

COMMITTEE OF THE WHOLE REPORT

Comm. of the Whole Rep. 1 on S.B. No. 184 (Majority)

Your Committee of the Whole to which was referred S.B. No. 184 entitled: "A BILL FOR AN ACT RELATING TO CAPITAL CRIMES", begs leave to report as follows:

The purpose of this bill is to reinstitute a non-mandatory death penalty for certain types of murder.

The Constitution of the United States and the Constitution of the State of Hawaii both expressly proscribe the infliction of cruel or unusual punishment.

Four years after its holding in *Furman v. Georgia*, 408 U.S. 238(1972) foreclosed under the Federal Constitution executions under state laws then in existence, a majority of the Supreme Court of the United States held that the death penalty is a constitutionally permissible punishment, at least for carefully defined categories of murder. However, the Court went on to say that the 8th Amendment required the sentencing authority to be provided with carefully controlled discretion; a bifurcated trial was seen as the ideal procedure. Mandatory death penalty laws are, as a general rule, unconstitutional.

Death penalty does not, under all circumstances, constitute cruel and unusual punishment in violation of Eighth and Fourteenth Amendments. *Gregg v Georgia*, --US--, 49 L Ed 2d 859, 96 S Ct 2909; *Proffitt v Florida*, --US--, 49 L Ed 2d 929, 96 S Ct 2950; *Woodson v North Carolina*, --US--, 49 L Ed 2d 944, 96 S Ct 2978; *Roberts v Louisiana*, --US--, 49 L Ed 2d 974, 96 S Ct 3001.

The U.S. Supreme Court noted that the 8th Amendment has not been regarded as a static concept and this means that an assessment of contemporary values concerning the death penalty was in order. Such assessment would not be a subjective judgment, but an examination of objective indicia that reflect the public attitudes toward a given sanction.

The penalty must do more than satisfy public perceptions of standards of decency; it must also accord with the dignity of man, which is the basic concept underlying the 8th Amendment. This means that the punishment must not be excessive, i.e. the punishment must not involve the unnecessary and wanton infliction of pain and the punishment must not be grossly out of proportion to the severity of the crime.

The Court proceeded to analyze both contemporary standards and the question of the death penalty's excessiveness as a sanction for deliberate murder. The enactment of death penalty schemes by at least 35 legislatures after *Furman*, not to mention that voted by Congress in 1974 for aircraft piracy that results in death, and the willingness of juries or courts in some 460 proceedings to impose the death penalty under these recent laws was seen as significant and reliable indicia of the punishment's acceptability to contemporary society.

The Court also found that the justification for the death penalty was sufficient to comport with the basic concept of human dignity at the core of the Amendment. It was not shown that capital punishment did not serve the purposes of retribution and deterrence; the former while no longer the criminal law's dominant purpose, was not a forbidden one, and the latter while not answered by studies was a complex factual issue the resolution of which properly rests with the legislature.

Your Committee has held a public hearing on this bill and has heard from many interested persons on the arguments for and against capital punishments.

Your Committee has amended the bill in order to clarify the basic concepts relating to capital punishment and to conform other provisions of the Hawaii Penal Code.

This bill, as amended herein, would:

1. Provide that after determination of guilt in capital murder cases in which the death penalty may be imposed a separate sentencing proceeding shall be held.
2. Provide a new offense, called capital murder, in which the murder of the following persons or murder committed through the following actions shall be punishable by a sentence of death or life imprisonment without parole.
 - a. The murder of a police officer, corrections personnel, parole officer, probation officer, county prosecuting attorney, or county attorney engaged in prosecutorial functions

while in the performance of his duties;

- b. The murder of a judge during or because of the exercise of his official duties;
- c. The murder of person known by the defendant to be a witness in a murder prosecution;
- d. The murder of a person when the defendant was a hired killer;
- e. The murder of a person by another when the defendant hired such other person to perform the murder; or
- f. The murder of a person by certain repeaters.

3. Require the jury to recommend to the Circuit Court whether the defendant should be sentenced to life imprisonment without parole or death. In making its recommendation, the jury will consider the following mitigating circumstances:

- a. The defendant has no significant history or prior criminal activity;
- b. The murder was committed while the defendant was under the influence of extreme mental or emotional disturbance;
- c. The victim was a participant in the defendant's conduct or consented to the act;
- d. The defendant was an accomplice in the murder committed by another person and his participation was relatively minor;
- e. The defendant acted under extreme duress or under the substantial domination of another person;
- f. The capacity of the defendant to appreciate the criminality of his conduct or to conform his conduct to the requirements of law was substantially impaired; or
- g. The age of the defendant at the time of the crime.

Notwithstanding the recommendation of the jury the Circuit Court has the discretion to enter the sentence; provided that if the sentence is death, the court shall set forth in writing the findings upon which the death sentence is based.

4. Provide that if the death sentence is not prescribed, the court shall enter a sentence of life imprisonment without parole.
5. Require automatic review of the death penalty by the Hawaii Supreme Court.
6. Provide that execution shall be by lethal gas.
7. Provide that if the death penalty is held unconstitutional, persons so sentenced shall be sentenced to life imprisonments as now provided.
8. Conform other provisions of the Hawaii Penal Code to the provisions set forth in this bill as amended.

Your Committee of the Whole is in accord with the intent and purpose of S.B. No. 184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 184, S.D. 1, and be placed on the calendar for Third Reading.

Signed by Senators O'Connor, Anderson, Ching, Henderson, Hulten, Kawasaki, Kuroda, Saiki, Soares, Taira, Takitani, Toyofuku, Yee and Yim.

Senators Chong, George, Hara, King, Leopold, Nishimura, Ushijima, F. Wong, R. Wong and Yamasaki did not concur.

Senator Young was excused.

SPECIAL COMMITTEE REPORTS

Spec. Com. Rep. 1

Your Committee on Credentials begs leave to report that it has examined the Certificate of Election of W. BUDDY SOARES and finds that he has been legally elected and fully qualified to sit as a member of the Senate of the Ninth Legislature of the State of Hawaii.

Signed by Senators Kawasaki, O'Connor and Anderson.

Spec. Com. Rep. 2

Your Interim Committee on Housing and Hawaiian Homes which was requested to conduct an interim study pursuant to S.R. No. 414, S.D. 1, entitled: "REQUESTING A RECODIFICATION OF EXISTING HOUSING STRUCTURES", begs leave to report as follows:

Senate Resolution 414, S.D. 1, requests your Committee to determine alternative schemes of clarification and recodification to those chapters of the Hawaii Revised Statutes relating to State housing programs.

The Department of Planning and Economic Development is currently conducting a statewide study of the housing situation. This study will include an examination and delineation of the areas of need within the State and will review existing State, county and federal housing programs. Since it is expected that the report will include an overall analysis of the effectiveness of these housing programs and will recommend changes in current statutes, your Committee has decided to postpone the requested recodification pending a study of the anticipated report.

Signed by Senators Young, Toyofuku, Kuroda, Nishimura, F. Wong, Yim, Anderson and Henderson.

Spec. Com. Rep. 3

Your Interim Committee on Human Resources to which was referred S.R. 396, S.D. 1, entitled: "REQUESTING AN INTERIM STUDY ON THE ADEQUACY OF THE MACHANISMS AND PROCESSES RELATING TO THE IMPLEMENTATION AND FUNDING OF HUMAN SERVICES PROGRAMS", begs leave to report as follows:

BACKGROUND

In the State today, numerous public and private agencies provide services to needy individuals through a host of human services programs, each individually designed and funded to address specific human services needs. Most of these programs are the result of federal grant-in-aid legislation enacted over the past several decades in response to the growing concern about poverty and social problems in our nation.

The many and varied human services programs in Hawaii are operated by several State departments, county and private agencies, and are funded by federal, State and private donations.

Recent studies have identified serious problems of program funding, delivery and coordination in the human services delivery system. The human services delivery system has been found to be single functional rather than multi-functional. Program and project goals are rarely developed with sufficient breadth of awareness to facilitate coordination or problem solving. As a result, services are often offered in an inefficient, duplicative, and bureaucratically confusing manner.

State department officials have also reported difficulties in locating sufficient financial resources, adequately determining the nature and the scope of the problems in the State, and, in general, managing the system. They are anticipating some difficulty in maintaining the current level of funding and, if no other sources of available funds are located, have indicated that programs such as family planning and substance abuse could very well be faced with a reduced funding level for the next biennium.

During the 1976 legislative session, the Senate Committee on Human Resources found it necessary to determine whether the State's limited financial resources, including federal funds, are being utilized by human services programs in the most efficient and effective manner. The passage of S.R. 396, S.D. 1 directed your Committee on Human Resources to conduct a study on the adequacy of the mechanisms and processes relating

to the implementation and funding of human services programs.

This report contains your Committee's findings and recommendations in regards to this study.

APPROACH TAKEN

During the interim, your Committee contacted several public and private agencies involved in the delivery of human services and invited these agencies to testify at a public hearing held by your Committee on the above Resolution. The response to the invitation was not as expected; of the several State, county and private agencies operating human services programs in Hawaii, the Department of Social Services and Housing (DSSH) was the only agency present and prepared to give testimony.

At the hearing, your Committee met with the representatives from DSSH to solicit their views on the effectiveness of the human services delivery system. The comments received were especially helpful in identifying specific problems within the administration of DSSH programs. Your Committee then directed the Department to develop a format to address the concerns raised at the hearing, and requested that this format be presented to your Committee for review prior to the convening of the Regular Session of 1977.

FINDINGS

Purchase of Services

The Public Welfare Division of the Department of Social Services and Housing administers a public social services program funded in part by federal (Title XX), State and private donations. These services, which includes day care, employment, family planning and numerous other human services, are either provided directly by the Public Welfare Division or through purchase agreement with other public or private agencies.

Your Committee found that DSSH is anticipating some difficulty in maintaining the current level of funding the Purchase of Services programs because of the cost-of-living increase and attendant increase in the Department program needs and costs. The Department predicts that such increases could mean reductions in the Purchase of Services program contracts or no contracts at all for some programs. Your Committee has been informed that as long as the ceiling remains on Title XX funds and there are no other sources of available funds, certain low priority programs could be cut back and possibly eliminated in the next biennium.

As an example, the Department mentioned Hawaii Planned Parenthood, who had unilaterally relocated its administrative offices and Palama Clinic to a bigger facility downtown. Hawaii Planned Parenthood had assumed that Title XX federal funds would continue to be provided at the same or increased level as in the past. However, the Department might have to face the prospect of reduction of Title XX funds for family planning services. If this happens, the Department hopes they will not be accused for inefficient program funding because Hawaii Planned Parenthood on its own committed itself to program expansion.

Your Committee revealed that when federal funds dry up, as in the case above, agencies will be turning to the limited resource allocation for maximum impact. This, they reported, would be provided in a master plan which may be costly in terms of commitment, time and money. However, the Department insisted that the benefits in terms of getting an overview of where our human resource dollars are going, where gaps exist in the service spectrum, and the introduction of some rationality to resource allocation among the confusing maze of human service programs may make it worth the effort.

To develop the master plan, the Department expressed a need to establish a regular ongoing planning mechanism with analytic capability to 1) build a comprehensive inventory of all human resource services in the State; 2) compile a comprehensive data base of needs assessment utilizing available data from other planning efforts and augmenting it as necessary; 3) develop a matrix by services, client groups and resources which encompasses all program activities in the State; and 4) identify the service gaps and establish resource priorities. In order to accomplish this, the Department suggested adopting the prototype approach utilized by the Department of Budget and Finance who, through the Task Force on Public Welfare Program and Fiscal Planning (formerly Integrated Social Services) had conducted a statewide survey in September, 1972 of both public and private providers of social services. The purpose of the survey was to assist in the preparation of a Master Plan for Integrated Social Services. The plan sought to establish social service program priorities, provide for a streamlined administrative system for coordinated delivery of social services and assist the State in determining qualifying programs for matching federal financial participation. The survey supported

these objectives by identifying the then current public and private services program characteristics, resource and delivery capabilities.

The Department of Social Services and Housing feels that the above approach is required for the development of the Master Plan for Comprehensive Human Services. They suggest that perhaps a consortium of key planning units could coordinate and bring into rational relationships the many and varied human services programs operated by several State departments, county and private agencies.

RECOMMENDATIONS

Your Committee realizes that additional input is necessary to adequately analyze the funding and coordination of human services programs. The study conducted this interim was very limited due to the lack of participation by agencies involved in the delivery of human services programs. Your Committee has learned, however, that the apparently obvious and seemingly simple problem of human services coordination is a greater challenge than expected. As described in an official publication of the U.S. Department of Health, Education and Welfare, "Identifying and understanding the sometimes intricate and confusing relationship among the various human resources programs operating with a State or community is a challenge in itself; determining how to coordinate these activities to achieve better resource utilization is an even more difficult task. Unfortunately, there is no simple solution to the problem short of abandoning these separate categorical programs and folding them into one comprehensive human services system. Since this is not a realistic solution given the political and pragmatic constraints, including the limits of present legislation, other alternatives must be considered."

Your Committee feels that the proposal submitted by the Department of Social Services and Housing is a realistic approach to eliminating the inefficiencies that exist in the State's human services delivery system. Based on the findings and evaluations presented in this committee report, your Committee presents the following recommendations:

Your Committee recommends that the Governor establish a task force to identify the current human service needs and public and private services program characteristics, resources and delivery capabilities which may constitute the basis for the establishment of a Master Plan for Comprehensive Human Services.

The Department of Budget and Finance is also requested to take immediate steps to assume that such ongoing systematic analyses, including the development of a Master Plan for Comprehensive Human Services will be actually utilized in the future preparation of the Executive Budget and/or supplement thereto.

Appropriate legislation has been introduced which will accomplish the intent of this committee report.

Signed by Senators Toyofuku, Young, Chong, Taira, F. Wong, R. Wong, Yamasaki, Henderson and Soares. Senator Anderson was excused.

Spec. Com. Rep. 4

Your Interim Committee on Human Resources to which was referred S.R. 286, S.D. 1, entitled: "REQUESTING A COMPREHENSIVE REVIEW OF THE SOLVENCY OF THE UNEMPLOYMENT COMPENSATION TRUST FUND BY EXAMINATION OF THE BENEFIT COST AND FINANCING METHODS", begs leave to report as follows:

BACKGROUND

During the 1976 Legislative session, the Senate Committee on Human Resources found that financing provisions in the current law have proven to be inadequate to maintain the solvency of the Unemployment Insurance (UI) trust fund during extended periods of economic recession. Although the emergency flat contribution rate went in to effect in April, 1975, the trust fund balance continued to decline, and was depleted in February, 1976. Since then, the fund balance has been reduced to negative levels. As of September, 1976, the fund balance, excluding the \$22.5 million borrowed from the Federal Unemployment Account in order to continue the payment of benefits, was negative \$8.3 million. The Department of Labor and Industrial Relations projects that the fund will continue to decline to about negative \$13 million by the end of 1976.

For the calendar year 1977, all employers will be paying at a uniform tax rate of 3.5% due to special legislation enacted in the Regular Session of 1976. The Department of Labor expects that benefits and contributions will be about equal during 1977 so the fund balance at the end of 1977 should still be at about the same as at the end of 1976.

The Department does not anticipate any improvement in the fund situation by the end of 1977, at which time we will revert back to the experience rating system of financing the UI trust fund.

Unless revisions to the current law are enacted in the coming legislative session, the existing reserve-ratio method of raising money to pay unemployment benefits will be utilized in 1978. As evidenced from the total depletion of our trust fund, this method has shown an inability to keep the fund at an adequate level during periods of high unemployment. With unemployment in Hawaii expected to remain high and virtually unchanged, the necessity has become apparent for a review of financing methods of the UI program in order to develop a more effective and equitable means of financing UI benefits. The passage of S.R. 286, S.D. 1, Regular Session of 1976, directed your Committee on Human Resources to undertake a comprehensive review of conditions which contribute to the cost of payment of benefits from the unemployment compensation trust fund and of the UI financing methods.

This report contains your Committee's findings and recommendations in regards to this review.

FINDINGS & CONCLUSIONS

Your Committee on Human Resources finds that the depletion of our UI trust fund is primarily due to adverse economic conditions which have substantially increased the number of persons unemployed in Hawaii since 1970. The number of jobless individuals applying for and receiving unemployment benefits has grown considerably the past six years and, as a result, benefits paid out of the trust fund have greatly exceeded the amounts of contributions paid into the UI account. Consequently, the fund balance declined from \$44 million in 1970 to negative \$8.3 million in September, 1976.

Your Committee finds that the present method of financing the UI trust fund is not designed to generate enough contributions that are necessary to offset the payment of excessive benefits during a period of high unemployment. Under normal economic conditions, the current system of financing operated effectively. However, during the present period of sustained unemployment, this system has shown that it is not responsive enough to changed economic conditions to finance large drains on the fund.

Your Committee concludes that the current UI financing system is no longer able to insure the solvency of the trust fund during periods of high unemployment. Your Committee further finds that alternative means of financing the fund should be taken under serious consideration in order to continue the payment of benefits to our unemployed without incurring additional federal loan obligations.

Status of Trust Fund

The Department of Labor and Industrial Relations testified to your Committee during the interim and responded on the status of the trust fund.

During the first six months of 1976, the trust fund balance was reduced to negative levels. In order to continue to pay benefits during that period, \$22.5 million were borrowed from the Federal Unemployment Account. By August 31, 1976, the fund balance, excluding the \$22.5 million loan, was negative \$3.5 million. The Department projected that the fund will continue to decline to about negative \$13 million by the end of 1976. They do not expect to borrow additional federal funds by the remainder of 1976.

The Department projects that benefits and contributions will be about equal during 1977 so it is expected that the fund level will be about the same at the end of 1977 as it is at the end of 1976. They do not anticipate any improvement in the fund situation by the end of 1977, and may have to borrow an additional \$5 million during the first quarter of 1977 due to the small amount of contributions to be collected during that quarter.

Current Financing System

Your Committee received employer data by reserve ratio groups as compiled by the Department of Labor during the calendar year 1975. The data provided showed the number of employers, the amount of employment, and the amount of taxable wages in each of the reserve ratio groups during 1975. In addition, information was provided which showed the amount of benefits and contributions by reserve ratio groups and the dollar differences between benefits and contributions for each reserve ratio group.

The Department reported that employers with good experience are having to finance a large proportion of all benefits while employers with bad experiences finance only

a portion of their own benefits. This was evidenced by the fact that employers in the highest reserve ratio group (.1000 or more) accounted for 44.1% of all contributions but only 20.1% of all benefits. Negative reserve employers (-.0499 to -.0001 and less than -.0499), on the other hand, accounted for 36.4% of total benefits but only 11.1% of total contributions. The highest reserve ratio group contributed \$9 million more than their total benefits while total benefits for negative reserve employers exceeded their contributions by more than \$11 million.

The large excess of contributions over benefits in the high reserve ratio groups is the result of all employers being assessed a uniform 3.0% rate the last three quarters of 1975. These employers would have been contributing at a lower tax rate if the uniform rate were not in effect.

The Department also reported that the 3.0% tax rate is not high enough for employers in low reserve ratio groups to finance their benefits. By comparing average contribution rates with average cost rates, the Department found that negative reserve employers would need to pay tax rates of about 10% in order to finance all their benefits.

Based on these findings, the Department concluded that the current UI financing system is no longer able to insure the solvency of the trust fund. The Department finds that employers with good unemployment experience are carrying the burden of financing added costs during times of high benefit costs. These employers receive large increases in their tax rates while employers with bad experience continue to pay at the maximum 3% tax rate even if their unemployment experience worsens.

Proposed Financing System

The Department, therefore, proposed a new financing system which they believe will bring the UI trust fund back to a state of solvency.

Under this new system, the method of determining an employer's tax rate would be changed. An employer's tax rate would be the sum of his basic contribution rate and a fund solvency contribution rate. A basic contribution rate schedule would be used to determine an employer's basic tax rate dependent upon the reserves that the employer had accumulated to date. A solvency rate schedule would be used to determine a solvency rate which would be added to each employer's contribution rate, and which would be determined based on the level of trust fund reserves.

An employer's basic contribution rate, which would range from 0.27% to 3.4%, would be dependent upon his reserve ratio. Employers with reserves equal to 10% or more of their wages would receive the lowest rate while the maximum of 3.4% would be assessed to employers with the highest negative reserve ratios.

The solvency rates would range from 0% when the fund as a whole is adequate, to 2.5% when the fund is less than 9% of its adequate level. This rate is to be added to each employer's basic contribution rate in order to determine the total tax rate he is to pay for a particular year.

The Department projects that if the proposed revisions are implemented beginning January 1, 1978, we can expect fund levels of negative \$3 million (excluding the federal loan) at the end of 1978, positive \$8 million at the end of 1979, and \$21 million at the end of 1980, assuming no further downturn in the economy. The highest solvency rate of 21% would be in effect during these years. Employer's tax rates would then range from a minimum of 2.3% to a maximum of 5.5% while the average tax rate would be about 3.3%.

Reserve Ratio vs. Benefit Ratio

The Department noted that their proposal retains the current reserve ratio type of experience rating formula whereby employers' tax rates were based on the reserves they have accumulated in their unemployment insurance accounts since they became employers. This reserve ratio method of financing has been criticized because it has not raised the money necessary to pay unemployment benefits. The reserve ratio method relies on all past contribution and benefit experiences, and for this reason there tends to be too much of a lag between bad experiences and higher taxes. An employer who has built up large reserves (contributions minus benefits) could be charged for large unemployment benefits paid to his former employees for a considerable number of years before his reserves reach a level where he would have to pay significantly higher taxes.

