita and McDermott.  
Managers on the part of the House.  
(Representative McDermott was excused.)

Senators Espero, Ige, English, Kidani and Slom.  
Managers on the part of the Senate.  
(Senators Kidani and Slom were excused.)

**Conf. Com. Rep. 158 on S.B. No. 1256**

The purpose of this measure is to appropriate funds to the Pacific International Space Center for Exploration Systems (PISCES) for personnel costs and to support its operations and purchase equipment, which will encourage the development and expansion of the aerospace, robotics, and related industries in Hawaii.

Your Committee on Conference finds that the field of aerospace has the potential to provide significant economic development, high-paying jobs, and economic diversification for the island of Hawaii and the State. Your Committee on Conference further finds that PISCES is a prominent component of the State's aerospace industry development strategy and can help promote Hawaii's strategically ideal location for space exploration.

Your Committee on Conference has amended this measure by:

- (1) Adding a new section to chapter 201, Hawaii Revised Statutes, requiring PISCES to submit an annual report to the Legislature;
- (2) Inserting an appropriation amount of \$400,000;
- (3) Changing the effective date to July 1, 2013; 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. 1256, 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. 1256, S.D. 1, H.D. 2, C.D. 1.

Representatives Choy, Tsuji, Nishimoto, Takai and Fale.  
Managers on the part of the House.



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

**Conf. Com. Rep. 159 on S.B. No. 23**

The purpose of this measure is to authorize the issuance of special purpose revenue bonds to assist Kaiuli Energy, LLC, in the planning, design, and construction of a seawater air conditioning district cooling facility and chilled water distribution system.

Your Committee on Conference finds that there is broad support for the development of efficient energy systems in Hawaii. Kaiuli Energy, LLC, proposes to build a seawater air conditioning facility to serve Waikiki and nearby areas on the island of Oahu. Your Committee on Conference further finds that issuance of special purpose revenue bonds to assist Kaiuli Energy, LLC, in pursuing this project will further the State's interest in developing efficient energy systems in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Inserting a special purpose revenue bond issuance limit of \$200,000,000; and
- (2) Inserting an effective date of July 1, 2013.

As affirmed by the record of votes of the managers of your Committee 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. 1, 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. 1, C.D. 1.

Representatives Lee, Tsuji, Lowen, Coffman and Thielen.  
Managers on the part of the House.

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

**Conf. Com. Rep. 160 on S.B. No. 1133**

The purpose of this measure is to repeal the dietary supplement beverage container exemption for the deposit beverage container program but exempt containers of liquid deemed to be the sole item of a meal or diet.

Your Committee on Conference finds that along with milk, drugs, medical foods, and infant formula, dietary supplements have been excluded from the deposit beverage container program. Hawaii statute cites federal Food and Drug Administration regulations in defining "dietary supplement". However, the Food and Drug Administration does not vigorously regulate the dietary supplement industry. This approach gives manufacturers nearly free reign to unilaterally define a product as a dietary supplement or not.

Your Committee on Conference further finds that the ambiguity of regulations for dietary supplements makes it difficult for the deposit beverage container program to make consistent eligibility determinations on potential dietary supplements for Hawaii's program. These difficulties are frustrating to the deposit beverage container program and beverage distributors because of the disproportionate time and effort involved in making a proper determination. Removing the "dietary supplement" exemption will facilitate more consistent eligibility determinations.

Your Committee on Conference has amended this measure by:

- (1) Amending the dietary supplement exemption, rather than repealing it, to exempt a single serving of one ounce or less of a dietary supplement, as defined in the Dietary Supplement Health and Education Act of 1994 (P.L. 103-417);
- (2) Clarifying that a liquid that is deemed to be the sole item of a meal or diet is exempt if the Department of Health deems the liquid to be the sole item of a meal or diet; and
- (3) Making technical, nonsubstantive amendments for the purpose 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. 1133, 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. 1133, S.D. 2, H.D. 2, C.D. 1.

Representatives Lee, McKelvey, Lowen, Kawakami and Thielen.  
Managers on the part of the House.

Senators Gabbard, Chun Oakland, Ihara, Keith-Agaran and Ruderman.  
Managers on the part of the Senate.  
(Senator Keith-Agaran was excused.)

**Conf. Com. Rep. 161 on H.B. No. 65**

The purpose of this measure is to:

- (1) Allow beneficiaries of prescription drug benefit plans to opt out of the requirement to purchase prescription drugs from a mail order

pharmacy and, as an alternative, choose to purchase prescription drugs from a pharmacy within the pharmacy benefit manager's retail pharmacy network;

- (2) Prohibit a pharmacy benefit manager from restricting a beneficiary's choice of pharmacy from which to purchase prescription drugs if the pharmacy is within the network; and
- (3) Require affected entities to report to the Legislature prior to the Regular Session of 2018.

Your Committee on Conference finds that many pharmacy benefit managers and other prescription drug benefit plan providers impose certain requirements, including the requirement for beneficiaries to purchase prescription drugs from a mail order pharmacy. This mail order requirement can create significant hardships on beneficiaries, especially in rural areas, and may prevent beneficiaries from promptly obtaining urgently needed prescription drugs. Furthermore, many beneficiaries trust and rely on face-to-face interactions with their local community pharmacists, who are more familiar with a beneficiary's medical history and who can better assist with any questions relating to other prescription drugs, over-the-counter medications, or potentially dangerous drug interactions.

Your Committee on Conference further finds that mandating mail order prescription drug purchases denies beneficiaries of this important interaction, takes away consumer choice, and can create hardship. In comparison, the implementation of this measure is intended to enhance consumer choice related to prescription benefits delivery for the State's residents by allowing beneficiaries to opt out of mandatory mail order provisions. This measure is also intended to increase competition in the marketplace, foster better utilization of community pharmacists who communicate important prescription drug information and assist in managing the health of consumers, while remaining cost neutral to plans and beneficiaries.