In addition, with a straight reserve ratio type of financing, there is no way to finance employer accounts out of which more benefits have been paid out than taxes have been

paid in. Once an employer's reserve falls below a certain amount, he pays the maximum tax and this tax does not increase no matter how deep his account goes into the red.

The Department informed your Committee that another type of experience rating formula is used in the benefit ratio system, in which employers' tax rates are based on the benefits paid to their former employees during the last three years. The Department testified that either the reserve ratio or benefit ratio formula can be used to create an effective system for financing the trust fund.

Dr. Thomas Hitch, Vice-President, First Hawaiian Bank, suggested we consider adopting the benefit ratio system as a much more satisfactory method of financing our unemployment insurance program. Dr. Hitch revealed that the Department of Labor is preparing a series of benefit--cost tables which will show, for the system as a whole and for various industry groups, the ratio of benefits paid to taxable payrolls for selected years. He said that when these tables are made available, it will be possible to test various schedules of tax rates, minimum rates, maximum rates, etc., and construct a definite benefit-ratio proposal.

Labor and Industry

Your Committee also received additional testimony from representatives of private industry and organized labor, most of whom agreed that the declining UI trust fund is a result of the rising number of persons receiving benefits from the UI account and the inability of the present system to raise the money necessary to pay these high benefit costs. As a whole, they all recognized the seriousness of the problem and understood the complexity of UI financing and the variety of interests involved that further complicate efforts to restore trust fund adequacy. Individually, though, most of them realized they did not have the technical expertise to propose a financing scheme for unemployment insurance but nevertheless presented their reasons for our continuing trust fund deficit and suggested approaches that might be considered to remedy the problem.

As mentioned previously, Dr. Tom Hitch of First Hawaiian Bank feels that the reserve-ratio method of financing is unsatisfactory and that its primary failure is its inability to generate adequate funds to pay unemployment benefits. He says that the reserve system is such that employers can build up huge reserves and wait years before these reserves are reduced to a level where they would be assessed higher taxes for bad unemployment experience. Also, he added, a small employer with only a few workers can be assessed the maximum tax rate for a long period of time because he laid off one or two of his workers who qualify for benefits and these benefits as a fraction of the employer's taxable payroll is very large. In this particular case, it would take the employer many years before he could build his reserves back up to the level that would qualify him for a tax rate less than the maximum. Dr. Hitch also pointed out that large employers who develop high negative reserves, primarily industries that are seasonally or cyclically unstable, such as pineapple and construction, respectively, find that there is little chance for them ever to qualify for a reduced tax rate and therefore have no incentive to attempt to stabilize their employment.

Dr. Hitch suggested earlier that we consider using the benefit-ratio system to bring the fund back to solvency. He added that perhaps the solution might be a program of financing that will be partly experience-rated and partly socialized. This, he proclaimed, is because a totally experience-rated system would place such a heavy tax burden on some employers--particularly small employers and employers in seasonal and cyclical industries--that their very existence could be at stake. Dr. Hitch concluded that much unemployment is beyond the power of the employer to control or even influence in any degree and that serious consideration should be given to include this social aspect in the development of a new financing system.

Mr. A. Van Horn Diamond, Executive Secretary-Treasurer, Hawaii State Federation of Labor, AFL-CIO, reported to your Committee and expressed his organization's concern on the trust fund problem. Mr. Diamond repeated his earlier claims that the so-called "abuses" were not a major cause of fund depletion and spent most of his testimony examining and clarifying recent accusations relating to unemployment compensation. His major concern was that he hoped we are not entering another legislative session where fund solvency and adequacy is to be achieved through and on the backs of unemployed workers. Mr. Diamond suggested having the UI program federalized, but noted that he wished to view the benefit cost tables from the Department of Labor before determining his organization's position on the issue.

Additional representatives from private industry testified and recommended solutions ranging from tighter administrative control of the program to a trust fund subsidized by both employers and employees. It was also suggested that your Committee investigate

the benefit amount and the benefit period afforded to claimants with a view towards shortening the number of benefit weeks and decrease the amount of benefit payments. In general, though, the private industry representatives felt that the increased 3.5% tax rate not be extended and objected to further increases in employers tax rates. They proposed that your Committee consider providing employers with the incentives to hire more employees, to reward those who continue the employment of present employees, and to disallow benefits to those who are not truly in need of assistance.

RECOMMENDATIONS

Your Committee has carefully reviewed the UI trust fund financing system and recognizes the immediate need to halt the trust fund's decline. The present reserve-ratio method used to generate contributions has shown to be unsatisfactory during times of high unemployment as it is apparently not taxing employers equitably due to fundamental defects in the system. Your Committee finds that an alternative method of financing the fund is necessary if the unemployment rate is expected to remain fairly steady for several years.

Based on the findings and evaluations presented in this committee report, your Committee presents the following recommendations:

Your Committee recommends that the Legislature consider the adoption of the revised unemployment insurance tax schedule system as proposed in this report by the Department of Labor and Industrial Relations. Under the proposed new system, which would be implemented beginning January 1, 1978 if adopted, an employee's tax rate for a given year would be the sum of his Basic Contribution Rate and a Fund Solvency Contribution Rate.

The proposed new financing system would be able to gradually return the UI Trust Fund to solvent levels. Although good experience employers would continue to over-finance their benefits and bad experience employers would continue to under-finance their benefits, contribution rates would be assigned slightly more in consonance with benefit costs than under the current system. Also, during periods of high costs, all employers would receive increased tax rates rather than only good experience employers.

Your Committee further recommends that the Legislature explore the feasibility of converting to a benefit ratio system of financing the trust fund, and continue to review the unemployment insurance law with representatives from labor and industry, as well as other interested parties, to determine which type of system would be most acceptable to all concerned.

Appropriate legislation has been introduced which will accomplish the intent of this committee report.

Signed by Senators Toyofuku, Young, Chong, Taira, F. Wong, R. Wong, Yamasaki, Anderson, Henderson and Soares.

Spec. Com. Rep. 5

Your Interim Committee on Human Resources to which was referred S.R. 304, S.D. 1, entitled: "REQUESTING A STUDY TO DETERMINE THE MOST EFFICIENT AND EQUITABLE MEANS TO REVISE AND RESTRUCTURE THE PUBLIC EMPLOYEE SALARY STRUCTURE TO ACCOMMODATE THE IMPACT OF COLLECTIVE BARGAINING IN THE PUBLIC SECTOR", begs leave to report as follows:

BACKGROUND

Prior to collective bargaining in the public sector, compensation rates of Hawaii's public employees were determined by statute, which provided salary schedules detailing certain steps and salary ranges. Since 1970, however, salary rates have been negotiable and bargaining units have given up incremental increases during various fiscal years to obtain a higher wage settlements through collective bargaining. Act 164, Session Laws of Hawaii 1975, restored incremental/longevity increases to bargaining units 1, 2, 3, 4, 8, 9, 10 and 13 for the period June 1, 1975 through June 30, 1976. Act 164 further provided that increments would not be granted in any fiscal year that a general wage increase is negotiated.

The Legislature has attempted to adhere to the principles of fiscal responsibility and public accountability in its negotiations with bargaining units since the advent of collective bargaining in the public sector. Your Committee finds however, that the salary structure which is determined by law is no longer appropriate to the collective bargaining process. It appears that the number of salary steps are excessive and that the salary schedule is not responsive

to the principles of sound pay. In light of these concerns, Senate Resolution No. 304, S.D. 1, was adopted and the Department of Personnel Services, in cooperation with departments of personnel services of the various counties, was requested to undertake a review and study of the report entitled, "APPROPRIATENESS OF SALARY STRUCTURE IN VIEW OF COLLECTIVE BARGAINING", to determine the most efficient and equitable means to revise and restructure the public employee salary structure to accommodate the impact of collective bargaining in the public sector.

This report is a study of the findings and recommendations made by the Department of Personnel Services in regards to the above report.

APPROACH TAKEN

As an initial step, the Department of Personnel Services interviewed representatives of the various unions representing civil service employees. With the exception of the Hawaii Government Employees' Association, whose officials were not available when interviews were conducted, the union representatives were asked to comment on the report and to express their ideas on appropriate salary structures in view of collective bargaining. Thereafter, the personnel directors met to discuss and review the unions reactions and suggestions.

FINDINGS

Your Committee finds that after the interviews between the personnel directors and the union representatives, there was no subsequent interchange among the two parties on appropriate salary structures due to opposing interests, the unions did not object to the six-step range for the white collar units as proposed by the personnel directors, so long as the range is transitional only and subject to further modifications. However, your Committee finds that the unions are opposed to the proposed method of converting to a six-step range that the personnel directors recommend--that is, the retention of existing regular steps and the deletion of existing longevity steps by red-circling longevity employees at their current rates. In addition, the unions contend that the conversion should be negotiable, rather than mandated by statute.

In view of the above, your Committee finds that the personnel directors were of the opinion that further discussions with the unions on appropriate salary structures would not be meaningful. Although there was no substantive dispute on the proposed number of steps in the pay structure, neither the personnel directors nor the unions were willing to relinquish their respective positions on whether or not the conversion should be negotiable.

Non-Negotiable Matters

The personnel directors confined their recommendations on appropriate salary structures to non-negotiable matters. They did not consider proposals to narrow the scope of negotiability to pay with additional restrictions, nor did they attempt to broaden the scope of negotiability by deleting existing restrictions. Instead, the personnel directors proceeded on the basis that the status quo on pay negotiability and the deferral of increments would be maintained until appropriate salary structures were devised and implemented. Restrictions on negotiability, they felt, should be left to the Legislature for review after the appropriate salary structures are decided upon.

Number of Ranges

Your Committee finds that both the personnel directors and unions agreed that an appropriate pay structure should reflect only ranges being used by employees within their respective units. However, they noted that the structure should have a sufficient number of ranges to provide for necessary flexibility in the event that personnel actions, such as reclassification, reallocation, or repricing, subsequently require some ranges which are not presently being used. Thus the personnel directors recommend deleting a number of lower ranges that they felt are not being used by employees within a bargaining unit and the likelihood of a subsequent need to use such ranges is minimal for that unit. There was consensus among the jurisdictions that the following ranges would be deleted from the pay structure for white collar units: unit 4 (SR's 4 and 5), unit 9 (SR's 4 through 11), unit 11 (SR's 4 through 11), unit 12 (SR's 4 through 10), and unit 13 (SR's 4 through 11). The remaining ranges, your Committee finds, would be retained to provide for necessary flexibility and an orderly designation of ranges in the pay structure. The lowest range to be retained in the pay structure for a particular unit would be designated "1" and successive ranges would be designated "2, 3, etc." thereby resulting in each bargaining unit having its own clearly delineated salary schedule.

No modification in the pay structure of units 1 and 2 covering blue collar employees is

recommended by the personnel directors because the ranges for blue collar non-supervisory workers are all being used and the five-step range is not overly broad.

Number of Steps

There is consensus among the unions and the personnel directors that the ten-step range under the white collar structure is overly broad and inappropriate in view of collective bargaining and the increment deferral provision under Hawaii Revised Statutes 89-9(d)(7). However, despite the undisputed desirability of reducing the number of steps, both parties are unable to agree on the appropriate method for reducing the number of steps. The primary factor barring agreement is the cost of converting to a range with fewer steps, which are dependent on the number of steps and which steps are to be retained or deleted.

Six-Step Range

Although the unions prefer that the number of steps be negotiable, they are not opposed to a statutory structure which provides for six steps as proposed by the personnel directors during the last legislative session. The unions do not object to a six-step range if each union is afforded an opportunity subsequently to further reduce the number of steps if it so desires.

Dropping Longevity Steps

The personnel directors also propose to drop longevity steps from the pay structure and retain only the existing regular steps. The disagreement between the unions and the personnel directors focuses on the proposed manner of phasing out longevity. The personnel directors propose a conversion that they feel is most consistent with existing legislative policy respecting the continual granting of increments along with negotiated increases, i. e., dropping longevity steps at the end of the range. The unions prefer to phase out longevity by converting existing longevity steps to regular steps and drop the regular steps at the beginning of the range. Your Committee finds that negotiated increases would be compounded by this method, as employees would be granted step increases as well as negotiated increases. This would be contrary to the Legislature's intent for adopting the deferral concept, which considered the continual granting of increments along with negotiated increases costly and inappropriate. Thus, unless the Legislature modifies its intent on the deferral of increments, your Committee finds that the personnel directors are reluctant to consider a method of phasing out longevity steps which would compound negotiated increases and result in prohibitive costs.

Negotiability of Conversion

The personnel directors also propose that the conversion to six regular steps be accomplished by red-circling all longevity employees at their existing rates. When the negotiated rate for the maximum regular step exceeds a longevity rate, longevity employees at such rate would be converted to the maximum regular step and paid accordingly.

The unions feel that the conversion to a six-step range should be negotiable, rather than mandated by statute. They insist that the statute should only specify the number of steps and the method of converting to the requisite number of steps should be subject to negotiations.

Personnel directors, however, feel that since a negotiated conversion from the existing ten-step range to a six-step range would entail costs, the specific steps to be retained would be subject to approval of the appropriate legislative bodies, along with the negotiated increase in the schedule. By making the conversion negotiable, as the unions prefer, each county would then have control over the determination of pay structures, instead of the Legislature singularly having such control. The personnel directors believe that when the Legislature established salary structures, legislators intended to retain control of the pay structure, and have the power to amend or modify the structures as may be necessary. Therefore, personnel directors conclude, the Legislature did not indicate then, or at any time, that the matter of appropriate salary structures be negotiable.

RECOMMENDATIONS

Your Committee has reviewed the Department of Personnel Services' findings and recommendations and acknowledges the extent of concurrence among the personnel directors and the unions and their remaining differences. Your Committee has learned that the personnel directors have modified their earlier position regarding an appropriate number of ranges, but have not modified their proposals concerning the phasing out of longevity steps and the method of converting to a six-step range.

Unions, on the other hand, do not object to the six-step range for the white collar units proposed by the personnel directors, but continue to stand in firm opposition of the proposed method of converting to a six-step range. They also maintain that this conversion be negotiable, rather than mandated by statute.

In view of the reactions of both the personnel directors and the unions on appropriate salary structures as expressed in the Department's report, your Committee believes that further discussions between both parties and the Legislature is necessary to determine the most efficient and equitable means to revise and restructure the public employee salary structure to accommodate the impact of collective bargaining in the public sector. Your Committee understands both the unions and the personnel directors represent opposing interests, and that only through continued meetings and deliberations will an agreement be worked out to accommodate all persons involved. Your Committee, therefore, recommends that:

1. The employer group and the employee unions be requested to continue discussions and agree to an acceptable method of restructuring appropriate salary structures before the convening of the 1978 legislative session.
2. That your Committee on Human Resources continue to monitor the proceedings and encourage early agreement to an appropriate salary structure for the future.

Signed by Senators Toyofuku, Young, Chong, Taira, F. Wong, R. Wong, Yamasaki, Anderson, Henderson and Soares.

Spec. Com. Rep. 6

Your Special Committee on Kohala Task Force, appointed to review KTF projects and the loans made by the KTF during the Interim of 1976 begs leave to report as follows:

The Kohala Task Force was created by gubernatorial executive order in June, 1971, in response to House Concurrent Resolution No. 60. This action was in response to Castle and Cooke, Inc.'s announcement that the Kohala Sugar Company would phase out its operations by 1973 which would result in the loss of some 500 jobs representing the economic base of the Kohala Community.

The main objective of the KTF has been to avert mass unemployment and insure economic survival of the Kohala community.

In 1972, the Hawaii State Legislature appropriated \$4,650,000 for economic development in the North Kohala District through Act 197. The County of Hawaii appropriated \$1,800,000 to be expended by the Task Force.

Subsequently, the North Kohala Loan and Grant Program was established by the State Department of Agriculture. Under this program, loans have been approved and disbursed to Kohala Nursery, Inc., Hawaii Biogenics, Ltd., Orchids Pacifica, Inc., Kohala Plastics, Inc., and Pacific Hay, Inc.

During the interim of 1975, appropriate legislative committees, including the Senate Committee on Economic Development, reviewed these projects and the loans made by the KTF, and subsequently recommended that an examination be made of their business operations, and a study be made of their relationships to the KTF and the Department of Agriculture. On March 29, 1976 an audit agreement was made between the President of the Senate and an independent CPA (Patrick Okawaki) in response to these recommendations.

The companies audited as a result of this agreement were:

1. Hawaii Biogenics, Ltd.
2. Kohala Plastics Industries, Inc.
3. Orchids Pacifica, Inc.

The objectives of the audit were as follows:

1. To evaluate the adequacy with which each of the three companies has managed and controlled its finances.
2. To review and ascertain the propriety of selected financial transactions.

The body of this report includes findings of the independent auditor in conjunction with the findings of your Special Committee on Kohala Task Force on the above stated projects.

FINDINGS AND RECOMMENDATIONS RELATING TO TASK FORCE PROJECTS

A. KOHALA PLASTICS INDUSTRIES, INC.

Kohala Plastics produces plastic drip irrigation components. The company was incorporated under the laws of the State of Hawaii on September 26, 1972 with a capitalization of \$1,000, evenly distributed among the President, Vice President, and Secretary-Treasurer. Since the initial disbursement made in November, 1974, KTF loans have totaled \$300,000.

Summary of Findings:1. The required equity contribution of \$57,799 is deficient

Equipment and molds included as part of the 1974 equity claim, but not yet received by the company at the time of the legislative audit was valued at \$20,600.

In addition, equipment valued by Kohala Plastics at \$17,400 has been assigned as value by the independent auditor of \$6,000; an overstatement of \$11,400.

Recommendation

Your Committee recommends that the Department of Agriculture carefully review and conduct a strict accounting of the company's equity contribution.

2. Equipment fully paid for by the company has not been delivered by its affiliate

Equipment mentioned in the above section, valued at \$20,600 was ordered from Chula Plastics, Inc., but has not yet been received. Chula is owned by Mr. Harry Olson, who is one of the principal investors in Kohala Plastics.

In addition, equipment not included as an equity contribution, valued at \$3,600 has not been received from Chula Plastics.

Recommendations

Your Committee recommends that:

- a. Kohala Plastics exert every effort to obtain the equipment that has been paid for, and should discontinue the practice of advancing funds to its affiliate, Chula Plastics.
- b. The Department of Agriculture take a stronger monitoring role to insure that the KTF funds appropriated are properly utilized.

3. Excessive salary was paid to an officer

The salary for Harry Olson, President of Kohala Plastics, was set at \$1,450, on a half-time basis. This salary, although approved by the State, is relatively high for a company that was far from generating revenue and cash flow.

From November 1974 to March 15, 1975, Mr. Olson was paid the approved salary. However, from March 16, 1975 through July 31, 1975, he was paid consultant fees at a rate of \$1,450 per month. According to the former bookkeeper, this was done to prevent payroll taxes from being withheld.

Recommendations

Your Committee recommends that:

- a. The Department of Agriculture review and monitor the salary structure more closely.
- b. Kohala Plastics refrain from processing consultant fee payments through the payroll journal.

4. Unpaid Wages Resulting from Poor Management

Although the company could not meet its payroll requirement of \$21,149, it continued its operations for several more weeks between August 16, 1975 and October 3, 1975. During this period the company was not able to meet the \$20,249 payable to 37

employees. This amount remained unpaid at the time of this audit. In addition, an accrual of \$900 for Harry Olson's salary remained unpaid.

5. Excessive Use of Travel and Entertainment Expenses

The term loan agreement executed between the company and the KTF contains a condition that the company will not "charge or spend more than \$2,500 annually for entertainment, travel, promotional, public relations and other related expenses for the first two years." This amount was subsequently increased to \$12,000 by the Department of Agriculture, because Olson, a resident of California, was expected to assume a more active role.

The travel and entertainment expenses for the period from November, 1974 to September 30, 1975 totaled \$9,033. Of this amount, \$7,414 was charged to Mr. Olson.

Had the State required the company to employ a resident of Hawaii, in place of Mr. Olson, the \$2,500 budgeted for travel and entertainment might then have been sufficient. This could have assured the company and the State better utilization of limited financial resources.

6. Marketing Potential Misjudgement

Kohala Plastics have over-estimated the market for its products; particularly for drip irrigation components. While the company estimates the total purchases in 1976 for drip irrigation components to be about \$200,000, local sugar industry officials project an estimate of \$180,000. Because sugar companies purchase irrigation components on a competitive low-bid basis, and because there are two other manufacturers of this type of equipment based in Hawaii, Kohala Plastics is in no way assured of meeting its projected sales.

Kohala does not lend itself as an ideal location for a plastic manufacturing plant, as raw materials must be imported and finished products must be exported.

Despite expenditures of \$451,756, total sales as of December 31, 1975 were only \$26,309. It should be noted that advertising has been given a low priority in relation to salaries, commissions, travel and entertainment. Perhaps if more priority was given to advertising, total sales would be improved.

Recommendation

Your Committee recommends that:

The operations and market potential be re-examined by the KTF before any additional funds are expended.

7. High Volume of Disbursements to Officer and Affiliate

According to the company's records, \$154,784 were expended to or for Harry Olson and Chula Plastics, Inc., from November, 1974 to September 30, 1975. This amount represents 47% of the \$329,820 disbursed by the company during this period and includes the following: purchase of tools and equipment from Chula Plastics, Inc., of \$64,520; purchase of molds from Chula Plastics, Inc., of \$45,220; advanced to Chula Plastics, Inc., of \$16,600 for the undelivered MJ-25 press and surface grinder; salaries to Harry Olson of \$12,900 and \$7,414 for travel and entertainment expenses.

8. Accounting Mismanagement

a. Lack of Accounting Records

The company's financial statements for the period January 1 to December 31, 1974 were examined by an independent certified public accountant firm. The auditors did not express an opinion on the accuracy of the financial statements at December 31, 1974 for the following reasons:

"The Company's records supporting certain transactions relating to operations from inception (September 26, 1972) to December 31, 1973 could not be located and, therefore, were not available to us. Also, records relating to the cost of certain molds and machinery acquired from an affiliated company were not available. The Company's records do not permit the application of adequate alternative procedures regarding these items."

The accounting records described above were also not available for the independent auditor's examination.

b. Poor Condition of Accounting Records

The Company's accounting records for the period November, 1974 to December 31, 1975 were not satisfactory for the legislative audit. The entries in the cash receipts and disbursement journals were recorded in pencil and the monthly totals for the period January to September, 1975 were summarized on a worksheet. Adjustments without audit trail were made on this worksheet and the results for all accounts were then posted to the general ledger. The transactions for the period October to December, 1975 were recorded on worksheets and those totals were posted to the general ledger. Accounting functions were assigned to a person with very limited accounting training and experience.

Recommendations

Your Committee recommends that:

- a. Entries be in ink and postings be directly recorded into the general ledger from the journals. Any adjustments should be properly recorded in the general journal with appropriate explanations.
- b. Kohala Plastics, Inc., retain the services of a person who is capable of properly maintaining all accounting functions.

9. Overstocking of Finished Goods Inventory

According to the Company's records, the finished goods inventory of plastic items has a cost of over \$40,000 as of December 31, 1975 and the market value is in excess of \$100,000. This inventory included two to ten year supplies of several items and three items with no value. Because the company does not have a cost accounting system, there is no means of testing the unit prices.

The inventory at the time of the legislative audit was not stored to facilitate the verification of the individual quantities.

Without a cost accounting system and an experienced accountant, it is difficult to reasonably test the accuracy of the value of the finished goods inventory, as well as the financial statements prepared by the company.

Recommendations

The company install a cost accounting system and retain the services of an experienced accountant to maintain its accounting records.

The company conduct market studies before producing items for its finished goods inventory.

B. ORCHIDS PACIFICA, INC.

Orchids Pacifica produces cut hybrid orchids for export to the mainland. The company was incorporated under the laws of the State of Hawaii on October 24, 1973. Since the initial disbursement in August, 1974, KTF loans have totaled \$865,000. The firm has been reorganized under the direction of an unpaid consultant, Mr. Minoru Hirabara, who has developed a marketing plan to produce an income of \$85,000 by the end of the firm's fiscal year.

Working with First Hawaiian Bank, Mr. Hirabara has developed a pro-forma statement and the bank has conditionally agreed to release \$298,000 in loan funds, in monthly installments as soon as the most recent KTF loan of \$250,000 has been exhausted. The KTF loan was conditional on financial participation by the bank.

Summary of Findings:

1. The orchid plants contributed as equity contribution are overvalued.

The required equity contribution was to total \$150,000. The equity contribution consisted of \$27,386 and plants valued at \$122,614. Only one appraisal of the value of the plants was submitted. According to other orchid growers in the community, three or four appraisals by leading orchid growers should be obtained to determine

a fair value of the contributed plants.

The legislative audit revealed that the appraiser claimed to have used three catalogs as a part of his basis of the appraisal. According to two of these catalogs, discounts of 10% to 30% were offered that were not included in the appraisal. Based on these discounts, an overstatement of \$36,649 was made in the value of the orchid plants.

Recommendation

Your Committee recommends that:

The Department of Agriculture obtain a second appraisal of the orchid plants and make it mandatory that all future in-kind contributions for State programs be accompanied with amounts submitted by at least two independent appraisers.

2. Salaries paid to the officers were excessive

The salaries paid to the officers, ranging from \$750 to \$2,000 per month appear too high for a beginning venture, especially when the company was not generating any income or cash flow from plant sales.

Recommendation

Your Committee recommends that:

The Department of Agriculture should review any future salary structures of the company officers.

3. The purchase of construction materials two years in advance is of questionable efficiency

In 1974, the company purchased construction materials for two saran hothouses totalling \$104,795. Only one hothouse has been built. According to the officers of the company, the volume purchase of materials was made in order to obtain a better price. Although in most cases, this practice would make good business sense, in this instance, approximately \$52,000 of badly needed funds was tied up in material for almost two years.

4. Laboratory which may not be used was constructed

The company constructed a laboratory and purchased equipment and supplies for the purposes of germinating orchid seeds in flasks. The total cost amounted to \$56,411. It has since then been discovered that seeds do not germinate satisfactorily in Kohala, so the company plans to purchase their seedlings instead.

Recommendation

Your Committee recommends that:

The company conduct proper testing with the assistance of the University of Hawaii College of Tropical Agriculture before embarking on any major project in orchid culture.

5. Heavy equipment which could have been rented because of temporary or sporadic use was purchased

The company purchased heavy equipment totalling \$19,623. Two pieces, the payloader and the bulldozer, are inoperable. This equipment could have been rented or leased as the need arose without sacrificing badly needed funds. Plans are now being made to sell this equipment and rent as the need arises.

Recommendation

Your Committee recommends that:

The Department of Agriculture critically review all equipment purchased requests received from all companies funded under the KTF.

6. Purchase of goods and services were poorly controlled

As of September 30, 1975, the company had accounts payable of \$33,985. This amount

was paid after additional State funds of \$155,333 was deposited to the company's account on April 14, 1976. The \$155,333 is part of the \$250,000 loan request submitted by the Task Force on November 26, 1975.

Recommendation

Your Committee recommends that:

The Department of Agriculture initiate a purchase order system for the company which provides for approval from authorized State representative before any purchase is honored.

C. HAWAII BIOGENICS, LTD.

Hawaii Biogenics is an integrated feedlot and farming complex. The company was incorporated under the laws of the State of Iowa on July 17, 1973. Since the initial disbursement, made in October, 1974, KTF loans totalling \$1 million have been made.

The company has incurred a corporate debt of some \$3 million. Because the firm's management could not agree on a voluntary plan of reorganization, the State placed the company in voluntary bankruptcy on January 16, 1976, under Chapter 10 of the Federal Bankruptcy Act. The court-appointed receiver has devised a plan for re-purchased stock to be offered to Big Island ranchers and creditors as a means of satisfying some of the firm's debts.

Summary of Findings:

1. Incorporators' stock issued for insufficient consideration

According to the minutes of the April 17, 1973 meeting which was held by the organizers of the company prior to incorporation, 200,000 shares of common stock with par value of \$1.00 per share (now 800,000 shares resulting from a four for one stock split in January, 1975) were issued as follows:

<u>Name</u>	<u>Office</u>	<u>Capitol Stock Issued (Shares)</u>
Kenneth L. Butters, Sr.	President & Director	58,333
Jack Caple	Vice President & Director	58,334
David L. Brodsky	Secretary & Director	25,000
Richard Metcalf	----	58,333
		200,000

The 25,000 shares shown for David L. Brodsky were issued in the name of the Iowa law firm of Stewart, Garrett, Hearney, Jones and Brodsky, now known as Stewart, Heartney, Brodsky, Thorton and Harvey. These shares were issued for "...services rendered in the legal aspects of the financial and organizational planning of the company." The shares issued to Kenneth L. Butters, Sr., Jack Caple and Richard Metcalf were issued for their knowledge and experience in their respective fields, as well as for time expended by them in organizing the company.

According to the audit workpapers of the company's auditors, on December 10, 1974, Mr. Caple stated that the law firm "could probably substantiate some of the time and value of services, however, he felt that he and the other two individuals could not account for time and value." Based on this statement, the auditors recommended that the capitalization of \$200,000 for the 200,000 shares be eliminated. The entire \$200,000 was eliminated during the audit of the September 30, 1974 financial statements. However, the 200,000 shares, now 800,000 shares, remained in the hands of the stockholders at the time of this audit.

On December 23, 1974, Jack Caple initiated action to include the \$166,000 loan from Pioneer as equity contribution. According to the company's records, currency of \$400 was deposited on January 13, 1975 for the credit of "Pioneer Stock Purchase" and the statement of receipts from stockholders of \$504,709 was issued on January 16, 1975.

On April 30, 1975, Pioneer agreed to include the \$166,000 loan in an agreement with the company "to induce the Bank of Hawaii to make...the loan, authorized to be made to Hawaii Biogenics, Ltd., by authorization of SBA dated March 26, 1974..." According to a Bank of Hawaii official, the SBA loan was subsequently cancelled because of the problems faced by the company.

On October 8, 1975, D. Ross Porter, attorney for Pioneer, wrote to John Farias, Jr., Chairman of the Board of Agriculture, stating that the original stock was received as a gift and that no consideration passed from Pioneer to Hawaii Biogenics, Ltd., for the subsequent 400 shares of split stock.

On April 22, 1976, we ascertained that the \$400 deposited on January 13, 1975 was contributed by Jack Caple from his own personal funds.

In response to the independent inquiry regarding the ownership of the aforementioned stock, D. Ross Porter, on May 7, 1976, stated that Pioneer had not, to date, refused or returned the stock was procured by Mr. Caple, Biogenics and its officers and directors. He further stated that, "...now that the information in your letter is in our hands and a glimmer of what acutally transpired has begun to emerge, Pioneer has no desire to retain these 400 shares. Accordingly, by copy of this letter I am surrendering Certificate No. 80 evidencing 400 shares of Biogenics common stock standing in the name of Pioneer Hi-Bred International, Inc., to Mr. Frazier as Receiver of Hawaii Biogenics, Ltd., for cancellation or reissue to those persons, other than Pioneer who are entitled to them."

It is difficult to understand how only 100 shares of common stock would permit a loan of \$166,000 by that stockholder to qualify as equity contribution especially when the loan is made before the issuance of the stock. The return of the stock certificate by Pioneer indicates that it was never a bona fide stockholder. This means that the company was about \$161,000 short of meeting its \$500,000 equity contribution.

Recommendation

Your Committee recommends that:

The Department of Agriculture carefully review and conduct an accounting of the company's equity contribution.

Several legal questions arise. The first is whether any laws of the State were violated when the 200,000 shares were determined to be issued without sufficient consideration being paid in. The second is whether any Iowa laws regarding issue of stock without sufficient consideration were violated. The third is whether the creditors of the company have recourse to these stockholders for the deficiency in the amount paid in. The last is whether the stockholders, if they return their stock, are absolved of any liabilities to the creditors.

The State should pursue the legal questions arising from issuance of the 200,000 shares without sufficient consideration being paid in by the holders of these shares.

2. Deficiency in Equity Contribution

The company had been required to receive \$500,000 from stockholders in cash equity before the loans from the State and the County were to be released. Cash equity as defined by the Department of Agriculture includes "common stock, convertible debentures issued to stockholders and/or loans from stockholders." The loans from stockholders were to be subordinated to the SBA loan for which an application was made.

The cash equity from stockholders as of December 31, 1974 accepted by the Department of Agriculture totaled \$504,709. This amount included a loan of \$166,000 from Pioneer Hi-Bred International, Inc. (Pioneer).

After the company's auditors eliminated the \$200,000 of common stock issued to the incorporators, the company's equity contribution was short by this amount. To make up part of this shortage, on December 16, 1974, a non-interest bearing promissory note in the amount of \$166,000 payable on demand to Pioneer on or after June 15, 1975 was issued by Jack Caple, as Vice President of the company. This amount was deposited by wire transfer with the Bank of Hawaii, Kohala Branch, on December 19, 1974.

During the summer of 1974, the \$166,000 was then requested by Hawaii Biogenics, Ltd., for operating capital to fulfill the terms of a contract with Pioneer to grow seed corn in Hawaii.

Subsequently, with a transmittal letter dated December 20, 1974, stock certificate number 44 was issued to Pioneer for 100 shares. It was sent under Jack Caple's signature as "...only a small token of our sincerity and appreciation of everything

Pioneer has done for us in the past..." The stock certificate was also dated December 20, 1974.

3. Violations of Conditions of Loan Agreement

On June 13, 1974, the company, the State and the County executed a term agreement for a \$1 million loan. One of the conditions of this agreement was that the company would not guarantee or endorse loans of officers, directors, employees, stockholders and others without the prior written consent of the State and County. On December 10, 1974, Jack Caple, as Vice President of the company, signed five notes totaling \$13,000 as co-maker for loans from the Kohala Federal Credit Union to employees of the company without written consent from the State or County.

Another condition of the agreement was that the company would not borrow additional funds from any source without prior consent from the State and County. On February 10, 1975, Kenneth L. Butters, Sr., Jack E. Caple, and stockholders Richard Metcalf and Robert H. Kuhrt signed a promissory note for \$73,320 payable to the Kohala Federal Credit Union.

According to the State Farm Loan Officers, these violations were verbally called to the attention of the company. The company's contention is that these transactions occurred prior to the release of the State funds and the Department of Agriculture accepted this explanation without verifying the dates. The company's accounting records show that the first increment of State funds was received on October 18, 1974 and the commitment not to violate the conditions of agreement for a loan was made on June 13, 1974. Both of these dates are prior to the transactions.

Recommendation

Your committee recommends that:

The Department of Agriculture take stronger measures than a verbal reminder that the company violated the conditions of the loan agreement.

4. Common Stock Issued for Commission Not Fully Earned

On October 10, 1974, the Board of Directors approved a motion to issue Richard Metcalf \$45,000 worth of company stock for negotiating a contract with Pioneer to grow seed corn, as mentioned earlier in this report.

These shares should have been issued as earned. According to the auditors' working papers the estimated sales from this contract was \$1,125,000 and the \$45,000 represented 4% of estimated sales. According to the records of the company, agronomy sales to Pioneer totaled \$376,396. Based on these factors, the most that should have been issued was stock valued at \$15,056. Thus Richard Metcalf received stock valued at approximately \$30,000 for which he was not entitled to or which was only partially paid for.

Recommendation

Your Committee recommends that:

The company refrain from making advance payments of this nature. We further recommend that stock be used or cash be disbursed only as they are actually earned.

5. Purchase of a Cadillac

A 1975 Cadillac was purchased for use by Kenneth L. Butters, Sr. It was purchased for \$9,055 and later sold for \$6,850. The recorded depreciation for the auto is \$1,134, so there is a loss of \$1,071 on the sale of the Cadillac.

A Cadillac is a non-essential item for operations in Hawaii. It is also an unnecessary luxury in an enterprise that is in its developmental stage.

Recommendation

Your Committee recommends that:

The company invest its funds only in items necessary to its farming operations and the Department of Agriculture should monitor more closely the purchase and sales of equipment by the company.

6. Excessive Salaries Paid to Officers

The term loan agreement with the State, dated June 13, 1974, contains a condition that the company will not "pay more than \$3,500 per month in cash for salaries, including bonuses, to its stockholders, officers and key personnel..." According to the company auditors' workpapers, Jack Caple received a monthly salary of \$3,000 for the months of July, August, and September, 1974 while Kenneth Butters, Sr., received a monthly salary of \$2,500 for the same period. The salaries for these two officers total \$5,500 which exceeds by almost 60% the \$3,500 contained in the term agreement.

Recommendation

Your Committee recommends that:

Officials of the State who are responsible for monitoring the company critically and continuously review the salary structure and take appropriate actions.

7. Extensive Utilization of Travel and Entertainment

There was extensive use of the travel and entertainment expense account during the early months of the company's existence.

Prior to December 31, 1974, disbursements for travel and entertainment were posted directly to the expense account making it relatively simple to determine the parties making charges. After this date, charges were processed through the Purchase Journal. With the use of the Journal, the audit trail became very poor because upon payment, the invoices were removed from the accounts payable file and filed according to payments without indication in the Purchase Journal as to which checks were used for payments.

Recommendations

Your Committee recommends that:

The company install an accounting system which has all the necessary accounting check and control features and moderate its use of the travel and entertainment expense account.

8. Large Consulting Fees to Officers

During the early months of the company's existence large consulting fees were paid to the organizers of the company. Expenditures for consultation to April, 1975 totaled \$43,072 including per diems as high as \$300.

Recommendation

Your Committee recommends that:

The Department of Agriculture review the financial statements submitted by applicants who participate in future State programs for possible elimination of excessive and non-essential expenditures.

9. Poor Condition of Accounting Records

At the time of a company audit in October 1975, it was pointed out to the Board of Directors that the accounting system, and the system of internal controls were poor. No accountant was on the staff; the accounting records were in poor condition; and inconsistencies existed in the recording of various expenses.

These same conditions existed during the recent audit carried out by the independent auditor. The company was in the process of arranging for its auditors to revise the accounting and internal control systems during the close of their examination.

10. Poor Control Over Purchasing of Goods and Services

The records of the company show that accounts payable totaled \$861,057 in January 16, 1976. To build an obligation to such an amount during a period when State and County loans were the major source of funds, there was apparently a total lack of control over the purchasing of goods and services. Creditors may have assumed that they would eventually be paid because the company which was receiving State funds could have taken advantage of that fact.

The balance in the company's checking account at January 16, 1976 was approximately \$8,500. This coupled with the fact that the average monthly revenue, according to the company's records for the six months following September 30, 1975, was about \$30,000 do not present a pleasant financial situation.

Recommendation

Your Committee recommends that:

The Department of Agriculture initiate a purchase order system which requires approval from an authorized State representative before any purchase by the company is honored.

SUMMARY

In conclusion, your Committee finds that the Department of Agriculture staff assigned to the KTF has been remiss in monitoring: (1) equity and in-kind contributions; (2) expenditures and; (3) salaries. This has resulted in questionable fund allocations and approval of unjustifiable project expenditures, on the part of the KTF.

The manner in which the Department of Agriculture handled the fiscal management of KTF project loans and grants resulted in unjustifiable project expenditures. This is of particular concern to your Committee, as the Department of Agriculture was previously cited by the Legislative Auditor (Report No. 72-2) for similar laxity and negligence in the management of the Farm Loan Program. It is your Committee's contention that if the Legislative Auditor's recommendations had been followed, problems such as those identified in this report would have been avoided.

In response to the findings of this report your Committee makes the following recommendations:

1. That the Attorney General, representing the State as a major creditor of KTF projects, investigate and commence necessary legal proceedings to recover misspent funds from the projects reviewed in this report.
2. That the Attorney General from his investigation determine whether there was any criminal liability involved in the representations made for the applications of loans, or the management and control of finances for the KTF projects reviewed in this report and take necessary legal action if it is so discovered.
3. That no further funds be expended for either the Kohala Plastics or Orchids Pacifica projects reviewed in this report.
4. Your Committee recognizes the desire, on the part of ranchers and other growers, for a feed lot operation on the Island of Hawaii and therefore does not recommend an absolute law on loans to Hawaii Biogenics. However, your Committee recommends that caution and careful analysis be exercised in considering any future requests for additional state fund allocations for this particular project.
5. Your Committee recommends that the KTF be terminated as the supervisory and granting body of Kohala Task Force projects.

Signed by Senators Kawasaki, Hulten, O'Connor, F. Wong and Henderson.

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on H.B. No. 1297

The purpose of this bill is to modify the Governor's Committee on the Employment of the Handicapped to broaden its scope to address the broader needs of handicapped persons.

The legislature finds that handicapped residents of the State of Hawaii have many needs which have gone unaddressed, and which require appropriate attention and action. The Governor's presently existing Committee on the Employment of the Handicapped addresses some of the matters of crucial importance to handicapped citizens of the State. However, the limited scope of that committee restricts the fuller confrontation of the problems of the handicapped, which are otherwise presently not systematically nor comprehensively considered.

By virtue of this Act, the Committee on the Employment of the Handicapped, which was established by executive order, is redesignated as the Commission on the Handicapped and shall assume the functions prescribed by this Act.

The functions of the Commission on the Handicapped will include but shall not be limited to:

1. Reviewing and assessing the problems and needs, and the availability, of adequate services and resources for the handicapped in the State of Hawaii with regard but not limited to employment, education, health, social services, recreation, civil rights, public facilities, housing, vocational training, and rehabilitation.
2. Advising and making recommendations to the State and the counties on matters relating to the handicapped and on matters which affect the handicapped, including legislative matters.
3. Develop short- and long-term goals in fulfilling the needs of the handicapped, to be undertaken by the Commission in facilitating the coordination of services and programs for the handicapped.
4. Educating the public on the problems, needs, potentials, and rights of the handicapped through affirmative public education programs.
5. Seeking and receiving funds and other forms of assistance from public and private sources to be used in providing improved circumstances for the handicapped in Hawaii.

Your Committee on Conference has amended Section 2, Page 2, Line 12 to read:

" . . . The members of the commission shall include at least nine persons who are either handicapped persons representative of various handicapping conditions, parents, or guardians of handicapped persons and shall also include the directors of health"

This amendment was done in order to clarify language in the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1297, S.D. 1, as amended herein and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1297, S.D. 1, C.D. 1.