Your Committee on Conference notes that nothing in this measure is intended to interfere with existing incentive programs sponsored by health plans and health maintenance organizations that are designed to encourage wellness and healthy behaviors. Rather, this measure is necessary to ensure that Hawaii continues to have a robust network of pharmacies to serve and provide choices to prescription drug benefit plan beneficiaries in the State.

Your Committee on Conference has amended this measure by:

- (1) Adding a definition for "retail community pharmacy";
- (2) Permitting an otherwise qualified retail community pharmacy that requests to enter into a contractual retail pharmacy network agreement accepting certain standard terms, conditions, formularies, or requirements to be considered part of a pharmacy benefit manager's retail pharmacy network, for purposes of a beneficiary's right to choose where to purchase covered prescription drugs;
- (3) Clarifying that it is a violation for specified entities to refuse to accept an otherwise qualified retail community pharmacy as part of a pharmacy benefit manager's retail pharmacy network;
- (4) Specifying that a contractual retail pharmacy network agreement between a retail community pharmacy and specified entities shall be renewed annually unless agreed to by the parties, and permitting specified entities to appeal a retail community pharmacy's qualifications with the Insurance Commissioner;
- (5) Permitting the Insurance Commissioner to determine the standards and requirements necessary for a retail community pharmacy to be deemed otherwise qualified;
- (6) Clarifying that if a retail community pharmacy enters into a contractual retail pharmacy network agreement, specified entities shall permit beneficiaries to fill any covered prescription that may be obtained by mail order at any pharmacy of the beneficiary's choice within the pharmacy benefit manager's retail pharmacy network;
- (7) Clarifying that specific entities who have entered into a contractual retail pharmacy network agreement with a retail community pharmacy are prohibited from imposing certain terms, conditions, or requirements on prescriptions, beneficiaries, or the use of services of a retail community pharmacy;
- (8) Requiring specific entities to file an annual report with the Insurance Commissioner disclosing certain amounts, terms, and conditions associated with a prescription drug benefit plan for the preceding calendar year, and requiring the Insurance Commissioner to review and examine records supporting the accuracy and completeness of the report;
- (9) Clarifying violations, penalties, and appeals under the new chapter established by this measure;
- (10) Permitting the Insurance Commissioner to adopt rules to implement the requirements of the new chapter established by this measure;
- (11) Clarifying that a Hawaii employer-union health benefits trust fund health benefits plan shall permit each beneficiary to fill any covered prescription in accordance with the new chapter created by this measure;
- (12) Clarifying that specific entities are required to submit a report to the Legislature no later than twenty days prior to the Regular Sessions of 2014 and 2015, rather than the Regular Session of 2018, and clarifying the scope of the reports;
- (13) Specifying that this measure shall not apply to contracts negotiated between pharmacy benefit managers and community retail pharmacies with a rural pharmacy designation pursuant to federal law;
- (14) Amending the purpose section for clarity;
- (15) Inserting an effective date of upon approval and specifying that this measure applies to all prescription drug benefit plans issued, renewed, modified, altered, or amended on or after such effective date; and
- (16) 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. 65, 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. 65, H.D. 2, S.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Rhoads, Evans and Fukumoto.  
Managers on the part of the House.

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

**Conf. Com. Rep. 162 on S.B. No. 69**

The purpose of this measure is to promote gun safety and enhance registration requirements for firearms brought into the State by:

- (1) Extending the time period for registering a firearm that is brought into the State by an individual from three days to five days after the arrival of the individual or the firearm, whichever is later;
- (2) Requiring county police departments to fingerprint, photograph, and perform background checks on individuals arriving in Hawaii with a firearm procured out-of-state when that firearm is registered in the State;
- (3) Allowing the fingerprint and photograph requirement to be waived if the individual's fingerprints and photograph were already on file with the police department;
- (4) Authorizing fees to be assessed for conducting a fingerprint check on an individual registering a firearm brought into Hawaii; and
- (5) Appropriating funds for the counties to implement this measure.

Your Committee on Conference finds that individuals registering firearms obtained in or imported into Hawaii must obtain a permit and undergo a background check. This measure closes a loophole in Hawaii's firearms law, which currently does not require individuals who bring into Hawaii firearms procured outside of the State to undergo a background check.

Your Committee on Conference has amended this measure by:

- (1) Deleting the appropriation; 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. 69, 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. 69, S.D. 2, H.D. 1, C.D. 1.

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

Senators Espero, Kouchi, Green, Ige and Kahele.  
Managers on the part of the Senate.

**Conf. Com. Rep. 163 on S.B. No. 106**

The purpose of this measure is to:

- (1) Establish and fund a position for an Alzheimer's disease and related dementia services coordinator;
- (2) Appropriate funds for programs and services that support the State's elderly population; and
- (3) Establish a task force on mobility management to make recommendations on establishing a transportation framework to assist elders and individuals with disabilities with transportation needs in rural communities.