Senators Toyofuku, R. Wong and Soares
Managers on the part of the Senate

Representatives Segawa, Aki, Shito, Ueoka and Sutton
Managers on the part of the House

Conf. Com. Rep. No. 2 on H.B. No. 1678

The purpose of this bill is to make improvements in various aspects of the State Home Renovation and Rehabilitation Program established by Act 178, Session Laws of Hawaii, 1976; and to allow dwelling unit purchasers under State or county housing programs to sell or transfer their units subject to restrictions in effect at the time of their sale or transfer.

This bill authorizes the Hawaii Housing Authority to utilize participation loans in conjunction with housing rehabilitation and renovation efforts. Your Committee feels that the usage

of participation loans will "increase" the total amount available without drawing upon limited State financial resources. In this way, the amount appropriated to this program will have a multiplying effect through the use of resources from the private sector.

Additionally, this measure proposes to ease the plight of the elderly faced with deteriorating dwelling units which the Statewide Housing Study (Daly and Associates, January 1977) makes specific reference to. Certain exemptions would be provided to a borrower who is aged 55 years or older and who is making a loan of \$3,500 or less. Specifically, these exemptions include submittal of plans and specifications; performance of work under licensed supervision; and execution of a mortgage securing the loan. Instead, loans made to these elderly would require the following: a written statement, cost estimate, and evidence of a building permit; inspection of the premises by the Authority before and after renovation work (a \$50 fee may be deductible from the loan); and provision to the Authority of a chattel mortgage on personal property.

Furthermore, any fees charged for counseling services may be included as part of a home rehabilitation or renovation loan.

This bill also includes a new section to be added to Chapter 359G, Hawaii Revised Statutes. The "buy-back" clause as imposed by the Authority has been amended several times since its inception, thus creating eight different "buy-back" clauses with differing specific provisions. The intent of this provision is to allow purchasers who are bound by previous "buy-back" clauses to modify existing contracts by incorporating the most recent "buy-back" provision. This would provide equity to all purchasers of State and county housing units.

Upon consideration of this bill, your Committee has made the following amendments to SECTION 5 of H.B. No. 1678, S.D. 1:

1. A new subsection (a) has been added to clarify the intent and purpose of this section.

2. Subsection (b) of S.D. 1 has been deleted. Mandating that new restrictions or provisions be applicable to all dwelling units would lead to two major constitutional problems: (1) alienation of property rights; and (2) impairment of obligation of contract.

3. The following changes have been made to subsection (c):

1) After the word "restrictions" on line 19 of page 6, the words "made by law, ordinance, rule or regulation" have been added to clarify which restriction changes would be applicable under this section.

2) page 6, line 19 - The time period of "ninety days" has been extended to "one hundred eighty days".

3) page 6, line 20 - The word "section" has been changed to "Act".

4) The sentence beginning on line 3, page 7, has been reworded and has been made a separate subsection (c).

It is the intent of your Committee that this subsection apply only to "buy-back" restrictions imposed and not to any other restrictions involving time periods. For example, the interest on purchaser's equity, as provided for in Section 359G-9.2(a), Hawaii Revised Statutes, would be calculated from the date of latest purchase.

5) The sentence beginning on line 5, page 7, has been reworded and has been made a separate subsection (f).

4. Subsection (d) has been amended to require that written permission also be obtained from the owner of the fee simple or leasehold interest in the land underlying the unit, as the holder of a duly-recorded first mortgage of the dwelling unit need not necessarily be the same holder as that of the fee simple or leasehold land underlying the unit.

5. Other technical and language changes have been made without change in substance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1678, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1678, S.D. 1, C.D. 1.

Senators Young, R. Wong and Henderson
Managers on the part of the Senate

Representatives Shito, Aki, Segawa, Ueoka, Ushijima and Narvaes
Managers on the part of the House

Conf. Com. Rep. No. 3 on H.B. No. 833

The purpose of this bill is to add a new section to Chapter 188, Part II, Hawaii Revised Statutes, to prohibit persons engaged in net fishing from holding fish within nets underwater for more than 4 hours, and to provide for penalties for any violations thereof.

Under this bill, reasonable inspection of the gill nets would be required so that there is less threat to such marine life as marine turtles, berried crustaceans and other aquatic life that become caught in the nets. Gill net fishing, as commonly practiced in our nearshore waters, involves the setting of the net in the late afternoon or at dusk for subsequent "soaking" overnight. It is generally uncommon for the fish caught in the net to be held in the gill nets underwater for a period as long as 24 hours. Most fishermen, therefore, comply with the purposes of this bill. However, there is concern that other marine and aquatic life may unnecessarily perish if frequent inspection of the nets is not assured. Frequent inspection of the gill nets is intended to mean inspection only, and not the requirement that the nets have to be pulled up out of the water.

Your Committee upon further consideration has made the following amendment to H.B. No. 833, H.D. 1, S.D. 1: Section 188- is amended to make it unlawful for any person engaged in gill net fishing to leave his net unattended for a period of more than twelve hours.

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.

Senators F. Wong, Hara and Soares
Managers on the part of the Senate

Representatives Kawakami, Inaba, Larsen, Lunasco, Toguchi and Carroll
Managers on the part of the House

Conf. Com. Rep. No. 4 on S.B. No. 577

The purpose of this bill is to amend Chapter 291, Hawaii Revised Statutes, by adding a new section to control motor vehicle muffler noise. The new section would prohibit the selling, buying, transferring, using or installing of a muffler or device which amplifies or increases noise emitted from a motor vehicle above that emitted by the original exhaust system.

Your Committee, for clarity, has amended the bill to specify that prohibitions shall apply to muffler use on a public highway, added altering to the prohibitions, and deleted references to buying, transferring, exhaust systems and devices. Your Committee also has reduced the maximum fine applicable to a violation under this section from \$2500 to \$250.

It is the intent of this bill that any violation of this section shall not be a misdemeanor but shall constitute a violation as defined in Section 701-107, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 577, 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. 577, S.D. 1, H.D. 1, C.D. 1.

Senators King, Chong, Nishimura and Soares
Managers on the part of the Senate

Representatives Blair, Caldito, Larsen, Lunasco and Fong
Managers on the part of the House

Conf. Com. Rep. No. 5 on S.B. No. 1202

The purpose of this bill is to qualify the State of Hawaii to participate in the benefits of Public Law 93-205 (Endangered Species Act of 1973) by amending various sections of Chapter 195D of the Hawaii Revised Statutes.

Your Committee has amended the bill by deleting all proposed amendments to Section 195D (b) with the exception of the addition of the words "or threatened" on page 4, line 2.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1202,

H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1202, H.D. 1, C.D. 1.

Senators Nishimura, King, Hulten, F. Wong and George
Managers on the part of the Senate

Representatives Blair, Garcia, Inaba, Kawakami, Larsen and Carroll
Managers on the part of the House

Conf. Com. Rep. No. 6 on S.B. No. 1209

The purpose of this bill is to establish a program to stimulate and coordinate the development and growth of aquaculture into a major industry in Hawaii. The effect of this bill is to provide for the planning and coordination of aquaculture in Hawaii, as well as provide assistance to aquaculturists.

Your Committee upon further consideration has made the following amendment to S.B. No. 1209, S.D. 1, H.D. 1, by including a "drop-dead" clause for the Aquaculture Advisory Council, to be set for June 30, 1979.

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.

Senators Yim, Yamasaki and George
Managers on the part of the Senate

Representatives Kawakami, Lunasco, Morioka, Toguchi, Uechi and Fong
Managers on the part of the House

Conf. Com. Rep. No. 7 on H.B. No. 1062

The purpose of this bill is to empower the department of education to issue licenses, revocable permits, concessions, or rights of entry to groups or individuals within the community so that school facilities could be used by that community. The effect of this bill is to make school facilities more accessible to community groups, thereby making the school the focal point of the community.

Under this bill, procedures for obtaining the use of school facilities are streamlined by removing the need to refer all permits in excess of fourteen days to the board of land and natural resources. However, your Committee feels that there is a need to allow input from the board to assure the proper use of school facilities. Your Committee feels that this is especially essential for cases involving long periods of use.

Therefore, your Committee upon further consideration, has amended H.B. No. 1062, H.D. 1, S.D. 1 to state that all dispositions of school facilities by the department of education need not be approved by the board of land and natural resources; provided that such dispositions are not for periods in excess of a year. If applications for use of a school facility are in excess of a year, approval must be obtained from the board.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1062, 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. 1062, H.D. 1, S.D. 1, C.D. 1.

Senators Hara, Kuroda, Yim and Yee
Managers on the part of the Senate

Representatives Mizuguchi, Campbell, Kawakami, Kiyabu, Ushijima and Evans
Managers on the part of the House

Conf. Com. Rep. No. 8 on H.B. No. 193

The purpose of this bill is to waive the 30-day waiting period for the effectuation of death benefit payments under the mode of retirement selected by the member in the event that death is due to a terminal illness.

Under the present law, a member who is eligible for retirement must file an application with the retirement system not less than 30 days, nor more than 90 days from the date specified as the date of retirement. Should he die during this period between the date of filing his application for retirement and the effective date of retirement, his death is considered to have occurred while in service, and the ordinary death benefit rather than the benefit

computed under the mode of retirement elected by the member is payable. Under certain circumstances, the difference in benefits could be substantial.

Your Committee finds that while deaths do not often occur during this 30-day waiting period, the ones that do occur are usually the result of a terminal illness such as cancer. In several cases, the employee was not aware of the seriousness of his illness and therefore unable to make a timely application for retirement.

House Bill 193, as amended, would waive the 30-day waiting period in such cases where a member dies of a terminal illness, provided the member was not notified of the terminal nature of his illness more than 30 days prior to death. The effect of this provision would be to allow his beneficiaries to receive death benefits under the mode of retirement selected by the member, computed as if the member had died after the effective date of retirement.

Your Committee has amended the bill to establish two conditions which shall be met before benefits may be payable in this manner:

- 1) It is proved that the deceased member was not notified by his licensed attending physician of the terminal nature of his illness more than thirty days prior to his death; and
- 2) The licensed attending physician was aware of the terminal nature of the disease more than thirty days before the death of the member but deemed it advisable for the mental health or physical well-being of his patient not to notify him of the terminal nature of the illness.

Your Committee has amended the bill further to prescribe procedures for verifying that the above conditions have been met. The licensed attending physician shall file an affidavit containing the following information: 1) the date when the nature of the terminal illness was discovered; 2) the terminal illness involved; 3) the date when the member was notified of the nature of the terminal illness; 4) the date of death of the deceased member; and such other information required by the Retirement System Board. Additionally, a licensed physician shall be called upon to verify the cause of death as being due to the terminal disease identified by the licensed attending physician in his affidavit.

These amendments are necessary to prevent potential abuse of the provisions for waiving the 30-day waiting period established in this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 193, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 193, S.D. 1, C.D. 1.

Senators R. Wong, Toyofuku and Henderson
Managers on the part of the Senate

Representatives Stanley, Abercrombie, Kunimura, Mizuguchi, Say and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 9 on H.B. No. 512

The purpose of this bill is to establish a permanent elections staff which shall be subject to the provisions of Chapters 76 and 77, Hawaii Revised Statutes, and to accord civil service status without the necessity of examination to certain incumbent election employees.

Presently, elections staff positions are filled by temporary appointments of the Lt. Governor who is the Chief Elections Officer of the State. The duration of these appointments are limited by the Lt. Governor's term of office, thus, there is no guarantee of staff continuity from one administration to the next.

Your Committee finds that elections are a permanent activity of government and one that has become increasingly technical and specialized. Not only must they be run impartially and efficiently, but the results must be accurate and quickly obtainable. Your Committee feels that the services of persons having the knowledge and expertise which is gained through years of experience are required to perform the elections staff functions. Therefore, this bill amends Section 11-5, Hawaii Revised Statutes, by adding a provision which permits the Chief Elections Officer to employ a permanent staff subject to Chapters 76 and 77, as well as temporary election employees, none of whom shall be subject to Chapters 76 and 77, as he may find necessary.

Additionally, your Committee finds that presently, there are eight persons employed by the State who have served in the conducting of elections through one or more administra-

tions. During their tenure, they have gained the valuable knowledge and expertise essential to efficient and effective performance of the elections staff functions. Moreover, their involvement with the elections process since the creation of the statewide computerized voting system has given them very specialized experience and technical expertise. The work of these employees has been cited by election administrators across the country and has earned for Hawaii, an enviable reputation for its experiences in voter registration, bilingual registration and voting, and voting equipment. This bill allows these employees, presently occupying the following positions: (1) Director of Elections; (2) Voter Education Coordinator; (3) Voter Registration Coordinator; (4) Elections Logistics Coordinator; (5) Assistant Elections Logistics Coordinator; (6) Elections Accounts Clerk; (7) Elections Secretary I; and (8) Elections Secretary II, to be converted to civil service status within the meaning of Chapters 76 and 77, Hawaii Revised Statutes, without the necessity of examination, and to be accorded all the accompanying rights, benefits and privileges.

Your Committee has amended the bill to amend Section 76-16, Hawaii Revised Statutes, by deleting paragraph 13 which provides for the exemption of election inspectors, clerks, and other election employees from the civil service. The amendment is necessary to conform the existing statutes with the intent of the bill. Your Committee has further amended the bill by specifying in Section 3, that subsequent changes in position classification and pay of the eight employees converted to civil service status shall be made pursuant to Chapters 76 and 77. The bill previously provided that such changes shall be made pursuant to "applicable personnel laws".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 512, 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. 512, H.D. 1, S.D. 1, C.D. 1.

Senators R. Wong, Toyofuku and Henderson
Managers on the part of the Senate

Representatives Stanley, Cayetano, Say, Takamura, Uwayne and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 10 on S.B. No. 140

The purpose of this bill is to establish a method for the adjustment of compensation, hours, terms and conditions of employment, and other benefits of public officers and employees who are excluded from collective bargaining, excepting those officers and employees whose compensation presently is established by the Constitution, statutes, or county charters and ordinances, other than Chapter 77, [Civil Service] Compensation Law, Chapter 297, Personnel of Public and Private Schools, and Chapter 304, University of Hawaii.

Presently, there are no established procedures for making such adjustments for those employees who are excluded from collective bargaining. This bill provides that discretionary adjustments shall be made by the chief executives of the State or counties, and the board of regents or board of education with the approval of the governor; provided that any adjustments for excluded employees in positions which are equivalent or identical to those of public employees within collective bargaining units shall not be less than those granted to such public employees under collective bargaining agreements. This bill further establishes the parameters for making adjustments as heretofore described, and vests the final approval of and appropriations for such adjustments in the proper legislative body.

Your Committee upon due consideration has made the following amendments to S.B. No. 140, S.D. 1, H.D. 1:

(1) Adjusted compensation for all University of Hawaii personnel shall be excluded from the 95% limitation with respect to the compensation of the first deputy or first assistant. Such a limitation is inconsistent with prevailing compensation conditions at the University of Hawaii. For the purposes of this Act, adjusted compensation for University of Hawaii personnel shall be limited to 95% of the compensation of the President of the University; provided that those University personnel currently exceeding this 95% limitation on compensation shall not suffer a reduction in current compensation as a consequence of this Act.

(2) Section 78-18, [General provisions on public service] Limit on salary of employees and certain officers, is amended to conform to the provisions of this Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 140, 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. 140, S.D. 1, H.D. 1, C.D. 1.

Senators Toyofuku, Taira and Henderson
Managers on the part of the Senate

Representatives Stanley, Ikeda, Machida, Mizuguchi, Suwa and Takamine
Managers on the part of the House

Conf. Com. Rep. No. 11 on S.B. No. 1350

The purpose of this bill is to provide that public employees shall be residents of the State for at least one year immediately preceding employment under certain conditions and with certain exceptions as provided therein.

The United States Supreme Court in *Shapiro v. Thompson* refers to the doctrine of "compelling state interest" relative to the imposition of residency requirements in that particular case. Concurring and dissenting opinions of the Justices variously advance this "compelling state interest" doctrine in *Shapiro v. Thompson*, and your Committee feels that this same principle can very well be advanced in discussing this bill.

Your Committee finds that in order to maintain consistency in the State's planning for effective resource utilization, some measure of control over unplanned growth in the areas of employment opportunity and new employment must be developed. The State's "resource" of employment, particularly in the public sector, is relatively limited in comparison to that of other states in the Union; as with any other type of limited resource, it should be carefully distributed, and the distribution in this instance should be accomplished in a manner whereby the bonafide residents of the State are the primary beneficiaries.

Your Committee further finds that our State is unique among the fifty states in the Union in that its insular character serves to effectively hinder the mobility of its population. More importantly, this insular character of our State has nurtured an unprecedented type of cultural environment and particular lifestyle which may cause adjustment difficulties for our residents who may contemplate moving to other parts of the nation. These insular influences coupled with large scale in-migration encouraged by our State's perceived desirability as a place in which to live have contributed to a disproportionate increase in the growth of the civilian labor force relative to the growth of the local job market. The result is an aggravated unemployment situation in times of already high unemployment.

In view of our State situation as heretofore described, your Committee contends that there is indeed an economically compelling State interest in the mandate of this bill, the compelling interest being vested in the State's obligation to insure the comfortable economic existence of its residents now and in the future, in the absence or lack of realistic economic alternatives available to them. The limited nature of our State's resources dictates a corollarily moral obligation of our State to make a bonafide effort to carefully plan the allocation of such resources to the full benefit of its bonafide residents who contribute to the general well being of our State. Implicit in this moral obligation is the exhaustion of all efforts and remedies on behalf of bonafide residents.

With respect to the application of this Act, your Committee intends that the University of Hawaii shall insure that whenever the recruitment of academic personnel occurs, out-of-state recruitment shall be carried out only after a determination is made that the requirements of the position necessitate national recruitment, or only after in-state recruitment efforts fail to produce qualified candidates.

Your Committee upon due consideration has made the following amendments to S.B. No. 1350, S.D. 1, H.D. 2:

- (1) The phrase "application for" has been inserted after the word "their" in line 16, page 1 in order to clarify to applicants that they must be residents of the State for one year in order to be considered for employment.
- (2) The provision for the exemption of a female resident who marries a non-resident and continues to reside in the State has been expanded to apply to any resident who was a resident of the State for at least one year immediately before marrying a non-resident and who continues to reside in the State.
- (3) The residency requirement shall apply to those positions involved in the performance of services in planning and executing measures for the security of Hawaii and the United States.
- (4) The residency requirement shall not apply to those persons appointed under section 304-11; provided that APT personnel shall be residents excepting those in positions requiring highly specialized technical and scientific skills and knowledge.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1350, 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. 1350, S.D. 1, H.D. 2, C.D. 1.

Senators Toyofuku, Taira and Henderson
Managers on the part of the Senate

Representatives Stanley, Garcia, Blair, Ikeda, Kiyabu and Takamine
Managers on the part of the House

Conf. Com. Rep. No. 12 on S.B. No. 475

The purpose of this bill is to amend Act 130, Session Laws of Hawaii 1976, and Chapter 334, Hawaii Revised Statutes, to provide authority for police officers to take into custody persons who are threatening or attempting suicide and to deliver them to a psychiatric facility for emergency examination and hospitalization; to allow physicians to arrange transportation for patients to a licensed psychiatric facility for further evaluation and possible emergency hospitalization; to further protect a patient's right to privacy; and to clarify procedures relating to civil commitment to a psychiatric facility, such as service of process and notification of relatives.

Your Committee recommends that this bill be amended for technical reasons without affecting any of the substantive provisions therein.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 475, 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. 475, S.D. 2, H.D. 1, C.D. 1.

Senators Nishimura, O'Connor, Chong and George
Managers on the part of the Senate

Representatives Garcia, Naito, Nakamura, Yamada and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 13 on S.B. No. 1059

The purpose of this bill is to make various amendments to the laws relating to health care providers, the medical malpractice insurance system and medical torts in order to more effectively meet the problem of rising medical malpractice insurance rates.

Upon consideration of this measure, your Committee has made a technical amendment to Section 10 by deleting the words "and the limitation of actions for medical torts", appearing on page 13, lines 11 and 12 of the House draft.

The deleted language insulated the patients' compensation fund from liability for a medical tort claim if the statute of limitations had run on the claim. However, the language is surplusage because the section specifically limits the liability of the patients' compensation fund to damages for which a health care provider becomes "legally liable" and no legal liability would arise for a claim made after the statute of limitations had run.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1059, 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. 1059, S.D. 1, H.D. 1, C.D. 1.

Senators Nishimura, Ching, Chong, Hara, Kawasaki, O'Connor, F. Wong,
George and Saiki
Managers on the part of the Senate

Representatives Yamada, Garcia, Uechi, Ueoka, Yamada and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 14 on S.B. No. 1203

The purpose of Section 1 of the bill is to provide that no more than 25 per cent of the total voting stock of banks regulated by the Director of Regulatory Agencies under Chapter 403, Hawaii Revised Statutes shall be held or acquired by foreign corporations or nonresident aliens unless prior written approval is obtained from the Director of Regulatory Agencies.

The purpose of Section 2 of the bill is to extend the same rationale applied to banks to another important segment of the community that provides services to the public. The holding of shares of certain public utility companies, primarily those providing electricity or

gas, would also be restricted in the same manner as those of banks, with the exception that for such purposes, a foreign corporation is defined as a corporation organized without the State.

In its present form, Section 2 of the bill can be construed as applying the 25 per cent public utility voting stock ownership limitation to a combined total of all foreign corporations or nonresident aliens rather than a single foreign corporation or single nonresident alien. This interpretation would be contrary to the original intent of the bill as stated in the House of Representatives' Standing Committee Report No. 887, which was to place the 25 per cent restriction on the voting stock holdings of a single foreign corporation or single nonresident alien. To place an aggregate 25 per cent limitation on the holdings of a public utility company's voting stock could create a considerable hardship for both the public utility and the investor since corporations outside the State as a group could conceivably own more than 25 per cent of a public utility's common stock, even though the largest holdings of a single corporation is only 1 per cent or 2 per cent of the voting stock.

Accordingly, your Committee recommends that this bill be amended by clearly stating that the 25 per cent limitation on holdings of public utility voting stock be limited to any single foreign corporation or any single nonresident alien.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1203, 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. 1203, S.D. 1, H.D. 1, C.D. 1.

Senators Nishimura, Taira, Takitani and Anderson
Managers on the part of the Senate

Representatives Yamada, Cobb, Garcia, Uechi and Fong
Managers on the part of the House

Conf. Com. Rep. No. 15 on H. B. No. 678

The purposes of this bill are to amend the existing contractors recovery fund law as follows:

1. Decrease the period of time allowed for license restoration from one year to sixty days;
2. Disallow claims against the fund if the person's injury was caused by a contractor whose license was inactive at the time of the alleged injury;
3. Limit the class of persons entitled to recovery from the fund to owners or lessees of private residences, including condominiums or cooperative units, who have contracted with a duly licensed contractor for the construction of improvements or alterations to their own private residences; and
4. Increase the recovery fee assessment of contractors from \$50 to \$150 on a biennial basis.

Your Committee wishes to reiterate that the original intent of the contractors recovery fund was to protect owners or lessees of private residences and them only. The only instances where the legislature intended a person other than an owner or lessee to recover from the fund was where he might be directly affected such as in the case where a subcontractor obtains a mechanics lien after the owner or lessee has paid the contractor for such services.

Your Committee has been informed that payment has been made from the fund to persons other than owners or lessees. Your Committee directs the contractors licensing board's attention to the original intent of the legislature when paying claims out of the contractors recovery fund.

Your Committee recommends that the bill be amended by deleting Section 1 of the bill for the reason that similar provisions are enumerated in H.B. No. 680, H.D. 1.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 678, 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. 678, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong, Taira and Leopold
Managers on the part of the Senate

Representatives Yamada, Cobb, Blair, Naito and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 16 on H.B. No. 727

The purpose of this bill is to create a physician and surgeon "cooperative" that is specifically excluded from Chapter 431, Hawaii Revised Statutes. The cooperative would be an organization owned and governed by member physicians and surgeons who enter into a trust agreement to protect each other by interindemnity. "Physician" or "surgeon" means any person licensed under Chapter 453, Hawaii Revised Statutes; or any professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under said Chapter 453; or any hospital owned and operated by any person licensed under said Chapter 453, or any professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under said Chapter 453. It is anticipated that the cooperative could stabilize the cost of medical malpractice insurance. Under the cooperative, a physician or surgeon would initially contribute a lump sum of \$20,000 to become a member. The contribution held in trust would be administered by a board of trustees as custodian. Any medical malpractice judgments, settlements and administrative costs would be paid out of the earnings of the contribution. When the earnings are insufficient to cover judgments, settlements and administrative costs, each member would be subject to assessment.

The initial trust corpus shall be \$5 million which is equal to the trust corpus of the patient's compensation fund. Since the average initial contribution to the corpus per member must not be less than \$20,000, the cooperative can be operable with 250 members.

Your Committee recommends that this bill be amended by deleting the following words from the definition of "physician" or "surgeon";

"or any hospital owned and operated by any person licensed under chapter 453, or any professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under chapter 453."

Your Committee feels that this amendment is necessary for hospitals carry a greater risk of exposure to liability and to permit them to become a member of the cooperative would not be in the best interest of the cooperative, at the present time.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 727, 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. 727, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong and George
Managers on the part of the Senate

Representatives Yamada, Garcia, Ueoka, Yamada and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 17 on H.B. No. 1198

The purpose of this bill is to delete the requirement that an applicant for licensure as a degree granting institution be a non-profit educational corporation. Under this bill, the issuance of a State license would be limited to nationally accredited educational programs of Hawaii and other states.

Your Committee recommends that this bill be amended as follows:

1. Amend Section 1 of the bill by inserting the following phrase in line 12 on page 1 which was inadvertently omitted in S.D. 1:

"[or, if not accredited, that credits granted by the applicant in the specified educational program are accepted as if granted by an accredited institution by not less than three accredited institutions.]"

2. Amend Section 1 of the bill by removing the brackets in lines 2 and 3 on page 2.

3. Amend Section 3 of the bill by deleting the words "or educational institution of another state" in lines 8 and 9 on page 3.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1198, 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. 1198, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Takitani and George
Managers on the part of the Senate

Representatives Yamada, Cobb, Naito, Nakamura and Fong
Managers on the part of the House

Conf. Com. Rep. No. 18 on S.B. No. 237

The purpose of this bill is to provide for the resolution of any impasse dispute over the terms of an initial or renewed agreement involving bargaining unit 11, Firemen. Any such dispute which continues for a period of 15 days after the date of impasse shall be submitted to the arbitration procedures as established by this bill unless the parties to the dispute mutually agree upon an alternative arbitration procedure within 18 working days from the date of impasse.

This bill provides for whole package, final offer arbitration as the method of impasse resolution. This approach requires the arbitrator to select the most reasonable of the final offers submitted by the parties, and to issue a decision incorporating that offer without modification. The decision of the arbitrator shall be final and binding upon the parties; provided that at any time and by mutual agreement, the parties may modify or amend the decision. Agreements reached pursuant to the decision of an arbitrator as provided in this bill shall not be subject to ratification by the employees concerned. Your Committee notes that notwithstanding the effectuation of the arbitration process as set forth in this Act, nothing shall preclude the parties from reaching a voluntary settlement with or without the assistance of a mediator at any time prior to the conclusion of the hearing conducted by the arbitrator. Furthermore, employees covered by this whole package, final offer method of impasse resolution voluntarily relinquish their lawful right to strike by virtue of such coverage.

Your Committee upon due consideration has made the following amendments to S.B. No. 237, S.D. 1, H.D. 1:

- (1) The expiration date of July 1, 1988 has been deleted.
- (2) A Ramseyer clause has been added for the information of the revisor of statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 237, 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. 237, S.D. 1, H.D. 1, C.D. 1.

Senators Toyofuku, Taira and Henderson
Managers on the part of the Senate

Representatives Stanley, Kiyabu, Machida, Medeiros, Mizuguchi and Peters
Managers on the part of the House

Conf. Com. Rep. No. 19 on H.B. No. 817

The purpose of this bill is to change the designation of "firemen" and "policemen" to "firefighters" and "police officers" in Chapter 89, the collective bargaining law; to permit employee organizations which have been certified by the Hawaii Public Employment Relations Board as the exclusive bargaining representatives for the appropriate bargaining units to merge or to enter into an agreement for common administration or operation of their affairs without the necessity of having the organizational entity or structure resulting from such merger or agreement undergo the election and certification process; to convert to civil service status certain non-policy making staff positions in the Office of Collective Bargaining and to accord civil service status to incumbent employees in those positions without the necessity of examination.

The designation change for firemen and policemen conforms with the usage of non-sex terms in statutory language.

Your Committee finds that the merger provisions of this bill would obviate the costly activities related to special representation elections and certification procedures. Furthermore, this bill would protect the intent and purpose of Chapter 89, such as those provisions of Section 89-7 respecting open periods for purposes of filing election petitions, and would protect the contracts which are operative as a result of the law. Your Committee further finds that unions merge only after the merging parties have been authorized by the membership to extensively explore and negotiate the conditions and effects of such merger, and the resulting merged organization would more effectively function as an exclusive bargaining agent to the benefit of the participating unions and their respective members.

Your Committee further finds that the uniqueness of public sector collective bargaining negotiations demands the continuous attention of a thoroughly trained staff which is knowledgeable of the various intricacies of the current negotiating processes and requirements. The present staff of the Office of Collective Bargaining has acquired the valuable training and knowledge with which to meet these demands, and your Committee believes that this working relationship of the present staff should be preserved and continued as much as possible in the interest of facilitating and enhancing ongoing operations.

Your Committee upon due consideration has amended this bill to exempt the researcher, in addition to the chief negotiator and deputy negotiator, from the civil service law.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 817, 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. 817, H.D. 1, S.D. 1, C.D. 1.

Senators Toyofuku, Taira and Henderson
Managers on the part of the Senate

Representatives Stanley, Dods, Machida, Medeiros, Mina and Mizuguchi
Managers on the part of the House

Conf. Com. Rep. No. 20 on H.B. No. 154

The purpose of this bill is to designate geographic areas within the State for the development of regional design plans and to appropriate funds towards this end.

Your Committee upon further consideration has made the following amendments to H.B. No. 154, H.D. 2, S.D. 2 in order to retain greater flexibility in its provisions:

1. Page 4, line 23 is changed to read, "Appropriate state and federal funds, as available, may be used to match county funds to prepare the urban and regional design plans."
2. Page 5, line 3 is changed to read, "SECTION 3. There is appropriated out of the general revenues of the State of Hawaii, the sum of \$125,000 for fiscal year 1977-78 for the purposes of this Act.
The sum appropriated shall be expended by the department of planning and economic development."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 154, 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. 154, H.D. 2, S.D. 2, C.D. 1.

Senators R. Wong, F. Wong, King and Soares
Managers on the part of the Senate

Representatives Kiyabu, Dods, Machida, Mina, Stanley and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 21 on H.B. No. 155

The purpose of this bill is to amend Chapter 225, Hawaii Revised Statutes, to define a "functional plan" and to require functional plans to be adopted by the legislature by concurrent resolution.

Your Committee finds that the intent of the bill is to apply primarily to major functional plans to include, but not limited to, such plans as the Tourism Master Plan, Agriculture Master Plan, State Comprehensive Health Plan, Statewide Transportation Plan, State Housing Plan, Historic Preservation Plan and the State Comprehensive Outdoor Recreation Plan.

Your Committee also finds that several phrases of the bill require additional clarification in order that the intent of the bill is carried out. The amendment beginning on line 5 of page 3 regarding the January 1, 1977 date was considered so that plans, such as the Statewide Comprehensive Outdoor Recreational Plan, shall not be affected by this Act, but that the Housing Plan, which was submitted to the legislature in February, 1977 shall come under the purview of this Act.

It is the intention of the Committee that, in the event that receipt of federal funds could be placed in jeopardy as a result of the applicant agency's failure to comply with the provisions of this Act, the agency may proceed with the understanding that legislative approval of the particular functional plan will be sought at the next legislative session.

It is also anticipated that federal funds received by the State are more likely to apply to on-going operational or service program plans rather than functional plans. These operational or service program plans include, but are not limited to such plans as the Social Service Delivery Plan, State Correctional Plan, Public Welfare Program, Areawide Waste Treatment Management Program, and Overall Economic Development Program.

Your Committee upon further consideration has made the following amendments in the language of the bill beginning with line 23 on page 2:

"If the Legislature fails to adopt the functional plan it shall revert to the state agency of origin for revision and be resubmitted 20 days prior to the reconvening of the next session of the Legislature. Functional plans prepared and approved by the state administration and received by the Legislature on or after January 1, 1977, shall not be used as a guide or to implement state policy unless said plans shall have been approved by the Legislature."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 155, 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. 155, H.D. 1, S.D. 2, C.D. 1.

Senators F. Wong, King and Soares
Managers on the part of the Senate

Representatives Kiyabu, Machida, Mina, Mizuguchi, Say, Stanley and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 22 on H.B. No. 672

The purpose of this bill is 1) to provide for a Hawaiian Homes Commission member from the island of Molokai, 2) to provide the department with authorization to hire exempt staff for special needs, and 3) to clarify the personal liability coverage for members of the Hawaiian Homes Commission.

The effect of this bill is to 1) add an additional member to the Commission, bringing the total to eight, and increasing the County of Maui's representation from one to two members, requiring that one of the two shall be a resident of Molokai, 2) provide the department with authorization to hire short-term staff workers to aid the department in accomplishing its established goals and objectives. Personnel with advanced skills and field experience are sometimes required by the department, yet not always on a permanent full-time basis, and 3) delete the specific amount of the bond required of the Commission to furnish bond. Existing statutes already authorize the Governor to set bond requirements, making the amount given in this bill unnecessary. The addition of Commission members to this section along with the Chairman is proposed to clarify existing laws.

With respect to the Commission, your Conference Committee has amended the bill by specifying that the city and county of Honolulu's three members shall be from the Third; Fourth; and Fifth, Sixth, or Seventh Senatorial Districts. In addition to these three, there will be one member each from Hawaii, Molokai, Maui and Kauai. The eighth member shall be the chairman of the Hawaiian Homes Commission.

Also amended was the Senate's recommendation relating to the short-term hiring of staff workers. Presently, various state departments have been using ten percent of the allocated capital improvement program project funds in the planning process. Your Conference Committee is concerned with the abuse pertaining to the use of this percentage of CIP funds in that departments are utilizing these funds to maintain personnel. Your Committee has stated to the department that it will be required to furnish a project by project breakdown of the CIP usage in their next annual report.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 672, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 672, S.D. 1, C.D. 1.

Senators Young, Yim and Anderson
Managers on the part of the Senate

Representatives Kawakami, Caldito, Garcia, Lunasco, Morioka and Poepoe
Managers on the part of the House

Conf. Com. Rep. No. 23 on S.B. No. 74

The purpose of this bill is to exempt from taxation as ordinary income proceeds from

sales of developed single-family residential land, where such sales are made by organizations exempt under section 501(c)(3) or treated as an estate or trust under subchapter J of the United States Internal Revenue Code, and where sales are made to lessees of such residential lands.

Sale of residential leasehold land has not been a common occurrence in Hawaii. However, in response to the determined desire of many lessees to become fee simple homeowners, the legislature of the State of Hawaii approved Act 307 of 1967, the Land Reform Act. That Act, codified as chapter 516, Hawaii Revised Statutes, and as subsequently amended will make it possible for many lessees to acquire their lots pursuant to the power of condemnation invested for this purpose in the Hawaii Housing Authority.

The fee owners of residential leasehold lots have asserted that major conversions under chapter 516 will have a substantial negative tax impact upon proceeds they receive from such sales. It has been argued that with passage of the Land Reform Act, presence of large inventories of leased lots now available for purchase by lessees will place lessors in the position of being dealers in real estate. That judgment, if made by federal and state tax authorities, would necessitate that the lessors pay taxes on sales proceeds as ordinary income. Because the land to be sold was acquired for miniscule prices, the tax impact would be prodigious.

The Committee feels that proper construction of the facts requires that leasehold lots sales should be treated as involuntary conversion of property, and not as sales of property in the ordinary course of business, since such sales generally take place only pursuant to the threat or exercise of eminent domain under chapter 516, Hawaii Revised Statutes. Due to the important public purposes served by chapter 516, the Committee determines that taxation should not be a barrier to increasing fee simple homeownership in the State.

This bill would enable landowners meeting certain criteria to obtain capital gains tax treatment for lot sales proceeds. Further, nonrecognition of gain would be available upon reinvestment of proceeds in comparable property within the time period specified in the Internal Revenue Code. Landowners constituted as charitable or nonprofit trusts or estates would be exempt from taxation.

This Committee is aware that amendment of state tax laws will be of marginal benefit in facilitating leasehold conversion, in comparison with similar construction or amendment of the Internal Revenue Code for federal taxation. The legislature of the State of Hawaii has consistently supported such action, first in passage of Senate Concurrent Resolution No. 47 in 1975. It is this Committee's hope that federal action in support of Hawaii's Land Reform Act will be soon in coming, and that passage of this bill will demonstrate the legislature's continued support of land reform.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 74, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 74, H.D. 1, C.D. 1.

Senators R. Wong, Young and Henderson
Managers on the part of the Senate

Representatives Shito, Aki, Segawa, Ueoka, Ushijima and Narvaes
Managers on the part of the House

Representatives Segawa and Ushijima did not sign the report.

Conf. Com. Rep. No. 24 on H.B. No. 1173

The purpose of this bill is to (1) consolidate funds by function and source; (2) standardize terms; (3) add two new funds as a depository for interest charges and borrowed money; (4) define parameters for use; and (5) increase the guarantee amount from \$8 million to \$13 million.

Substantive provisions of this bill, including amendments made by your Committee on Conference, are as follows:

Section 213. The existing ceiling of \$5 million on funds from state cane and water leases transferred into the additional receipts accounts was reached in May, 1976. The bill as sent to conference would have raised the ceiling to \$10 million. Your Committee has amended this bill to raise the ceiling on additional receipts to \$7.5 million.

The bill as sent to conference increased the share of state cane and water revenues transferred to the department from thirty per cent to fifty per cent. In order to insure the maintenance

of programs established by legislative mandate and to preserve the intent for which the additional receipts portion of cane and water receipts was established, the existing allocation of additional receipts has been retained and a Hawaiian home education fund has been established.

In order to maintain the integrity of the legislative appropriation process, the bill as sent to conference limited the use of funds in all accounts in which the legislature has indicated a specific purpose to that specific purpose. Your Committee on Conference has deleted this amendment as being unnecessary, since such control is provided by existing general law.

In order to insure that development under the operating fund and development funds remains within the purposes of this Act, projects developed under those funds have been restricted to those which principally serve occupants of Hawaiian home lands and those which are necessary to serve lessees.

The bill as sent to conference expanded the terms under which moneys set aside for educational projects may be used to include projects approved by the department of education and the department of Hawaiian home lands. In addition, the bill expanded the benefits of such educational projects to all children of native Hawaiians, and not only to children of lessees. Your Committee on Conference has deleted these amendments to retain the existing statutory provisions.

Section 214. The department's guaranteeing powers have been expanded to include the power to assure any portion of a loan made to lessees or a cooperative association.

The department's power to permit or approve loans made to lessees has been limited to those loans made or assured by the department and the department's rights necessary to protect the monetary and other interests of the department have been limited to those enumerated at the time of assurance.

Funds available as cash guarantees have been limited to available loan fund moneys or funds specifically appropriated for such purposes.

The department's exercising of the functions and rights of a lender of money or mortgagee of residential property for loans made to lessees by lenders other than the department have been limited to those loans assured by the department.

Section 216. The department's lien rights on the assets of a collective association, a member of which has made a loan from the department, have been limited to that member's share in the collective association.

The department's enforcement of its lien rights has been made subject to the Act and the procedures established by rule.

Section 225. This section has been amended to require that interest and earnings arising out of investments from specific funds be deposited to the credit of that specific fund.

Section 208. The statutory provision that a lessee of agricultural lands plant and maintain trees has been deleted.

The statutory provisions of section 208(8) have been deleted since the intent and substance of this have been included in the amendment to section 214 contained herein.

In addition to the abovementioned substantive changes, extensive non-substantive changes in numeration, language, and structure have been made for the purposes of clarification and simplification.

Language transferring moneys in existing funds to the appropriate new funds has been placed in transitional sections, sections 6, 7, 8, 9, and 10, of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1173, 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. 1173, H.D. 1, S.D. 1, C.D. 1.

Senators R. Wong, Yim, Young and Anderson
Managers on the part of the Senate

Representatives Kawakami, Caldito, Garcia, Morioka, Uechi and Poepoe
Managers on the part of the House

Representative Morioka did not sign the report.

Conf. Com. Rep. No. 25 on H.B. No. 1153

The purpose of this bill is to require insurers to pay interest on the proceeds of life insurance policies, annuity contracts, or endowment contracts when there has been a delay in payment.

The bill delineates three situations when an insurer will be liable for interest payments: (1) In cases when an action is commenced to recover the proceeds under a life insurance policy or annuity contract and maturity proceeds under an endowment or annuity contract and a judgment is rendered against the insurer, interest must be paid from the date of death or maturity until the date a verdict is rendered, or a report or decision is made; (2) When there is a settlement during the course of an action to recover, the proceeds under a life insurance policy or annuity contract and maturity proceeds under an endowment or annuity contract, interest must be paid from the date of death or maturity until the date of payment; and (3) If no action has commenced, the proceeds under a life insurance policy or annuity contract and the maturity proceeds under an endowment or annuity contract, interest shall be paid from the date of death or maturity until the date of payment.

Your Committee recommends that this bill be amended to provide as follows:

1. Provide that the interest upon the principal sum to be paid to the beneficiary or policyholder shall be computed daily at the rate of interest currently paid by the insurer on proceeds left under the interest settlement option, but not less than six per cent per year.
2. Insurer shall have a "grace period" of 30 days from the date of death within which to make payment; otherwise they shall be liable for the payment of interest upon the proceeds in connection with a death claim on a life insurance policy or annuity contract.
3. Technical reasons for consistency in language.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1153, 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. 1153, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong, Taira and Leopold
Managers on the part of the Senate

Representatives Yamada, Cobb, Baker, Nakamura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 26 on H.B. No. 1284

The purpose of this bill is to amend certain provisions of the Horizontal Property Act.

Section 1 of the bill extends the statute of limitations for civil or criminal actions brought by the State from one to two years for violations of horizontal property regimes laws.

According to testimony by the Real Estate Commission, the Commission has encountered a statute of limitation problem with a number of complaints, by the time it was able to bring formal action against certain developers.