Your Committee on Conference finds that keeping seniors healthy and at home is the most cost-effective manner to address the needs of one of Hawaii's most valuable societal resources. The increasing numbers of the aging population will also mean that the incidence of Alzheimer's disease and related disorders will rise. In order to effectively plan and implement statewide services to seniors and caregivers, coordination at the state level is necessary to maximize resources.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have appropriated funds for the aging and disability resource center;
- (2) Deleting language that would have appropriated funds for various senior centers;
- (3) Inserting an appropriation amount of \$70,000 to establish and fill an Alzheimer's disease and related dementia services coordinator position for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;

- (4) Inserting an appropriation amount of \$3,600,000 for the kupuna care program for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (5) Inserting an appropriation amount of \$300,000 for the healthy aging partnership program of the Department of Health's Executive Office on Aging for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (6) Clarifying that the task force on mobility management shall make recommendations on establishing a transportation framework to assist elders and individuals with disabilities with transportation needs in each county;
- (7) Clarifying that the mobility management master plan developed by the task force shall include a transportation service component that utilizes transportation resources of nonprofit organizations that are willing to participate in a vehicle-sharing network to provide transportation services to assist elders and individuals with disabilities in each county;
- (8) Adding service providers from two counties, consumer representatives from counties not represented by service providers, and representatives of the business community to the membership of the task force on mobility management;
- (9) Clarifying that task force members may be reimbursed for reasonable expenses incurred for serving on the task force;
- (10) Inserting an appropriation amount of \$30,000 for the staffing, operations, and convening of the task force on mobility management for fiscal years 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (11) Changing the effective date to July 1, 2013; 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. 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 Belatti, Morikawa, Cabanilla and Fukumoto.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 164 on S.B. No. 911**

The purpose of this measure is to appropriate funds for fiscal biennium 2013-2015 for all collective bargaining costs items for officers and employees within collective bargaining unit (13) and their excluded counterparts.

Your Committee on Conference finds that this measure is necessary to serve as a legislative vehicle to appropriate moneys to fund these costs.

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

- (1) Replacing its entire contents with an appropriation to the Hawaii Health Systems Corporation for each year of fiscal biennium 2013-2015 to subsidize employment costs; and
- (2) Changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 911, 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. 911, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.

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

#### **Conf. Com. Rep. 165 on S.B. No. 895**

The purpose of this measure is to appropriate funds for the Hawaii Employer-Union Health Benefits Trust Fund costs for officers and employees within collective bargaining unit (2) and their excluded counterparts.

Your Committee on Conference finds that this measure is necessary to serve as a legislative vehicle to appropriate moneys to fund these costs.

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

- (1) Broadening the scope of the appropriations to include all collective bargaining cost items, including wage and salary increases;

- (2) Inserting appropriate amounts for collective bargaining unit (2);
- (3) Adding appropriations for collective bargaining units (3) and (4); and
- (4) Inserting additional means of financing categories to accurately reflect from which source of funding moneys will be appropriated or authorized;
- (5) Changing the effective date to July 1, 2013; and
- (6) 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. 895, 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. 895, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

#### **Conf. Com. Rep. 166 on S.B. No. 902**

The purpose of this measure is to appropriate funds for Hawaii Employer-Union Health Benefits Trust Fund costs in the agreement negotiated with the exclusive bargaining representative for the public employees in bargaining unit (8) and their excluded counterparts belonging to the same compensation plans for fiscal biennium 2013-2015.

Your Committee on Conference finds that this measure is necessary to provide a legislative vehicle to fund the aforementioned cost items.

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

- (1) Adding new sections to appropriate funds for salary increases;
- (2) Inserting specific amounts and additional means of financing categories from which moneys are appropriated or authorized to be used for the purposes of the measure; and
- (3) Changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 902, 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. 902, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

#### **Conf. Com. Rep. 167 on S.B. No. 909**

The purpose of this measure is to appropriate funds for Hawaii Employer-Union Health Benefits Trust Fund costs contained in the agreement negotiated with the exclusive bargaining representative for the public employees in bargaining unit (13) and their excluded counterparts belonging to the same compensation plans for fiscal biennium 2013-2015.

Your Committee on Conference finds that this measure is necessary to provide a legislative vehicle to fund the aforementioned cost items.

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

- (1) Adding additional sections to appropriate funds for salary increases;
- (2) Inserting funding provisions for collective bargaining cost items for state employees in collective bargaining unit (13), and their excluded counterparts, who are assigned to the Judiciary and Hawaii Health Systems Corporation;
- (3) Earmarking amounts appropriated to the Department of Education for its employees;
- (4) Inserting specific amounts and additional means of financing categories from which moneys are appropriated or authorized to be used for the purposes of this measure; and

- (5) Changing the effective date to July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 909, 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. 909, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 168 on S.B. No. 532**

The purpose of this measure is to require employers to provide a reasonable break time and location shielded from view and intrusion by coworkers and the public for breastfeeding employees to express milk in order to maintain milk supply and continue breastfeeding.

Your Committee on Conference finds that in Hawaii, over ninety percent of new mothers, which is much higher than the national average, intend to breastfeed their babies. The American Academy of Pediatrics and many other similar professional organizations recommend that infants within the first six months of life be given only breastmilk for nourishment. However, six months after birth, only about sixteen percent of the infants in Hawaii are exclusively breastfed, which is a little more than the thirteen percent national average. The Surgeon General addressed this public health problem by issuing a call to action in support of breastfeeding that included hospitals and healthcare practices, family and societal attitudes, and support in the workplace. This measure enables the State to respond to this call to action by requiring an employer to make reasonable efforts to provide a clean location for breastfeeding employees to express breastmilk in privacy.

Your Committee on Conference has amended this measure by:

- (1) Adopting the suggestions made by Breastfeeding Hawaii and the Department of Labor and Industrial Relations, which:
  - (A) Delete the definition of "person";
  - (B) Make conforming amendments to replace the term "person" with the term "individual" or "employee";
  - (C) Specify that an employer with fewer than twenty employees is exempt from the requirement of making reasonable efforts to provide a clean location for breastfeeding employees to express breastmilk in privacy if the employer can show that the requirement would impose an undue hardship; and
  - (D) Specify that a defendant shall be fined \$500 for each violation of failing to provide a clean location for breastfeeding employees to express breastmilk in privacy; and
- (2) Changing the effective date from July 1, 2013, 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. 532, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 532, S.D. 1, H.D. 1, C.D. 1.