Because most complaints deal with multi-million dollar condominium projects, extensive review of documentation is required before an investigation can be completed and charges brought. Further, the Commission has found that most developers usually prefer to negotiate rather than risk criminal or civil penalties. These negotiations can be complex and time consuming, and an extension of the statutes of limitation will guard against unforeseen complications which otherwise could result in the dismissal of a legitimate case.

Section 2 of the bill permits a developer to assume all the actual common expenses by stating in the abstract as required by Act 239, Section 1, Session Laws of Hawaii 1976, that the apartment owner shall not be obligated to pay his respective share of the common expenses until such time the developer files an amended abstract with the commission which shall provide, that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment. The amended abstract shall be filed at least 30 days in advance with the commission with a copy of the abstract being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the developer.

Section 2 of the bill provides that final public report may be issued prior to completion of the construction of the project unless there is filed with the real estate commission a parking plan to include parking spaces and guest parking, if any, exclusive of assignment to individual apartments, if parking spaces are to be limited common elements.

Section 3 of the bill provides that if the developer or its affiliate is the managing agent, such fact shall be disclosed to the association of apartment owners no later than the first meeting of the association. A managing agent employed or retained for a condominium project shall provide evidence of a fidelity bond in the minimum amount of \$25,000. If a project chooses not to have a managing agent, a fidelity bond shall be secured for all individuals handling the funds in the minimum amount of \$10,000.

Section 4 of the bill provides for exterior glass to be insured at the option of the association of apartment owners.

Section 5 of the bill amends Hawaii Revised Statutes Section 514-39. Presently, this section states that if the final report for a project is not issued within one year from the date of issuance of the preliminary report, each purchaser is entitled to a refund of all moneys paid by him without further obligation. A copy of the final public report shall be delivered to the purchaser either personally or by registered or certified mail with return receipt requested. No cutoff date is established for the purchaser to exercise his option to a refund and as a result, a purchaser may receive a final report issued more than one year after the date of issuance of the preliminary report and later cancel the transaction. This can work a hardship on the developer as the exercise of the refund option may come many months after the final report was issued. The bill amends this section by establishing a cutoff date of thirty days for the purchaser to exercise his option subsequent to issuance of a final report. If the purchaser fails to act within the thirty-day period, his right to refund and cancellation of obligation shall be deemed waived. Further, the waiver of rights is effective only if the purchaser is informed in writing that his rights will be waived if he fails to act within the specified period. These amendments provide further protection to the purchaser.

Section 6 of the bill amends Hawaii Revised Statutes Section 514-41. This section presently states that a developer may not enter into a binding contract for the sale of any unit in a condominium project prior to completion of construction until, among other things, the prospective purchaser receives and executes a receipt for the final report and all supplementary reports, if any, for the project. This has led to problems in cases where a purchaser receives the required reports but refuses or neglects to execute the receipt for the reports. Technically, in such cases, the contract which has been executed by the prospective purchaser is not binding until the receipt is executed and the developer cannot be sure whether the prospective purchaser will go through with the purchase. The proposed amendment resolves the problem by providing that upon delivery of the required reports to the prospective purchaser, the purchaser will have thirty days within which to execute the receipt, after which period he will be deemed to have executed the same. In order to protect the prospective purchaser, the amendment requires that the reports be delivered either personally or by registered or certified mail with return receipt requested and that the purchaser be informed in writing of the time within which he must act.

Section 7 of the bill amends Hawaii Revised Statutes Section 514-9. This amendment is to remove the confusion resulting from the recent court decisions in E.E. Black, Ltd., Lienor v. Holiday Plantation, et al., owners, M.L. Nos. 3091, 3109, and 3131 (1975 Hawaii Circuit Court of the First Circuit) in which the court contrary to legislative intent read into Section 514-9, Hawaii Revised Statutes, a prohibition against attachment of a lien to a horizontal property regime after the filing of the declaration.

Your Committee recommends that this bill be amended as follows:

(1) Amend Section 2 of the bill in line 17 on page 2 to allow a developer to assume all the actual common expenses only in a residential project containing no mixed commercial and residential use.

(2) Amend Section 3 of the bill in line 4 on page 5 by inserting the words "designated residence" before the word "parking".

(3) Amend Section 5 of the bill in lines 12 and 13 on page 6 by deleting the words "vents, ducts and plumbing systems".

(4) Amend Section 8 of the bill in line 5 on page 10 by adding the words "other than (i) the mere reservation of legal title under an agreement of sale to a bona fide purchaser; and (ii) the apartment in respect of which a binding contract of sale has been entered into with a bona fide purchaser but which has not, at the time of filing of the application of a mechanic's lien, closed escrow;". The purpose of this amendment is to exempt from the effects of the mechanic's lien those apartments for which either an agreement of sale or a binding contract of sale to a bona fide purchaser has been entered into prior to the filing of the application of a mechanic's lien. The phrase "bona fide purchaser" is inserted to prevent the developer from immunizing apartment units from the mechanic's lien by transferring the units by an

agreement of sale or contract of sale to a "straw" buyer.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1284, 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. 1284, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong and Henderson
Managers on the part of the Senate

Representatives Yamada, Blair, Ueoka, Uwaine and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 27 on H.B. No. 433

The purpose of this bill is to enable the chief election officer to provide for a voter assistance official at the polls and to increase the compensation for precinct officials.

Under present law each precinct is allotted not less than three precinct officials; and where more than one voting unit has been established in the precinct, there shall be three precinct officials for each unit. The current compensation for precinct officials is \$35.

Your Committee agrees that the compensation should be raised \$10 per official. The additional compensation will facilitate recruitment of election officials, in view of the fact that they are required to attend a two-hour training session and to work at the polls from 6:00 a.m. to 6:00 p.m. on election day. Recruitment of precinct officials on neighbor islands has been increasingly difficult with each election, and in the past primary and general elections, the neighbor island county clerks have had to advertise in their local newspapers for precinct workers to fill the required number of positions. The higher rate of compensation will also be in keeping with added responsibilities imposed by new legal requirements. The voter assistance official plays a critical role in assisting voters to cast their ballots properly.

Your Committee upon further consideration has amended the effective date to be July 1, 1977.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 433, 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. 433, H.D. 1, S.D. 2, C.D. 1.

Senators R. Wong, Nishimura, Anderson and Yamasaki
Managers on the part of the Senate

Representatives Peters, Garcia, Kunimura, Naito, Ueoka and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 28 on S.B. No. 246

The purpose of this bill is to provide additional revenues to the state highway fund by instituting a state vehicle tax to be levied against vehicle owners, in addition to the county vehicular tax currently being imposed. Certain exemptions are made. In addition, this bill makes permanent the present 3 and 1/2 cent temporary increase in the state fuel tax.

The operation and maintenance of the State's land transportation facilities, including debt service on bonds, are financed primarily by the state fuel tax.

Additional revenues to the state highway fund are required in order to pay for the increasing costs of operation and maintenance of the present system and future construction. Failure to provide such revenues would adversely affect the present highway system and would inevitably lead to indebtedness in excess of the state debt ceiling.

The fuel tax, which is the primary source of revenues for state highway fund, is an inadequate and unstable source of revenues. It not only unfairly penalizes those citizens with low incomes who must drive long distances, but it fails to address the problems of fuel conservation. An increase in the federal fuel tax and the possibility of another oil embargo could seriously affect the revenue producing capability of the state fuel tax by promoting or compelling a reduction in fuel consumption which, in turn, would result in reduced revenues for the state highway fund.

Rather than viewing the impending highway fund deficit as simply a revenue problem, the legislature finds that a more comprehensive and long-term solution must include the consideration of fuel conservation both as a goal and as it affects fuel tax revenues, tax equity,

and the relationship between the numbers and sizes of vehicles, and our capacity to accommodate these vehicles in terms of our limited land area, highway capacity, and funding ability.

Your Committee agrees that a tax on a vehicle by weight would provide both a disincentive which would promote energy conservation and new revenues for the state highway fund.

Your Committee has amended the bill by including motor vehicles with a net vehicle weight of 6,000 pounds over as exempted from the motor vehicle weight tax.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 246, 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. 246, S.D. 1, H.D. 1, C.D. 1.

Senators R. Wong, O'Connor and Henderson
Managers on the part of the Senate

Representatives Cayetano, Dods, Machida, Takamura and Medeiros
Managers on the part of the House

Representatives Machida and Medeiros did not sign the report.

Conf. Com. Rep. No. 29 on S.B. No. 251

The purpose of this bill is to exempt the payment of taxes on stored vehicles and to provide a penalty for the presentation of a false certificate of storage.

Your Committee finds the present wording of the bill is confusing where it pertains to the dates provided for the presentation of the certificate of storage. Accordingly, the phrase, "within the period" has been added on line 12, page 2 following the word "treasurer," to more specifically state the intention of your Committee that this certificate be presented between December 31 of the year in which the vehicle is registered for license plates and tags and March 31 of the year immediately following.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 251, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. 251, S.D. 1, H.D. 1, C.D. 1.

Senators O'Connor, R. Wong and Henderson
Managers on the part of the Senate

Representatives Yamada, Cayetano, Takamura, Uwaine and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 30 on S.B. No. 485

The purpose of this bill is to provide for the regulation of reconstructed, rebuilt, or modified vehicles by state law rather than county ordinance.

Under existing laws, each county regulates reconstructed vehicles through county ordinances and regulations. This practice provides for no standard or uniform form and creates a hardship for an owner seeking to transfer a vehicle between counties as it subjects him to the hazards of violations of the various county ordinances. A transfer of responsibilities from the counties to the State would alleviate these problems as well as permit a timely overall reassessment and reevaluation of existing rules and regulations.

This bill additionally provides that a vehicle which has been reconstructed shall cause this fact to be shown upon the registration certificate and registration records for that vehicle. Existing laws provide no means of determining which vehicles have been reconstructed or how many of these reconstructed vehicles are registered.

Your Committee, to avoid confusion as to the intended scope and meaning of the term "reconstructed vehicle," has amended the definition such that reconstructed vehicle excludes ordinary body repairs which do not change the exterior structure of the vehicle.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 485, 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. 485, S.D. 1, H.D. 1, C.D. 1.

Senators O'Connor, Hulten and George
Managers on the part of the Senate

Representatives Yamada, Cayetano, Takamura, Uwaine and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 31 on S.B. No. 533

The purpose of this bill is to provide for the definition and regulation of a vehicle to be known as a "motor-driven bicycle". It establishes a maximum speed limit of 25 miles per hour and a maximum machine operating speed of 35 miles per hour. Additionally this bill requires that operators be licensed in one of the categories established in section 286-102, Hawaii Revised Statutes. The definitions of "bicycle", "motor scooter", and "motor vehicle" have been redefined so as to conform to this bill and existing statutory usage.

With the increased popularity of these vehicles as an inexpensive and efficient form of transportation, it has become evident that clarification of their status as a vehicle is necessary. It is your Committee's concern in this regard, that a definition be established which, while providing adequate regulation and ensuring safe operation, will not overly restrict the market or discourage the use of these vehicles. Accordingly, the definition, as amended, will allow the vehicle to be registered and insured as a bicycle yet maintain an identity independent from a bicycle. This bill, as amended, restricts the vehicle to an engine with a maximum of 1.5 brake horsepower or a combustion engine with a maximum piston or rotor displacement of 3.05 cubic inches (50 cubic centimeters), which is able to propel the vehicle unassisted at a speed not to exceed 35 miles per hour.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 533, 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. 533, S.D. 1, H.D. 2, C.D. 1.

Senators O'Connor, Takitani and George
Managers on the part of the Senate

Representatives Cayetano, Abercrombie, Dods, Garcia, Uwaine and Evans
Managers on the part of the House

Conf. Com. Rep. No. 32 on S.B. No. 563

The purpose of this bill is to bring section 291-35, Hawaii Revised Statutes, into closer conformity with federal standards governing gross vehicle weight, axle and wheel loads, and to establish an enforceable and realistic set of weight standards for roads and streets other than interstate highways.

It is your Committee's concern that a set of weight standards be adopted which will not adversely affect Hawaii's already depressed agricultural and construction industries. Enforcement of the existing laws with regards to vehicle weight would limit a truck to about 90 per cent of its capacity, thereby promoting vehicle inefficiency and being contrary to established energy conservation practices. Enforcement of these standards has, in the past, been almost nonexistent due to the vagueness of the enforcement provisions and the lack of the necessary equipment to adequately carry out and monitor these provisions. Testimony previously submitted on this subject reveals that the federal government has mandated that the continued lack of enforcement may result in the loss of federal funds for transportation programs. Thus, an increase in the maximum allowable weight load is the creation of a realistic weight limit that can be enforced without endangering key economic industries so that federal highway funds will be assured for the future.

Your Committee has amended the penalty section of this bill to specify that violation of any of the required acts, or committing any of the prohibited acts of this chapter shall constitute a violation rather than a petty misdemeanor as originally provided. It is believed that the fine provided will act as an adequate deterrent. It has been additionally provided that evidence of prior offenses shall be admissible as evidence for the purpose of the imposition of a fine or penalty.

Your Committee upon further consideration has amended the bill to allow for a 5 per cent deviation from the applicable maximum allowable weight provided in section 291-35, Hawaii Revised Statutes. The purpose of this amendment is to allow for inaccuracies in the weighing of the vehicle caused by equipment error and to accommodate the varying conditions affecting the weight of a particular load.

It is the finding of your Committee that the provision for a per trip permit as originally provided would prove economically infeasible to trucks hauling several loads each day. Accordingly, your Committee has amended the bill by providing that the director of transportation may issue an annual as well as a per trip permit, authorizing the applicant to operate vehicles which exceed the limits set forth in section 291-35, Hawaii Revised Statutes, when

carrying products from where they are harvested or stored to the place where they are processed or used.

The existing language of the bill provides that the director of transportation, in the case of state highways, or the county engineer, in the case of county roads and streets, may post signs limiting the weight of a vehicle over a particular road or bridge, below that provided under section 291-55, Hawaii Revised Statutes. Your Committee has amended the bill in this respect by providing for an appeal procedure through the provisions of chapter 91, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 563, 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. 563, S.D. 1, H.D. 2, C.D. 1

Senators O'Connor, Hara and Soares
Managers on the part of the Senate

Representatives Yamada, Cayetano, Takamura, Uechi, Yamada and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 33 on S.B. No. 1074

The purpose of this bill is to amend the existing Uniform Probate Code (Act 200, Session Laws of Hawaii 1976).

The major differences between the Senate and House Drafts are related to the jurisdictional limit of the small estates clerk, the registration of trusts, and the method of giving notice. Your Committee recommends that this bill be amended as follows:

1. Establishing the jurisdictional limit of the small estates clerk at \$20,000;
2. Providing that a trust does not have to be registered during the settlor's life unless he directs that it be registered; and
3. Providing that notice given by first class mail is effective if the person entitled to notice receipts for a copy thereof.

Your Committee notes that Conference Committee Report 24-76 which accompanied S. B. No. 79, S.D. 1, H.D. 1, C.D. 1 (Act 200, Session Laws of Hawaii 1976) explained in detail all the differences, and the rationale therefor, between the Hawaii version of the Uniform Probate Code and the Uniform Probate Code. The purpose was to provide an easy method of discovering the legislative intent behind the amendments. Your Committee is aware that the Judiciary, the Bar Association of Hawaii and professional fiduciaries have made use of said Conference Committee Report 24-76 in their review of Act 200. In order that interested persons may make reference to the amendments to Act 200 made by S.B. No. 1074, S.D. 1, H.D. 1, C.D. 1., your Committee has summarized below all amendments to Act 200 and the reasons therefor:

1. Amend Section 1-108 to require registration of trusts only (1) if the settlor so directs; and (2) upon the death of the settlor.

Reason: As enacted, Section 1-108 requires registration unless the settlor directs otherwise. This provision has been interpreted as applying to all existing trusts, even unfunded life insurance trusts. The result has been that settlors have been contacted and informed that, if they wish to keep the existence of the trust secret, they must execute a one paragraph amendment directing the trustee not to register. The legislature's intent in requiring trust registration has never been to invade the settlor's privacy during his lifetime, but rather to provide a source of information for the protection of beneficiaries after the settlor's death. The amendment accomplishes this by not requiring the trustee to register during the settlor's life unless the settlor requests registration. However, the trustee is not prevented from registering if he perceives a need for registration.

2. Amend Section 1-401(a) to delete the requirement that mailed notice be by certified or registered mail, return receipt requested, deliverable to the addressee only, to substitute therefor first class mail, postage prepaid, and to establish alternative methods of notice in the absence of proof that the first class letter was received by the person entitled to notice (e.g. if the noticed person does not acknowledge receipt of the notice in writing).

Reason: Your Committee struggled at length with the notice problem. The amendment seeks to accomplish the notice required by due process (see, e.g., Freitas v. Gomes, 52 Haw. 145 (1970) with a minimum expenditure of money and time. Your Committee knows

from the Freitas case that mere published notice is not constitutionally sufficient. The Freitas case does not, however, identify what would be a constitutionally acceptable method of giving notice. Your Committee recognizes that the notice provisions in C.D. 1 are more stringent than those in the Uniform Probate Code, but your Committee feels that it is required to opt for the more stringent provisions in view of the uncertainties arising under the Freitas case and in view of the fact that laymen acting as personal representatives in informal proceedings may be without the advice of counsel as to what type of notice is constitutionally required. Since these laymen will be looking solely to the statute for instruction on notice, your Committee feels that it would be wise to establish notice procedures which would seem clearly to withstand a constitutional due process test.

3. Amend Section 2-102 to provide that the surviving spouse inherits the entire intestate estate if the decedent left neither issue nor parents surviving him.

Reason: Act 200 gives the surviving spouse one-half of the intestate estate if the decedent left any brothers or sisters surviving him. Your Committee is concerned for the welfare of surviving spouses who may have lost their principal source of support. This amendment provides greater protection for surviving spouses than does the present language of Act 200.

4. Amend Section 2-103 to provide that great grandparents and their issue take the intestate estate prior to escheat to the State.

Reason: Your Committee feels that providing for escheat to the State if the intestate decedent leaves neither grandparents nor issue of grandparents cuts off easily discoverable relatives.

5. Amend Section 2-205 to provide for a uniform method by which a widow elects her dower interest, if any, and her elective share. Your Committee has included a cross reference to Section 533-1, Hawaii Revised Statutes.

Reason: Act 200 provides that a widow is presumed to elect her dower interest and not to elect her elective share if she permits the probate to close without taking action. The amendment to Section 2-205, coupled with the repeal of Sections 533-14 and 533-15, Hawaii Revised Statutes, (see paragraph 47 below) is designed to correct this inconsistency by providing that the widow must file with the court an election to take her dower interest and her elective share if she desires to take against her husband's will or in lieu of her intestate share. The reference to Section 533-1 is intended to direct persons to that Section which specifies the limited circumstances in which dower will exist after July 1, 1977. As appears from an examination of Section 533-1, the widow's dower interest exists only if two conditions are met: (i) the property was owned by her husband before July 1, 1977, and (ii) the property is not a part of his probate estate. If the property is part of the probate estate, the widow's claim against it is by way of her elective share. Thus, the only instances after July 1, 1977 in which the widow will be asserting her dower interest will be in cases where pre-July 1, 1977 property owned by the husband was conveyed without securing a release of dower from the wife.

6. Amend Section 2-206 to make reference to the widow's dower interest, if any, and to clarify that the deceased spouse may provide by will that the surviving spouse may take an elective share and dower, if any, in addition to a bequest under the will.

Reason: The reference to dower is explained in paragraph 5 above. The other language incorporates the existing Hawaii law found in Section 533-14. Your Committee sees no reason for denying the deceased spouse the opportunity to permit the surviving spouse to take a testamentary bequest in addition to a statutory share.

7. Amend Section 2-207 to make reference to the widow's dower interest, if any.

Reason: See comments under paragraph 5 above.

8. Amend Section 2-403 to delete the \$6,000 limitation on the family allowance.

Reason: Present Hawaii law does not provide a ceiling for the family allowance and your Committee has heard testimony to the effect that the \$6,000 ceiling may work a hardship on some families.

9. Amend Section 2-404 to authorize the courts to award a family allowance in excess of \$6,000. As amended, this Section permits the personal representative to authorize an allowance of up to \$6,000, but an interested person may petition the court for the award of a greater or lesser amount.

Reason: See comments under paragraph 8 above.

10. Amend Section 2-508 by repealing the provision that provides that remarriage to a former spouse revives that portion of an existing will which was revoked on account of the prior divorce from the spouse.

Reason: Your Committee feels that the revival provision is unnecessarily complicated. Under said Section 2-508, divorce revokes that portion of an existing will naming the spouse as a beneficiary or personal representative. This is the present Hawaii law. If the testator wishes to remarry his former spouse and include her in his will again, which remarriage could occur after a long lapse of time and significant change in circumstances, your Committee feels that the better rule is to have the testator execute a codicil or a new will to specifically include her.

11. Amend Section 2-902 to clarify that a person possessing a will of a decedent has the duty to come forward with it without demand having first been made.

Reason: As drafted in Act 200, Section 2-902 appears to permit the possessor of the will of a decedent to retain the will until requested by an interested person to produce it. Your Committee is concerned that interested persons may not know who possesses the decedent's will and, accordingly, will not be able to make the request which triggers the possessor's duty to produce the will. The amendment to Section 2-902 clarifies that the possessor has the duty to produce the will in the absence of any request.

12. Amend Section 3-108 by adding a new paragraph (d) which imposes a 12 month time limit for initiating a proceeding to contest a testacy status determination made in an informal proceeding.