Representatives Nakashima, Rhoads, Hashem, Ichiyama and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 169 on S.B. No. 1124**

The purpose of this measure is to authorize the Department of Health to expend fees from the dietitian licensure special fund to offset the expenses incurred relating to the licensing of dietitians.

Your Committee on Conference finds that the Department of Health incurs significant expenses through its administration of the dietitian licensure program, which was implemented in August 2012 and issued twelve dietitian licenses as of November 30, 2012, with more applications being processed. It is necessary to authorize the Department of Health to expend monies annually from the dietitian licensure special fund to offset expenses incurred through the administration of this program.

Your Committee on Conference has amended this measure by:

- (1) Inserting an amount of \$30,000 as the ceiling for monies from the dietitian licensure special fund that may be used during any fiscal year for activities associated with administering the licensure program;
- (2) Inserting a threshold amount of \$35,000, above which any excess monies in the dietitian licensure special fund as of June 30 of each fiscal year shall be deposited into the general fund; 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. 1124, 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. 1124, S.D. 1, H.D. 1, C.D. 1.

Representatives Belatti, McKelvey, Morikawa, Ito and Fukumoto.  
Managers on the part of the House.  
(Representative Ito was excused.)

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

**Conf. Com. Rep. 170 on S.B. No. 237**

The purpose of this measure is to authorize the Board of Education (Board) and Department of Education to facilitate the redevelopment of public school lands by cooperating with private enterprises, the various components of federal, state, and county governments, and the public in order to generate income to improve existing facilities and build schools to twenty-first century standards.

Your Committee on Conference finds that many school facilities are in dire need of repair, maintenance, and improvement of systems and infrastructure to meet twenty-first century challenges in technology and education. Looking at ways to responsibly utilize our existing lands and facilities to generate alternative sources of revenue to repair, maintain, and build twenty-first century schools is not a new concept in other states and jurisdictions, but one that must be explored cautiously through a well defined "proof of concept" here in Hawaii.

As such, your Committee on Conference has provided a well-defined framework within which the Department of Education can assess the merits and benefits of such a concept, while developing a process for community engagement and the potential for long-term viability.

Your Committee on Conference further finds that a community-based policy and planning approach will be critical to the success of the pilot program. Your Committee on Conference believes that a pilot project will serve as "proof in concept" to test and evaluate development, design, and financial models, while giving communities the opportunity to provide input and to better understand the concept of community-centered twenty-first century schools.

Your Committee on Conference has amended this measure by adopting the S.B.237, S.D. 2 version of this measure, which establishes a pilot project for the development of public school lands.

Your Committee on Conference further amended this measure by:

- (1) Placing the pilot program under the Department of Education rather than the Office of the Lieutenant Governor;
- (2) Specifying that the Board may identify and select up to five public school land sites as candidates for participation in the pilot program;
- (3) Requiring the Board to hold at least one public meeting in each affected community;
- (4) Requiring the Board to consult with the county if the site identified and selected by the Board is on county land;
- (5) Specifying that the Department of Education may lease public school land for no more than three public school land sites identified and selected by the Board;
- (6) Clarifying that leases entered into under the pilot program may be extended under section 171-36, Hawaii Revised Statutes (HRS);
- (7) Requiring that if any redevelopment involves any nonschool purposes, the redevelopment shall:
  - (A) Comply with county plans, ordinances, and zoning and development codes; and
  - (B) Acquire all required government approvals and permits;
- (8) Specifying that the Department of Education may work with and receive assistance from any other department or agency in carrying out the pilot program;
- (9) Specifying that any lease entered into by the Department of Education pursuant to this measure shall be fully executed no later than five years from the effective date of this measure;
- (10) Establishing the school facilities subaccount under section 304A-1148, HRS, rather than the school facilities special fund, into which all proceeds generated from the lease of public school lands shall be deposited;
- (11) Requiring that the Department of Education report to the Legislature no later than twenty days prior to each regular session until the completion of each project;
- (12) Adding additional reporting requirements for the Department of Education;
- (13) Inserting an appropriation amount of \$100,000 to the Department of Education to carry out the purposes of this measure;
- (14) Inserting an effective date of July 1, 2013, and deleting the sunset date for the pilot program; and

- (15) 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. 237, 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. 237, S.D. 2, H.D. 1, C.D. 1.

Representatives Evans, Takumi, Luke, Cullen and Cheape.  
Managers on the part of the House.

Senators Tokuda, Kidani, Dela Cruz, Ruderman and Slom.  
Managers on the part of the Senate.  
(Senators Dela Cruz and Kidani voted no.)

**Conf. Com. Rep. 171 on S.B. No. 1093**

The purpose of this measure is to more adequately prepare Hawaii's children for success in school by establishing a school readiness program as part of the State's early learning system.

Your Committee on Conference finds that high quality early learning programs that are affordable and accessible for children are critically important for ensuring the success of Hawaii's keiki. Developing a robust school readiness program is foundational as Hawaii works toward an early learning system for our youngest of keiki. This measure will reaffirm the Legislature's commitment to early learning by establishing a statewide school readiness program.

Your Committee on Conference further finds that currently, the Department of Human Services administers a child care assistance program called preschool open doors, whose purpose is to contribute to school readiness for children in the year prior to entering kindergarten.

Your Committee on Conference has amended this measure by:

- (1) Establishing the preschool open doors program as the statewide school readiness program within the Department of Human Services rather than the Executive Office on Early Learning;
- (2) Requiring that the preschool open doors program providers conduct school readiness assessments;
- (3) Deleting language prohibiting the program from providing instructional services that supplant or duplicate the academic program of any public or private school established to comply with section 302A-1132, Hawaii Revised Statutes;
- (4) Clarifying that the preschool open doors program service is subject to the availability of funds;
- (5) Removing the requirement that the preschool open doors program's sliding fee scale for copayment by parents or guardians be based on fulfillment of family participation requirements;
- (6) Removing the requirements relating to contracting with eligible providers of school readiness services;
- (7) Authorizing the Department of Human Services to adopt interim administrative rules without regard to chapter 91 or 201M, Hawaii Revised Statutes, subject to certain requirements;
- (8) Requiring the Department of Human Services to report to the Legislature information regarding the preschool open doors program, prior to the Regular Sessions of 2014 and 2015;
- (9) Inserting an appropriation of \$720,000 for fiscal year 2013-2014 and \$440,000 for fiscal year 2014-2015 to the Department of Human Services to establish three temporary positions and to contract services for the purposes of implementing the preschool open doors program as the statewide school readiness program;
- (10) Inserting an appropriation of \$6,000,000 for fiscal year 2014-2015 to the Department of Human Services for subsidies for the preschool open doors program;
- (11) Making this measure effective upon its approval; provided that the appropriations shall take effect on July 1, 2013; and
- (12) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee on Conference notes that this measure codifies the Department of Human Services' existing preschool open doors program but establishes a more rigorous program and stresses the importance of school readiness.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1093, 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. 1093, S.D. 2, H.D. 2, C.D. 1.

Representatives Takumi, Luke, Ohno and Fale.  
Managers on the part of the House.

Senators Tokuda, Chun Oakland, Ige, Green and Kouchi.  
Managers on the part of the Senate.



**Conf. Com. Rep. 172 on S.B. No. 515**

The purpose of this measure is to:

- (1) Appropriate funds to:
  - (A) The Department of Human Services to assist families experiencing and at risk of experiencing homelessness with housing placement and employment services;
  - (B) The Department of Health to provide clean and sober housing support services;
  - (C) The Department of Human Services to support the State's Housing First Program for chronically homeless individuals in the State; and
  - (D) The Department of Human Services to provide matching funds for the United States Department of Housing and Urban Development's Shelter Plus Care Program;
- (2) Establish and appropriate funds for the Return-to-Home Program, a voluntary assistance program to provide eligible homeless individuals with assistance in being reunited with family and relatives in the individual's home state outside of Hawaii;
- (3) Authorize and appropriate funds for the designation of temporary nighttime parking lots as safe overnight locations for homeless persons to live and sleep in their motor vehicles that would otherwise be parked on private or public roads or property; and
- (4) Appropriate funds to the Department of Human Services to establish safe haven campsites, with and without durational restrictions, for persons who are homeless.

Your Committee on Conference finds that homelessness is a complex issue that requires continuous resources and coordinated efforts at all levels. Homeless persons face a myriad of issues, including mental illness, substance abuse, loss of employment and income, and lack of affordable housing. New and innovative solutions are needed to help homeless persons in Hawaii, and appropriate funding for programs and services tailored to address these issues is essential.

Your Committee on Conference further finds that more information and data are needed to find solutions that will best serve the various homeless communities in the State. A working group comprised of representatives from diverse backgrounds and experiences can provide the insight that is needed to help address homelessness in Hawaii.

Your Committee on Conference has amended this measure by:

- (1) Deleting language that would have appropriated funds for the Homeless Programs Office of the Department of Human Services to assist families experiencing and at risk of experiencing homelessness with housing placement and employment services;
- (2) Inserting an appropriation amount of \$300,000 for substance abuse treatment and mental health support services for individuals who are homeless or at risk of becoming homeless for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (3) Inserting an appropriation amount of \$200,000 for clean and sober housing support services to be administered by the Alcohol and Drug Abuse Division of the Department of Health for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (4) Inserting language for an appropriation of \$1,000,000 for fiscal year 2013-2014 for a rental assistance program for homeless working individuals and their families who are ready to rent permanent housing to obtain and maintain permanent housing; provided that certain criteria are met related to maximum subsidy and a household's adjusted gross income;
- (5) Inserting an appropriation amount of \$750,000 for the Department of Human Services to continue to administer housing first programs for chronically homeless individuals in the State for fiscal year 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (6) Inserting findings related to the United States Department of Housing and Urban Development's homelessness prevention and rapid re-housing program;
- (7) Inserting language for an appropriation of \$150,000 for the homelessness prevention and rapid re-housing program for fiscal year 2013-2014;
- (8) Inserting an appropriation amount of \$400,000 for matching funds for the shelter plus care program of the United States Department of Housing and Urban Development for fiscal years 2013-2014 and deleting the appropriation for fiscal year 2014-2015;
- (9) Specifying that the return-to-home program shall be a three-year pilot program, rather than a permanent program, that provides eligible homeless individuals with assistance in being reunited with family and relatives in the individual's home state;
- (10) Deleting language that would have established and appropriated funds for the return-to-home special fund;
- (11) Inserting language for an appropriation of \$100,000 for implementation of the return-to-home pilot program, including all program costs and hiring of necessary staff, for fiscal year 2013-2014;
- (12) Deleting language that would have authorized the Department of Human Services, in consultation with the counties, the Hawaii Community Development Authority, and public or private homeless assistance programs, to develop temporary nighttime parking lots to provide safe overnight locations for homeless individuals to sleep in their vehicles;

- (13) Deleting language that would have appropriated funds for the designation of temporary nighttime parking lots to provide safe overnight locations for homeless individuals who live and sleep in their motor vehicles;
- (14) Deleting language that would have appropriated funds to establish two types of safe haven programs, one with durational restrictions and one without, for persons who are homeless, using designated surplus or available open or vacant locations owned by the State;
- (15) Inserting language to establish a homeless assistance working group to work within each local neighborhood in each county to identify, plan, and implement housing options for homeless persons in each local community by December 31, 2013, that reflect shared responsibility for addressing homelessness in Hawaii;
- (16) Inserting language for an appropriation of \$100,000 for fiscal year 2013-2014 for the construction and demonstration of innovative temporary housing solutions as they relate to the working group's findings and recommendations;
- (17) Changing the effective date to July 1, 2013;
- (18) Adding an effective date of no later than December 31, 2013, for the return-to-home pilot program; and
- (19) 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. 515, 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. 515, S.D. 2, H.D. 1, C.D. 1.