Reason: The new paragraph is similar in effect to language originally included in S. B. No. 79 but deleted prior to its final passage last session. The purpose is to provide greater certainty to testacy determinations made in informal proceedings by making such determinations conclusive 12 months after the close of the informal proceedings. Your Committee has added a reference to Section 3-503 to clarify that certain determinations made in informal proceedings are not binding if supervised proceedings are commenced on account of the discovery of additional assets.

13. Amend Section 3-203 by adding a new paragraph (9) which requires the clerk of the court to serve as the personal representative if no other person is willing to so serve.

Reason: Under both Act 200 and present Hawaii law, there is no clear procedure for appointing a personal representative for an estate if no one is willing to serve. An example of this type of situation is a decedent who negligently killed himself and another party. The estate of the other party wishes to sue the estate of the decedent so as to seek recovery against the decedent's liability insurer, but no one is willing to be appointed as the personal representative of the decedent's estate. The amended language would require the clerk of the court to serve as personal representative in this situation.

14. Amend Section 3-301 by making technical changes.

Reason: The amendments add clarity and tie in with the time periods set forth in Section 1-401. Paragraph (b)(4) is deleted since it conflicts with Section 3-303(b). The amendments to paragraphs (c) and (d) clarify that published notice is not required in informal proceedings unless required under Section 1-401 (e.g. a party entitled to notice cannot be located).

15. Amend Section 3-302 to shorten the period between the filing of an informal application and the issuance of letters.

Reason: Act 200 would have required the registrar to wait 40 days before issuing letters. This period was derived from the published notice provisions of Section 1-401(a)(3). Since published notice is not required in all informal proceedings, the amended section permits the registrar to issue letters as soon as 14 days after the last mailing or other delivery of notice to interested persons unless published notice is required, in which case the registrar would have to wait at least 40 days.

16. Amend Section 3-303 by making technical changes.

Reason: The amendments incorporate provisions relating to ancillary proceedings.

17. Amend Section 3-307 by deleting a requirement that the registrar delay issuance of letters for 30 days after the death of a nonresident decedent.

Reason: This language, found in the Uniform Probate Code, is designed to insure that interested persons have time to learn of the death of a nonresident decedent. Since the Hawaii

version requires that notice be given and does not rely on the passage of time for people to learn of the decedent's death, the 30 day delay serves no purpose in this State.

18. Amend Section 3-308 to include a reference to ancillary proceedings.

Reason: As drafted, Section 3-308 appears to give the impression that the time limitations of Section 3-108 apply to ancillary proceedings when in fact such is not the case.

19. Amend Section 3-403(a) to clarify that published notice of the pendency of the action is not required to be made for the sake of creditors and others having a claim against the estate.

Reason: An "interested person" under Section 1-201(24) includes creditors and others having a claim against the estate. Section 3-801 requires that creditors be given published notice of the time and place for presentation of their claims. By this amendment, your Committee seeks to clarify that creditors etc. need not also get published or any other notice of the pendency of the probate proceedings.

20. Amend Section 3-502 to make reference to proof of service, to refer to Section 3-403 and to clarify that a personal representative may commence a supervised proceeding for any reason.

Reason: In general, the amendments add clarity. The reference to Section 3-403 and the deletion of the word "interested" is designed to exclude creditors and others claiming against the estate as persons entitled to notice of the pendency of a probate as discussed in paragraph 19 above.

21. Amend Section 3-503 to deal with the problems which arise when a probate is commenced informally and additional assets are discovered which bring the gross assets of the estate above the jurisdictional limit for informal probates.

Reason: As drafted, Act 200 does not specify the consequences which flow from the after-discovered assets. Under this bill, distributions made in good faith in the informal proceedings will not be disturbed, but the undistributed and after-discovered assets are to be administered in supervised proceedings. Your Committee feels that the informal determinations as to (1) whether or not the decedent left a valid will, and (2) who is entitled to succeed to the decedent's estate, should not be binding in the supervised proceedings since it is conceivable that interested persons may have chosen not to participate in the informal proceedings on account of the small size of the estate. Your Committee feels that these persons should have the right to participate in the supervised proceedings and to advance evidence relating to the testacy status and successors of the decedent.

22. Amend Section 3-706(b) to make reference to after-discovered assets and to make reference to Section 3-403.

Reason: The reference to after-discovered assets ties in with the amendment of Section 3-503 discussed in paragraph 21 above. The reference to Section 3-403 is for the same reason discussed in paragraphs 19 and 20 above.

23. Amend Section 3-707 to establish a procedure for resolving a contested valuation of an asset of the estate.

Reason: Your Committee anticipates that conflicts may arise over valuations of estate assets set either by the personal representative or his appraiser or by a court appointed appraiser. The amendment provides that the conflict shall be resolved at a court hearing.

24. Amend Section 3-801 by making technical changes.

Reason: The reference to Section 3-804 is necessary in case the nominee for personal representative is not appointed. The deletion of "shall" and its replacement with "may" reflects the legislative desire to accord personal representatives discretion as to when to publish notice to creditors.

25. Amend Section 3-803(c) to clarify when a suit against the decedent's liability insurer must be brought.

Reason: This amendment adds clarity.

26. Amend Section 3-805(a) to rearrange the classification of claims and to limit the amount of the family allowance with priority over creditors' claims to \$6,000.

Reason: Your Committee has recommended that the \$6,000 ceiling on the family allowance be eliminated. (See paragraph 8 above). Your Committee does not intend that the entire estate be paid out in the form of a family allowance if to do so is to disadvantage creditors. Accordingly, only the first \$6,000 of family allowance has priority over creditors' claims. The amendment rearranging the priority of payment is designed to accord higher priority to the allowances for spouses and dependents (family and homestead allowances) than to the allowance which does not turn on dependency (exempt property).

27. Amend Section 3-1001 to accord the court discretion to extend the time within which final accounts must be filed in supervised proceedings and by making other technical changes.

Reason: Granting the court discretion to extend the time within which to file final accounts is a continuation of present Hawaii law (Section 531-31, Hawaii Revised Statutes). The other amendments add clarity.

28. Amend Section 3-1003 to accord the registrar discretion to extend the time within which final accounts must be filed in informal proceedings and by making other technical changes.

Reason: See comment to paragraph 27 above. The technical amendments add clarity.

29. Amend Section 3-1201 to require that a death certificate accompany an affidavit in which the affiant seeks collection of the decedent's assets.

Reason: As drafted, Act 200 permits affidavit collection without clear proof of the decedent's death. The amendment seeks to plug this loophole.

30. Amend Section 3-1202 to refer to Section 3-1201.

Reason: The amendment adds clarity.

31. Amend Section 3-1205 to increase the jurisdictional limit to \$20,000.

Reason: As introduced, S. B. No. 1074 would have increased the jurisdictional limit of the small estates clerk from \$10,000 to \$30,000. The Senate recommended that this amendment not be made and deleted it from S. D. 1. The House favored the amendment and restored the \$30,000 figure in H.D. 1. Your Committee has compromised at \$20,000. Your Committee feels that increasing the jurisdictional limit to \$20,000 will substantially increase the number of persons able to utilize the services of the small estates clerk without so overburdening the office as to make it inefficient.

32. Amend Section 3-1206 by adding a new paragraph (h).

Reason: Under Freitas vs. Gomes 52 Haw. 145 (1970) discussed in paragraph 2 above, it seems clear that the notice by publication provisions of existing Hawaii law fail to meet constitutional standards of due process. Nonetheless, since experience has shown that probates handled by the small estates clerk tend to be uncontroverted, your Committee is reluctant to impose burdensome notice requirements to satisfy constitutional standards, especially when the size of the estate is such that the potential cost of complying with constitutional standards may be disproportionately large. Accordingly, your Committee has established a \$10,000 cut off: for estates of \$10,000 or less, published notice of the pendency of the action is all that is required; for estates in excess of \$10,000, the more thorough notice requirements applicable to informal probates apply. However, this Section does not prevent the small estates clerk from using the more thorough notice procedures for estates of \$10,000 or less, but he is not required to do so.

33. Amend Sections 3-1207 and 3-1208 by making technical changes.

Reason: The amendments conform to the alternative notice provisions of Section 3-1206 discussed in paragraph 32 above.

34. Amend Sections 3-1209 and 3-1210 to make reference to Section 3-805.

Reason: The amendments are intended to clarify that the allowances and exempt property set forth under Part 4 of Article II apply in small estates proceedings.

35. Amend Section 3-1211 to place a \$300 ceiling on the fees payable to the small estates clerk.

Reason: Before Act 200, the small estates clerk had a jurisdictional limit of \$3,000 and charged a fee of 3 per cent of the estate. Act 200 increased the jurisdictional limit to \$10,000

and did not change the fee. This bill increases the jurisdictional limit to \$20,000 (see paragraph 31 above). In order not to discourage people from seeking the assistance of the small estates clerk, your Committee has imposed a maximum fee of \$300. This would have been the maximum fee if this legislature did not increase the jurisdictional limit from \$10,000 to \$20,000, and your Committee does not feel that the amount of work required on account of a \$20,000 estate is much greater than that required for a \$10,000 estate.

36. Add a new Section to be designated as Section 4-207.

Reason: The amendment clarifies that ancillary proceedings are governed by the other provisions. The language and section designation are that of the Uniform Probate Code.

37. Amend Section 5-102 to permit consolidation of protective and guardianship proceedings.

Reason: Where consolidated proceedings can be permitted without disrupting court procedures, savings in both time and money can be realized. Your Committee feels that the courts should have the option to permit such consolidation.

38. Add a new Section to be designated as Section 5-105 relating to the compensation of guardians ad litem.

Reason: The amendment clarifies that the family court has the authority to award reasonable compensation to guardians ad litem.

39. Amend Sections 5-204, 5-304, and 5-401 to permit the appointment of a nonresident as a guardian if nominated by the will of a parent.

Reason: Without this amendment, a Hawaii resident would have to nominate another Hawaii resident as the guardian of his children. Thus, a person whose entire family resides elsewhere would be precluded from nominating a family member as a guardian. Your Committee considers this to be an unwise and unjust provision.

40. Amend Sections 5-207, 5-303, 5-404, 5-405 and 5-407(b) for minor technical reasons.

Reason: The amendments add clarity and increase the Court's discretion.

41. Amend Sections 5-501 and 5-502 to clarify that all powers of attorney automatically terminate upon the death of the principal notwithstanding any language in the power of attorney and whether or not the attorney in fact has knowledge of the principal's death.

Reason: The amendments add clarity.

42. Amend Sections 6-107 and 6-113 to include reference to the terminology "net contribution" which is defined in Section 6-101(6).

Reason: The amendments add clarity.

43. Amend Section 7-101 to include reference to Section 1-108.

Reason: Since Section 1-108 exempts most trustees from the requirement of registration, your Committee feels that making specific reference to that Section is appropriate and adds clarity.

44. Amend Sections 501-171 through 501-173, Hawaii Revised Statutes, relating to the land court, in numerous respects.

Reason: Upon the recommendation of the Judiciary, your Committee feels that land court title should not be granted upon the basis of the registrar's closing statement since the determination made in informal proceedings may be later reversed by court order. Accordingly, a land court certificate may only be issued with an order from a supervised closing. Your Committee points out that it construes the word "adjudication" appearing in Section 3-1006 as including an order issued under Section 3-1001(a)(3), with the result that such an order is a conclusive determination of distributees upon which the land court may rely in issuing a new certificate.

45. Repeal Chapter 522, Hawaii Revised Statutes.

Reason: Section 2-801 covers the subject.

46. Amend Section 531-33, Hawaii Revised Statutes, in numerous respects.

Reason: The amendments add clarity.

47. Repeal Sections 533-14 and 533-15, Hawaii Revised Statutes.

Reason: The relevant provisions of these Sections are incorporated in Sections 2-205, 2-206 and 2-207. (See paragraph 5 above).

48. Amend Section 535-1, Hawaii Revised Statutes, by deleting reference to heirs, devisees, executor and administrator.

Reason: In view of broad power of the personal representative (see, e.g., Section 3-715(3)), it does not seem appropriate to specify that the heirs or devisees be made parties to a complaint seeking specific performance. H.D. 1 had deleted the words "in writing" which appear after the word "contract". Your Committee recommends that "in writing" be retained. By such retention, your Committee does not intend to suggest that no cause of action lies to enforce a conveyance of realty founded on other than a writing (e.g. part performance and detrimental reliance); rather, your Committee is reluctant to delete language which has been part of our law for over one hundred years in the absence of compelling reasons for such deletion. In addition, your Committee points out that it does not seek to change the case law to the effect that specific performance of a contract to convey realty is not within the four month nonclaim provisions of Section 3-803 (see e.g., Mossman vs. Hawaiian Trust Co., 45 Haw. 1 (1961)).

49. Repeal Sections 535-2, 535-3, 535-4, 535-6 and 535-7, Hawaii Revised Statutes.

Reason: The law contained in these Sections is adequately covered by Sections 3-703(c), 3-711 and 3-715.

50. Repeal Section 551-22(a), Hawaii Revised Statutes.

Reason: This Section conflicts with Section 5-103.

51. Amend Section 656-1, Hawaii Revised Statutes, by adding language relating to pre-July 1, 1977 agreements.

Reason: The substantive language which is added is the same as that deleted last session. The purpose of the return to the former language is to clarify that the last clause of Section 656-1(7) applies to agreements made prior to July 1, 1977. As to post-July 1, 1977 agreements, Section 2-701 applies.

Your Committee on Conference is in accord with the intent and purpose of S. B. No. 1074, 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. 1074, S.D. 1, H.D. 1, C.D. 1.

Senators Nishimura, Hara, O'Connor, Leopold and Chong
Managers on the part of the Senate

Representatives Yamada, Cobb, Uechi, Ueoka and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 34 on S.B. No. 1193

The purpose of this bill is to extend the lapsing date on state appropriations for Waikiki improvements. The appropriation would otherwise lapse as of June 30, 1977 under existing law.

Waikiki is a special district deserving limited extension of appropriations because of its importance to tourism which reflects on the economy of the State as a whole.

Your Committee upon further consideration has amended this bill to set the lapsing date on March 1, 1978 rather than December 31, 1977 because although funds could be encumbered this year and therefore the appropriation not lapse, we feel that due to unforeseen delays it is more prudent for us to review this appropriation in the next legislative session rather than risking the lapsing of these very important funds.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1193, 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. 1193, S.D. 1, H.D. 1, C.D. 1.

Senators R. Wong, F. Wong and Anderson
Managers on the part of the Senate

Representatives Machida, Dods, Morioka, Stanley, Medeiros and Mina
Managers on the part of the House

Representative Morioka did not sign the report.

Conf. Com. Rep. No. 35 on H.B. No. 171

The purpose of this bill is to amend the election laws in order to achieve and maintain an efficient and effective election system. The effect of this bill is the implementation of methods and procedures which would result in an improved election administration.

Accordingly, this bill amends the Hawaii Revised Statutes as follows:

Section 11-13 is amended for clarity and consistency.

Section 11-13(8), relating to computing the term of residence, is repealed because there is no durational residency requirement.

Section 11-14 is amended to provide that copies of voter lists and tabulating cards or computer tapes may be released pursuant to county ordinance, and to provide for correlation of registration information from all counties to prevent duplicate registration and to compile election reports.

Section 11-24 is amended to permit voter registration up to the first workday after the close of registration if the close of registration date falls on a weekend or holiday.

Section 11-65 is amended to provide a specific timetable for the disqualification hearings of political parties.

Section 11-72 is amended to allow the chief election officer to select precinct officials from outside the representative district if there are no qualified officials readily available to serve in the representative district. Said Section is further amended to delete the requirement to draw lots when there is an excess of precinct officials desiring to serve in that precinct. The requirement to make a list of precinct officials by representative district not later than 4:30 p.m. on the tenth day prior to the election is also deleted.

Section 11-77 is amended to delete the reference to absentee precincts to conform to amendments made in Chapter 15, and to provide for observation by watchers of absentee polling place operations to conform with the intent of said Section.

Section 11-112 is amended to authorize use of a background design on the ballot, and to clearly allow the use of pre-punched codes and information related to districts and precincts in order to facilitate the electronic data processing of the ballots.

Section 11-113 is amended to delete the August 31st deadline for submission of the names of presidential and vice presidential candidates by the chairman of the State central committee of each qualified political party. All requirements are to be met 60 days prior to the general election, as is already provided for in said Section. Said Section is also amended to provide that the number of petition signatures required would be based on the total votes cast at the last general election rather than on the number of registered voters in the State. It is your Committee's desire that such petition contain no additional information which would be unduly burdensome on the person or groups circulating such petition.

Section 11-115 is amended to allow for a larger voting area on the ballot for the president-vice president and governor-lieutenant governor races.

Section 11-152(b) is amended to eliminate the requirement for the chairman of the precinct officials to open the ballot boxes prior to the ballots being taken to the counting center. This will allow transfer of ballot boxes with voted ballots directly from the precinct to the counting center.

Section 12-6(4) is amended to comply with the State Attorney General's opinion that the nomination paper for the indigent candidate cannot also be used as the petition demonstrating the seriousness of his candidacy.

Section 12-8 is amended to provide for evidentiary hearings in the case of objections made to nomination papers. However, the candidate would not have the right to an administrative contested case hearing as defined in Section 91-1(5), Hawaii Revised Statutes.

Section 14-23 is amended to specify that presidential electors and the alternates must be registered voters of the State.

Section 16-23 is amended to eliminate all requirements for folding the paper ballot, enabling the use of a card as well as a paper ballot.

This bill also provides for a new section to be added to Chapter 12 requiring candidates for public office to be residents of their respective districts for a period of at least 3 months prior to the filing of their nomination papers.

There is a governmental interest in requiring the candidates to be residents of the districts they seek to represent. Residency requirements are a necessary means of achieving the goal of having knowledgeable and qualified people in public office.

The legitimate governmental goal to which the residency requirement is rationally related is the state's interest in promoting knowledgeable candidates. The residency requirement tends to increase the probability that potential office-seekers will be exposed to the needs of the districts and that the constituents might reasonably believe that the potential candidates will be motivated to become knowledgeable about issues of importance within their particular districts.

Your Committee feels that the role of the legislator is to represent the views of his constituents. In order to represent his district, the legislator should be familiar with his constituents and their needs. In order to insure that candidates for representative office acquire a familiarity with the people and the area which they seek to represent, your Committee has included the 3 months residency requirement.

Your Committee further believes that another legitimate interest in imposing a residency requirement is in preventing frivolous and fraudulent candidacies by persons who have had no previous exposure to the problems and desires of the district which they seek to represent.

Your Committee upon further consideration has made the following amendments to H.B. No. 171, H.D. 1, S.D. 1:

(1) To clarify Section 12-6 relating to the closing date for nominations, by adding the word "calendar" after the word "sixtieth" on lines 2 and 3 of page 24 of the bill.

(2) By deleting the reference at lines 3 through 6 at page 5, making unauthorized use of information obtained from voter records a misdemeanor for purposes of consistency since section 5 of the bill was previously deleted.

Your Committee also made some typographical, capitalization, and nonsubstantive technical changes to conform the bill with the statutes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 171, 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. 171, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong and George
Managers on the part of the Senate

Representatives Garcia, Blair, Cobb, Uwaine, Yamada and Medeiros
Managers on the part of the House

Representative Medeiros did not sign the report.

Conf. Com. Rep. No. 36 on S.B. No. 1464

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes, which shall institute a litter prevention and control program for the State of Hawaii.

Your Committee has amended the bill to give the director authority to employ a person without regard to chapters 76 and 77. It is the intent of the Committee that the director may hire temporary employees as necessary for implementation of this chapter.

The definition of "Litter bag" under Sec. -1 (5) on page 2, line 11 has been amended by deleting the words "inside a vehicle or watercraft."

The definition of "Litter receptacle" under Sec. -1 (6) has been amended to include the words "or other appropriate container."

Sec. -3 (2) Duties of the Director. Page 4, line 1 has been amended to indicate that the director serve as a coordinator between "State, state agencies and various

organizations" rather than just between "State and various organizations."

Sec. -4 Prohibition. Page 4, line 16 has been amended to read "in a public place" rather than "upon any public property" and Sec. -4 (1), page 4, line 18, has been amended to read "In a place" rather than "On property" to conform with the definition of "public place" which appears on page 2, lines 16, 17 and 18.

Sec. -4 (2), page 4, line 21, has been amended to add the words "or litter bag" so that this line will now read: "Into a litter receptacle or litter bag."

Sec. -5 Responsibilities of owners and lessees of real property. The following exception has been added to the end of the first sentence, starting with the end of page 5, line 2: "except that in no way will the statute be used to release the State and County agencies from continuing their present level of public property maintenance." It is the intent of the Committee that the primary responsibility shall rest with the property owner.

Sec. -8 Penalties. Page 5, line 23 has been amended to include the following qualification to the penalty which reads "or be ordered to pick up and remove litter from a public place: "under the supervision of the director or as the court shall otherwise provide."

SECTION 3. Appropriations. The amount appropriated out of the general revenues of the State of Hawaii has been increased from \$154,820 to \$300,000, with all unencumbered funds to lapse on June 30, 1979 instead of June 30, 1978. It is the intent of the Committee that the director shall have the authority to accept cash in the form of governmental grants or allocations, or private contributions as well as to accept goods and services from governmental or private sources, such funds and/or goods and services to be used in accordance with provisions of this chapter and rules.