Representatives Carroll, Cabanilla, Luke, Morikawa and Ward.  
Managers on the part of the House.  
(Representative Cabanilla was excused.)

Senators Chun Oakland, Green, Kidani, Ige and Taniguchi.  
Managers on the part of the Senate.  
(Senators Ige and Kidani were excused.)

**Conf. Com. Rep. 173 on S.B. No. 403**

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

- (1) Provide that the interest on revenue bonds issued by the Board of Trustees of the Office of Hawaiian Affairs is exempt from gross income for federal income tax purposes;
- (2) Authorize the Office of Hawaiian Affairs to issue revenue bonds to fund loan programs;
- (3) Clarify that the term "office project" or "project" may include projects undertaken by the Office of Hawaiian Affairs in cooperation with other governmental entities or private individuals or organizations; and
- (4) Allow the Board of Trustees of the Office of Hawaiian Affairs to refund outstanding bonds without further authorization from the Legislature.

Your Committee on Conference finds that by expanding the Office of Hawaiian Affairs' authority to issue revenue bonds, this measure enables the Office of Hawaiian Affairs to finance additional types of projects for its Kakaako properties, fund renovation and equipment acquisitions, and pursue new projects without significant delays caused by the need for legislative authorization. This measure also aligns the Office of Hawaiian Affairs' revenue bond financing authority with that of other state agencies.

Your Committee on Conference has amended this measure by:

- (1) Making it effective upon approval; and
- (2) Making a technical, nonsubstantive amendment 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. 403, 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. 403, S.D. 2, H.D. 2, C.D. 1.

Representatives Hanohano, Cullen, Lee and Fale.  
Managers on the part of the House.  
(Representative Lee was excused.)

Senators Galuteria, Keith-Agaran, Kidani, Ige and Kouchi.  
Managers on the part of the Senate.  
(Senators Ige and Kouchi were excused.)

**Conf. Com. Rep. 174 on S.B. No. 642**

The purpose of this measure is to amend the medical use of marijuana law to address the concerns of Hawaii's seriously ill patients.

Your Conference on Committee has amended this measure by:

- (1) Deleting part I to remove all provisions related to the placement of tobacco products;
- (2) Deleting section 4, relating to transfers of marijuana and limitation of marijuana plants grown;
- (3) Deleting the amendment to section 329-121, Hawaii Revised Statutes (HRS), that would have added a new definition of "reimbursement;"
- (4) Amending the definition of "adequate supply" in section 329-121, HRS, to change the number of ounces of usable marijuana allowed to each qualifying patient to four ounces;
- (5) Amending the definition of "medical use" in section 329-121, Hawaii Revised Statutes, to delete the specification that the term "distribution" is limited to the transfer of marijuana and paraphernalia among qualifying patients and primary caregivers;
- (6) Amending section 329-122(a)(3), HRS, to allow the medical use of marijuana if the amount of marijuana possessed by the qualifying patient does not exceed an "adequate supply";
- (7) Amending section 329-123(a), HRS, to make mandatory, rather than discretionary, rule making by the Department of Health to mandate all written certifications to comply with a designated form completed by or on behalf of a qualifying patient;
- (8) Amending section 329-123(a), HRS, to amend requirements for the designated form required by Department of Health rules, including the requirement that the qualifying patient shall list the address of the location where the marijuana is grown and that the address shall be listed on the registry card issued by the Department of Health;
- (9) Amending section 329-123(a), HRS, to require the certifying physician to be the qualifying patient's primary care physician;
- (10) Amending section 329-123(a), HRS, to honor all current active medical marijuana permits through their expiration dates;
- (11) Amending section 329-123(b), HRS, to require the Department of Health to charge an annual fee of \$35 for patient registration certification;
- (12) Amending section 329-123(c), HRS, to limit primary caregivers to caring for only one qualifying patient;
- (13) Amending section 329-123(d), HRS, to allow law enforcement agencies to immediately verify a qualifying patient's registration status twenty-four hours a day, seven days a week;
- (14) Deleting part III of this measure, which would have transferred the medical use of marijuana program from the Department of Public Safety to the Department of Health;
- (15) Changing the effective date to January 2, 2015; and
- (16) 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. 642, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 642, H.D. 2, C.D. 1.

Representatives Belatti, McKelvey, Lee, Luke, Brower and Fukumoto.  
Managers on the part of the House.  
(Representative Luke was excused.)

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

**Conf. Com. Rep. 175 on H.B. No. 1374**

The purpose of this measure is to improve the expenditure of taxpayer dollars by revising the public procurement code to permit the past performance of bidders to be considered when awarding contracts by:

- (1) Providing that the evaluation factors for competitive sealed bidding include applicable past performance on projects of similar scope for public agencies; and
- (2) For competitive sealed proposals, allowing for the consideration of offerors' applicable past performance on projects of similar scope for public agencies.

Your Committee on Conference has amended this measure by:

- (1) Removing provisions that explicitly permit past performance to be factored into the awarding of contracts;
- (2) Providing that the use of competitive sealed bids is just one of several different methods of source selection, rather than the default method;

- (3) Changing its effective date to July 1, 2013; 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. 1374, 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. 1374, H.D. 1, S.D. 1, C.D. 1.

Representatives Tsuji, Nishimoto, Brower and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 176 on H.B. No. 144**

The purpose of this measure is to, among other things, consolidate and clarify the laws relating to professional employer organizations (PEO) to ensure that only business entities that qualify as PEOs and meet the statutory requirements under Chapter 373L, Hawaii Revised Statutes, can be eligible for a state general excise tax waiver, under section 237-24.7, Hawaii Revised Statutes.

Your Committee on Conference recognizes that many businesses currently operate under various names and forms of professional employer agreements with client companies, making it difficult to recognize any meaningful distinctions between these similarly structured organizations. Your Committee on Conference finds that this measure more narrowly defines "professional employer organization" to facilitate the initial vetting of PEOs in the registration process. Furthermore, it is your Committee on Conference's intent that agencies enforcing other employment laws may independently determine under the applicable definitions in those laws whether the PEO, the client company, or both can be held liable for violations of those other employment laws.

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

- (1) Clarifying that the PEO must be responsible for providing its employees' statutory benefits by complying with the unemployment insurance, workers' compensation, temporary disability insurance, and prepaid health care laws for all workers performing services pursuant to the professional employer agreement between the PEO and the client company and shall provide notice of such to covered employees;
- (2) Removing language requiring the Director of Labor and Industrial Relations to establish rules regarding fees and other requirements for PEOs pursuant to Chapter 91, Hawaii Revised Statutes;
- (3) Amending the General Excise Tax exemption for professional employer organizations to account for the repeal of Chapter 373K, Hawaii Revised Statutes;
- (4) Providing clarifying language regarding the bond or letter of credit requirement;
- (5) Appropriating \$13,000 of general funds for fiscal year 2013-2014 to the Department of Labor and Industrial Relations to carry out the purpose of this measure;
- (6) Changing its effective date to July 1, 2013; 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. 144, 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. 144, H.D. 2, S.D. 2, C.D. 1.

Representatives Nakashima, McKelvey, Hashem, Yamane and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 177 on H.B. No. 833**

The purpose of this measure is to make an emergency appropriation for fiscal year 2012-2013 for collective bargaining cost items for officers and employees in collective bargaining unit (10) and their excluded counterparts.

Pursuant to requirements set forth in Article VII, Section 9, of the Hawaii State Constitution, the Governor, in Governor's Message No. 212 to the Legislature, requested immediate consideration and passage of this bill by the Legislature to address the expected cost of the arbitration settlement for collective bargaining unit (10).

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. 833, 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. 833, H.D. 1, S.D. 1, C.D. 1.

Representatives Nakashima, Luke, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Takumi was excused.)

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

**Conf. Com. Rep. 178 on H.B. No. 668**

The purpose of this measure is to transfer administration of the State's medical marijuana program from the Department of Public Safety to the Department of Health, including by establishing the means for the Department of Health to collect program fees and expend amounts collected for purposes of program administration.

Your Committee on Conference has amended this measure by:

- (1) Deleting provisions establishing and directing the activities of the medical marijuana transition advisory group and instead placing joint responsibility for planning for and implementing the transfer of administrative responsibility for the medical marijuana program with the Department of Public Safety and the Department of Health;
- (2) Clarifying that the newly-created fund to allow the Department of Health to collect and expend medical marijuana program fees is a special fund;
- (3) Requiring, rather than permitting, the Department of Health to collect registration fees from both registered medical marijuana program patients and primary caregivers;
- (4) Providing for an orderly and graduated transfer of administrative responsibility for medical marijuana program fees from the Department of Public Safety to the Department of Health, including by making an appropriation to the Department of Health from the newly-created Medical Marijuana Registry Special Fund;
- (5) Requiring the Department of Public Safety and Department of Health to submit a joint report on the transfer of the medical marijuana program to the Legislature prior to both the 2014 and 2015 regular sessions;
- (6) Changing its effective date to upon approval; and
- (7) 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 H.B. No. 668, 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. 668, H.D. 2, S.D. 2, C.D. 1.

Representatives Belatti, Aquino, Morikawa, Kobayashi and Fukumoto.  
Managers on the part of the House.  
(Representative Aquino was excused.)

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

**Conf. Com. Rep. 179 on H.B. No. 51**

The purpose of this measure is to:

- (1) Authorize the issuance of general obligation bonds to finance project appropriations contained in Acts of the Legislature for which the means of funding are designated as general obligation bond funds or reimbursable general obligation bond funds; and
- (2) Make a declaration of findings regarding the authorizations as required by the Constitution of the State of Hawaii.

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 that the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

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.

Your Committee on Conference has amended this measure by:

- (1) Inserting the appropriate dollar amounts throughout the measure as provided by the Department of Budget and Finance; and

- (2) Making technical, nonsubstantive amendments for purposes of style and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 51, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 51, S.D. 1, C.D. 1.

Representatives Luke, Nishimoto and Johanson.  
Managers on the part of the House.

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

**Conf. Com. Rep. 180 on H.B. No. 726**

The purpose of this measure is to encourage growth in the film and digital media industry by, among other things:

- (1) Extending the motion picture, digital media, and film production income tax credit until 2023;
- (2) Increasing the percentage of qualified production costs that constitutes the motion picture, digital media, and film production income tax credit applies by an unspecified amount;
- (3) Increasing the motion picture, digital media, and film production income tax credit cap to \$12,000,000;
- (4) Establishing a media infrastructure project tax credit; and
- (5) Requiring the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism to prepare a cost-benefit analysis and submit an annual report to the Legislature on the effectiveness of the media infrastructure tax credit.

Your Committee on Conference has amended this measure by:

- (1) Removing the media infrastructure tax credit and the reporting requirement pursuant to the media infrastructure tax credit;
- (2) Providing that the motion picture, digital media, and film production income tax credit amount increase from fifteen percent of qualified production costs to twenty percent in a county with a population of over 700,000, and from twenty percent of qualified production costs to twenty five percent in a county with a population of 700,000 or less;
- (3) Increasing the motion picture, digital media, and film production income tax credit cap to \$15,000,000;
- (4) Establishing that qualified production costs reported to the Department of Business, Economic Development, and Tourism by a taxpayer claiming the motion picture, digital media, and film production income tax credit be reported to the Legislature in non-aggregated form and redacted to preserve the confidentiality of the taxpayer;
- (5) Providing that Internet-only distributions qualify as "digital media" for purposes of the motion picture, digital media, and film production income tax credit;
- (6) Clarifying that a "qualified production" does not include news for purposes of the motion picture, digital media, and film production income tax credit;
- (7) Providing that rentals and fees for use of state and county facilities and locations that are not subject to general excise tax or income tax qualify as "qualified production costs" for purposes of the motion picture, digital media, and film production income tax credit;
- (8) Providing that government-imposed fines, penalties, or interest that are incurred by a qualified production within the state are not "qualified production costs" for purposes of the motion picture, digital media, and film production income tax credit;
- (9) Extending the motion picture, digital media, and film production income tax credit until 2019, instead of 2023;
- (10) Requiring the Department of Business, Economic Development, and Tourism to submit an annual report to the Legislature with a cost benefit analysis of the motion picture, digital media, and film production income tax credit;
- (11) Changing its effective date to July 1, 2013; and
- (12) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 726, 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. 726, H.D. 1, S.D. 2, C.D. 1.

Representatives Tsuji, Luke, Choy, Ohno and Ward.  
Managers on the part of the House.

Senators Dela Cruz, Wakai, Ige, Kidani and Kouchi.  
Managers on the part of the Senate.

**Conf. Com. Rep. 181 on H.B. No. 697**

The purpose of this bill is to provide a legislative vehicle to appropriate unspecified employer contribution amounts to cover Hawaii Employer-Union Health Benefits Trust Fund health benefit plan premiums and other cost-adjustments for officers and employees of specified legislative agencies.

Your Committee on Conference has amended this measure by:

- (1) Inserting cost-adjustment amounts for officers and employees of specified legislative agencies;
- (2) Adding the House of Representatives and the Senate to the list of legislative agencies;
- (3) Changing its effective date from July 1, 2050, to July 1, 2013; 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. 697, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 697, S.D. 1, C.D. 1.

Representatives Nakashima, Luke, Nishimoto and Johanson.  
Managers on the part of the House.  
(Representative Nishimoto was excused.)

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

**Conf. Com. Rep. 182 on H.B. No. 152**

The purpose of this measure is to facilitate and ensure appropriate adjustments to the workers' compensation medical fee schedule.

More specifically, this measure:

- (1) Requires the Auditor to help the Director of Labor and Industrial Relations make administrative adjustments to the medical fee schedule by:
  - (A) Identifying those medical or health care services or procedures for which fee adjustments are necessary to ensure that injured employees have better access to treatment;
  - (B) Identifying a methodology for conducting the statistically valid surveys of prevailing charges that are necessary for adjustment of the fees; and
  - (C) Recommending adjusted fees to the Director after applying the methodology;
- (2) Makes available to the Director a limited opportunity to expedite the adjustment of fees identified by the Auditor;
- (3) Requires the Auditor to recommend to the Director and Legislature a formalized process for the mandatory periodic review of the adequacy of the medical fee schedule; and
- (4) Appropriates an unspecified sum to the Auditor to assist the Director of Labor and Industrial Relations.

Your Committee on Conference recognizes that the workers' compensation medical fee schedules are complex. Your Committee on Conference believes that this measure provides a thoughtful and deliberate process for making specific adjustments to the workers' compensation medical fee schedules that avoids the unintended consequences that might flow from an across-the-board adjustment.

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

- (1) Specifying that the Auditor shall transmit any recommendations to the Director of Labor and Industrial Relations no later than June 1, 2014;
- (2) Specifying that, only between June 1, 2014, and January 1, 2015, the Director of Labor and Industrial Relations shall be authorized to adjust the fees for medical or health services or procedures identified by the Auditor as requiring adjustment, without the necessity of complying with the rule making procedures under chapter 91, Hawaii Revised Statutes; and
- (3) Inserting \$150,000 as the amount to be appropriated to the Auditor.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 152, 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. 152, H.D. 1, S.D. 2, C.D. 1.

Representatives Nakashima, Hashem, Takumi and Johanson.  
Managers on the part of the House.  
(Representative Johanson was excused.)

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

**Conf. Com. Rep. 183 on H.B. No. 858**

The purpose of this measure is to provide the funding and the coordination to reinvigorate state efforts to fuel an innovation economy and advance research innovation and commercialization.

Your Committee on Conference has amended this measure by:

- (1) Inserting an appropriation of \$6,000,000 for fiscal year 2013-2014 from the general fund;
- (2) Deleting the requirement that a certain amount of the appropriation be reserved and expended for program development, program management, and oversight of program awardees;
- (3) Deleting the appropriation from the Hawaii Strategic Development Corporation Revolving Fund;
- (4) Changing its effective date to July 1, 2013, upon its approval; 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. 858, 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. 858, H.D. 1, S.D. 1, C.D. 1.

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

Senators Dela Cruz, Ige, English, Kouchi and Wakai.  
Managers on the part of the Senate.