Your Committee has further amended this bill to provide that sections -6 and -7, in Section 2, shall take effect January 1, 1979 with the provision that the director may extend the deadline if necessary for a period not to exceed six months. It is the intent of the Committee that the director report on progress in implementing the provisions of this Act to the Ninth State Legislature, Regular Session of 1978.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1464, 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. 1464, S.D. 2, H.D. 2, C.D. 1.

Senators R. Wong, King, Kuroda, Hara, O'Connor and George
Managers on the part of the Senate

Representatives Blair, Larsen, Morioka, Naito and Poepoe
Managers on the part of the House

Representative Morioka did not sign the report.

Conf. Com. Rep. No. 37 on H.B. No. 1065 (Majority)

The purpose of this bill is to revise the environmental impact statement (EIS) process by amending Chapter 343 of the Hawaii Revised Statutes.

This bill would allow the various counties of the State of Hawaii to designate areas within the county which would require an EIS.

Your Committee upon further consideration has made the following amendments to H.B. No. 1065, H.D. 1, S.D. 1:

- (1) The addition of three definitions, "Approval", "Discretionary Approval", and "Environmental Assessment."
- (2) The specific requirement for an assessment before a determination as to the necessity of an EIS.
- (3) The addition of actions within the Special Management Areas, established pursuant to Chapter 205A to those actions which would require an environmental assessment.
- (4) The establishment of procedures whereby exempt classes of actions are established.
- (5) Providing standing to sue to the Environmental Quality Commission (EQC) or the agencies responsible for approval of an action in cases where an action is undertaken without a determination that an EIS is or is not required.

(6) Providing that contestable issues by the commission are unlimited.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1065, 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. 1065, H.D. 1, S.D. 1, C.D. 1.

Senators King, Chong, Hulten and George
Managers on the part of the Senate

Senator Hulten did not concur.

Representatives Blair, Larsen, Lunasco, Toguchi and Poepoe
Managers on the part of the House

Conf. Com. Rep. No. 38 on H.B. No. 1698 (Majority)

The purpose of this bill is to amend Chapter 295, Hawaii Revised Statutes, relating to Hawaii's No-Fault automobile insurance law.

Chapter 294 creates a system of reparations for accidental harm and loss arising from motor vehicle accidents, which compensates these damages without regard to fault, and limits tort liability for these accidents.

While the basic intent and purpose of said Chapter 294 remains valid, there is need to make further amendments and modifications in order to refine the motor vehicle reparations system.

Section 1 of the bill amends Section 294-2 (10)(D) to clearly state that substitution services which may be provided through no-fault benefits do not include those to maintain or to generate income but to benefit the insured and his family.

Section 3 of the bill amends Section 295-5. Your Committee has retained the original title of this Section: "Payment from which insurer." This amendment is to clarify the primacy of workers' compensation and other laws and to require the insured to apply for these primary benefits when the automobile injury is work related.

Additional language has been added to Section 294-5(b) to provide an adequate safeguard for the consumer if his claim is contested. In that case, the insurer would immediately step in and pay all no-fault benefits, and if the claim was later found compensable under workers' compensation, the insurers would be entitled to receive back those primary benefits paid.

Your Committee has further amended Section 294-5 by deleting the requirement that no-fault benefits be paid secondarily and net of benefits from public assistance laws. This is done to insure that Hawaii law will not be in conflict with federal regulations requiring that medicaid and other federally funded public assistance programs be a secondary source of resource to other available sources. The law, as currently stated, makes public assistance benefits primary to no-fault benefits, and accordingly the law is so amended.

Section 4 of the bill amends 294-6 (b). This Section is amended to make clear that a person sustaining accidental harm from motor vehicle accidents must meet all of the tort threshold requirements before that person can exercise his right to receive benefits under his uninsured motorist bodily injury coverage.

Section 5 of the bill amends Section 294-7. This Section is amended to clearly set forth the intent of the Legislature when it passed the Hawaii No-Fault Law. Whenever any person effects a tort liability recovery for accidental harm, whether by suit or settlement, the no-fault insurer shall be subrogated to fifty per cent of the no-fault benefits, up to the maximum limit (\$15,000) specified by Section 294-3(c). Therefore, if the no-fault insurer paid no-fault benefits in excess of \$15,000 the proper application of the present law as specified in Sections 294-2(10), 294-3, 294-4 and 294-10, Hawaii Revised Statutes, leaves no room for interpretation but that the maximum amount that the no-fault insurer shall be subrogated is fifty per cent of \$15,000. The no-fault insurer cannot be subrogated with respect to the optional additional coverages, which by rules and regulations of the Commissioner of Motor Vehicle Insurance each insurer is required to offer each applicant.

This amendment would further clarify the intent of the Legislature that a person sustaining accidental harm should be provided equitable and adequate reparation.

Section 6 of the bill amends Section 294-11 (a)(3). This Subsection is amended by adding a clarification to permit the provision of aggregate limits with respect to the optional

additional tort liability coverages. Both the statute and the rules are silent as to provision of an aggregate limit per occurrence on the optional limits above \$25,000. All other lines of liability insurance is written with a maximum limit per accident (aggregate limit), as was automobile prior to no-fault. This bill would permit the use of an aggregate limit but even if the aggregate limit is reached, there would still be \$25,000 per person available regardless of the number of persons injured.

Section 7 of the bill amends Section 294-13(j). This Subsection is amended to extend the present open-competitive rating system, which expires August 31, 1978, for an additional five years. In his Annual Report to the Legislature, the Commissioner of Motor Vehicle Insurance has indicated that the present open-competitive rating system is working to the benefit of the consumers. This appears to be the most workable and effective approach to automobile insurance rate regulation for Hawaii. An extension of this system would allow the Commissioner of Motor Vehicle Insurance more time to carefully analyze and evaluate the merits of this concept of open-competition.

Section 8 of the bill amends Section 294-23(b). This Section is amended to preclude not only the owner or operator but also any passenger who has reason to believe that the vehicle was an uninsured motor vehicle from collecting no-fault benefits from the HJUP assigned claims plan.

Section 9 of the bill amends Section 294-30. This Section is amended to facilitate better claims service relating to attorney's fee which is treated separately from other no-fault benefits and that this attorney's fee be paid directly by the insurer to the attorney.

Your Committee has deleted proposed amendments to Sections 294-22 and 294-24. These amendments were designed to eliminate the concept of providing a no-cost no-fault policy to welfare recipients through the Hawaii Joint Underwriting Plan (hereinafter HJUP).

Section 294-2 is amended to clarify that no-fault benefits for public assistance recipients insured by the HJUP does not include medical, rehabilitative, and lost income benefits.

Section 294-2 is further amended to add a definition of a person receiving public assistance benefits. This definition will make clear who will not receive medical, rehabilitative, and lost income benefits under a no-cost no-fault policy.

Your Committee has given careful consideration to the issue of providing free no-fault insurance to welfare recipients.

Many have asked why should a person on welfare have a private passenger vehicle. Federal regulations require that public assistance recipients in the AFDC category of aid, the largest of the welfare programs, be permitted to retain cars as an allowable resource. To adopt state eligibility requirements more rigorous than those of the Federal government may effect federal funding shares of the program.

Further, it should be pointed out that denying automobiles to welfare recipients has important economic ramifications. Should that happen, the State would become liable for the work-related transportation expenses of 4,800 welfare recipients who are employed. The cost would be substantial. Additional costs to be borne by the State would stem from the need for those on medicaid to transport themselves to their health care provider. Since public transportation does not acquit itself well in the transport of the ill and infirm, especially in rural areas; the State would be paying for the use of ambulances and taxis as means of transportation.

It was then suggested that free no-fault be abolished and that claims by or against welfare recipients be handled by the assigned claims plan of the HJUP. This plan has the drawback of increasing the workload of the commissioner in processing such claims. The current system utilizes the skill and experience of insurers to handle such administrative tasks.

The abolition of free insurance was also suggested. It should however be kept in mind that the benefits of free no-fault coverage extend not to welfare recipients but to those who become involved in vehicular accidents with a vehicle covered at no-cost under the HJUP. If abolished, an injured person either turns to the assigned claims plan or to the uninsured motorist coverage of one's own policy for compensation and because of this, if free no-fault insurance affects premium rates, then abolition should also adversely affect rates. The truth is, regardless of the source of benefits, be it free no-fault, assigned claims, or uninsured motorist, if the ultimate source is an insurance company, in theory, rates will be affected. The abolition of free no-fault has other detrimental economic consequences due to the need for the State to compensate for work-related and medical-related transportation expenses discussed earlier.

In summary, your Committee has carefully considered the issue of providing free no-fault insurance to recipients of public assistance. The basis for your Committee's conclusion that it should be continued is: (a) that your Committee is committed to the concept that all licensed drivers in the State should be covered by motor vehicle insurance, the concept being codified in the Motor Vehicle Accident Reparations Act of 1973, (b) the feeling that the abolition of free no-fault benefits to recipients of public assistance would cause a greater economic hardship on the State and its people, and (c) the interests of the people of the State and the insurance industry and the needs of recipients of public assistance.

But the fact that your Committee has reached the conclusion that the providing of free no-fault insurance to welfare recipients at the present time is desirable will not preclude your Committee from investigating and considering other ways to resolve the issue. Your Committee is open to all suggestions and solicits recommendations.

Further the findings of your Committee should not in any way be construed as condoning the possible abuses by public welfare recipients in obtaining free no-fault insurance recently publicized; but has not received any evidence that the alleged abuses are substantial or alarming. Your Committee however invites members of the public to report possible abuses and by this committee report requests the Department of Social Services and Housing to investigate and to eliminate such possible abuses if such are occurring.

Your Committee on Conference is in accord with the intent and purpose of H. B. No. 1698, 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. 1698, H.D. 1, S.D. 1, C.D. 1.

Senators Nishimura, Chong, Hara, Kawasaki, Kuroda, Taira, George and Leopold
Managers on the part of the Senate

Senators Kawasaki, George and Leopold did not concur.

Representatives Yamada, Baker, Aki, Uwaine and Ikeda
Managers on the part of the House

(Minority Report on Conf. Com. Rep. No. 38 on H.B. No. 1698)

In disagreeing with the report of the Conference Committee on H.B. 1698, H.D. 1, S.D. 1, C.D. 1, the undersigned Senate conferees address themselves to your Committee's failure to meet directly the issue of whether or not welfare recipients should receive free automobile insurance.

While all other welfare costs are borne by the general public, the burden of free automobile insurance for welfare recipients is carried by the State's motorists, through increased no-fault premiums. The magnitude of the problem is shown by the dramatic increase in the number of cars belonging to welfare recipients. 6,824 cars were covered under the free program on June 30, 1975, and a year later this figure had soared to 10,185. Had normal premiums been paid for these cars, the total bill would have been \$3.19 million.

Hawaii is the only state that provides free auto insurance to its welfare clients, a circumstance which the undersigned members of your Committee feel contributes to this extravagant total.

During the Conference Committee's deliberations, an alternative was proposed which would have insurance for welfare recipients paid out of the State's general fund. While in agreement with other conferees that this would not be a totally satisfactory solution, the undersigned members feel that at least it would spread these welfare costs among all the taxpayers, rather than maintaining the present inequity of asking motorists to shoulder the burden.

As a second alternative, it was proposed that welfare recipients share in the cost of the insurance premiums according to their capabilities, to be determined by Department of Social Services and Housing rules and regulations. This, too, was rejected.

While the undersigned members of your Committee recognize that all the citizens of this State do not have equal accessibility to public transportation, we suggest that welfare recipients whose transportation needs can be met by public transportation should not be automatically qualified for free automobile insurance. Rules and regulations could be formulated by the Department of Social Services and Housing to ensure equitable treatment.

The preservation of the present system of open rating has somehow been held to be an essential ingredient of the conference draft of H.B. 1698. No matter what happens to the present bill, open rating will continue until September 1, 1978. There is no disagreement between the House and the Senate on this commendable concept, and it should not be used

as an excuse for abandoning the position which passed the Senate by unanimous vote: that free no-fault auto insurance should no longer be given to welfare recipients.

Signed by Senators George and Leopold.

Conf. Com. Rep. No. 39 on H.B. No. 1685

The purpose of this bill is to transfer the responsibility for administering motor carrier safety functions and activities from the Public Utilities Commission to the Department of Transportation and to provide the means for improved coordination of state and county highway safety programs.

This proposed transfer of motor carrier safety regulation resulted from the recommendation of the Legislative Auditor in Audit Report No. 75-6, entitled "Management Audit of the Public Utilities Program, Vol. III, December, 1975." The Legislative Auditor found that the current organization and administration of motor carrier safety regulation under the Public Utilities Commission was ineffective, inefficient and in "a state of shamble." (Vol. III, p. 91)

The purpose of this bill is also in concert with the findings of the Report of the Ninth State Legislature, State of Hawaii, of the Commission on Organization of Government, dated February, 1977.

Your Committee upon further consideration has made the following amendments to H.B. No. 1685, H.D. 2, S.D. 2:

- (1) Every common carrier by motor vehicle and every contract carrier by motor vehicle, shall pay to the Public Utilities Commission a fee in April of each year, rather than July and January of each year.
- (2) This fee shall be one-eighth of one per cent of the gross revenues from the carrier's business during the preceding calendar year or \$10, whichever is greater. The previous draft had the alternative sum at \$15.
- (3) The following sentence has been deleted from page 26 of the bill: "All fees shall be assessed on the gross revenues of the carrier on the current year's operations and may be estimated by the Commission if a carrier fails to file a statement as to the revenues received for the six-month periods ending June 30 and December 31 within twenty days after the close of the period."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1685, 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. 1685, H.D. 2, S.D. 2, C.D. 1.

Senators R. Wong, O'Connor and Soares
Managers on the part of the Senate

Representatives Yamada, Uwaine, Cayetano, Takamura and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 40 on S.B. No. 1100

The purpose of this bill is to clarify the operation of the roll back or deferred real property tax upon land used for agricultural purposes when the use of such land is changed from agricultural to rural or urban or when such land is subdivided.

Under present law, lands situated in a land use district classified agriculture by the state land use commission and actively being used for agriculture are assessed and taxed according to their actual agricultural use values. The law imposes a deferred or roll back tax when the commission changes the land use classification to an urban or rural use district upon petition by a property owner or lessee or upon the subdivision of agricultural land into parcels of five acres or less. The deferred tax is imposed upon all lands situated within the boundaries of the land use change and is therefore imposed also upon owners who may not have petitioned for such land use change. The deferred tax is equal to the difference in the taxes between what the land would have been assessed in the higher and best use in agriculture and the tax at which the land was actually assessed. The deferred tax is imposed notwithstanding the fact the owner may still continue to use the land for the same agricultural use and, further, notwithstanding the fact the owner is not able to use the land for urban purposes because all of the requirements prescribed by governmental agencies, such as county zoning designations, have not been met in spite of the diligent efforts of the owner.

Under present law the deferred tax is due and payable within sixty days of the date of change in use and the owner shall be subject to a 10 per cent a year penalty. In order to avoid the tax and penalty the landowner is allowed to dedicate his land to agricultural use within one year from the date of the change.

This bill amends present law to provide that when the agricultural classification is changed to an urban or rural use classification, the land will continue to be assessed and taxed in its agricultural use for a period of three years. However, if the owner is able to put the land to the higher urban or rural use prior to the expiration of the three-year period, the agricultural assessment will terminate at the end of the year in which the land is put to such higher use. This amendment, therefore, will defer the assessment at the higher urban or rural use value for a maximum period of three years from the time the land use classification has been changed from agricultural to urban. The owner is also allowed three years in which to dedicate.

The bill retains the deferred or roll back tax but revises the application of the tax resulting from a change in land use classification to eliminate the inequitable placement on owners who do not petition to have a change in land use. No deferred taxes will be imposed where the change in classification is the result of a petition initiated by a governmental agency or where the owner or lessee is not the party who petitioned for a change. The deferred tax will apply only upon lands owned by an owner or lessee who has petitioned for the change. The tax is to be computed retroactively from the termination of the three-year period following the change in classification to the time the special agricultural assessment had begun but the total retroactive period is not to exceed ten years. The deferred tax is equal to the difference in taxes between what the land would have been assessed in the highest and best use and the tax at which the land was actually assessed. However, if the owner puts his land to a higher urban or rural use during this three-year "grace" period, the retroactive period shall commence at the end of the year in which the land has been put to the higher use. The provisions concerning subdivision remain the same.

Your Committee believes the amendments made by this bill will alleviate the inequities in the imposition of the roll back or deferred tax.

The bill also amends section 246-12, Hawaii Revised Statutes, the dedication law, to make it clear that a change in land use classification does not of itself constitute a breach of the dedication as a result of which the deferred tax would be made to apply.

Your Committee has amended the last section of the bill to provide that the provisions of the bill shall apply upon approval of the bill instead of January 1, 1978. Since the provisions of the bill do not apply to assessment practices which are performed on a calendar year basis, there is no necessity to postpone such effective date.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1100, 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. 1100, S.D. 1, H.D. 1, C.D. 1.

Senators R. Wong, F. Wong and Soares
Managers on the part of the Senate

Representatives Uechi, Blair, Caldito, Garcia, Inaba, Kawakami, Larsen, Morioka,
Naito, Suwa, Toguchi, Yamada, Carroll, Fong, Poepoe and Lunasco
Managers on the part of the House

Representatives Blair, Garcia, Kawakami and Carroll did not sign the report.

Conf. Com. Rep. No. 41 on H.B. No. 180

The purpose of this bill is first to amend section 155-8, Hawaii Revised Statutes, to allow the department of agriculture flexibility in setting interest rates for all direct farm loans by setting the maximum interest rate to the going prime rate; secondly to require the department of agriculture to make loans to independent sugar growers within the provisions of section 2 of this bill exclusive of section 155-9, Hawaii Revised Statutes, at an interest rate not to exceed two per cent per year, and for which no collateral shall be required; and finally to make an appropriation of \$1,500,000 for the loans to independent sugar growers.

Your Committee finds that the purpose of loans to independent sugar growers is to cover deficits in financing of future crop plantings and deficits of revenues covering crop production loan advances of the sugar crop harvest. Any breakdown in financing will cause hardship and discourage further plantings. It is the Committee's intent that all independent sugar growers, both small and large, be assisted. Every acre kept in sugar production is

crucial to the industry at this stage. Limit on loans and loan amounts should be governed by the 3,000 tons per year production provision which should accommodate all of the independent growers. In promulgating rules under Chapter 91, Hawaii Revised Statutes, the Department of Agriculture should consider loans based on deficits, since there are variations in yields and production and processing costs planting since settlement of the 1977 harvest will not be made until 1978. Should there be a shortage of funds to cover deficits for the 1977 crop harvest, loans should be made on a predetermined ratio based on available funds over deficit. In the adoption of rules, the Department of Agriculture should also consult all affected parties, including independent sugar growers, commercial lending institutions and processors. Your Committee upon further consideration has made the following amendments to H.B. No. 180, S.D. 1:

a. By deleting the provisions which had expanded the definition of "qualified farmer" in section 155-1, Hawaii Revised Statutes. Your committee feels it is not desirable to include agricultural corporations with such definition.

b. By renumbering the sections in the bill to conform to this deletion.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 180, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 180, S.D. 1, C.D. 1.

Senators R. Wong, F. Wong, O'Connor and Soares
Managers on the part of the Senate

Representatives Uechi, Garcia, Suwa, Morioka, Yamada and Poepoe
Managers on the part of the House

Conf. Com. Rep. No. 42 on H.B. No. 1059

The purpose of this bill is to exempt State or County operated agricultural parks from County subdivision and zoning standards. The Counties are granted veto power over agricultural park projects developed under the provision of this bill.

Your Committee has amended this bill to specify that road maintenance within State-sponsored agricultural parks will not be a county responsibility. It is the intent of your Committee that road maintenance within State-sponsored agricultural parks be shared between the State and the agricultural park tenants. When the terms and conditions of agricultural park leases are formulated, provisions should be made for road maintenance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1059, 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. 1059, H.D. 1, S.D. 1, C.D. 1.

Senators F. Wong, Hulten, Yim and Saiki
Managers on the part of the Senate

Representatives Uechi, Kawakami, Larsen, Lunasco and Fong
Managers on the part of the House

Representatives Kawakami and Lunasco did not sign the report.

Conf. Com. Rep. No. 43 on H.B. No. 28

The purpose of this bill is to provide for:

1. The time of holding a constitutional convention;
2. The districts and the number of convention delegates to be elected from such districts;
3. The place at which the convention will meet;
4. The powers of the convention;
5. The immunities of the convention delegates;
6. The salaries and allowances for the delegates;
7. The staffing of the convention;
8. The moneys necessary to hold the elections for convention delegates, for any

preparation for the convention, and for staffing and other expenses of the convention; and

9. Any other provisions necessary to have a constitutional convention.

Your Committee upon further consideration has made the following amendments to H.B. No. 28, H.D. 2, S.D. 1:

(1) Specified, for purposes of clarification and without affecting the original intent of the bill, that the election day for the election of delegates to the convention shall not be a holiday, notwithstanding the provisions of section 8-1, Hawaii Revised Statutes, as amended, which provides that all election days, other than for the primary election, are to be designated as holidays.

(2) Further provided, for purposes of clarification and without affecting the original intent of the bill, that voters shall be entitled to take time off from work in order to vote, as provided in section 11-95, Hawaii Revised Statutes, as amended.

(3) Provided for the election of the 102 delegates from the current representative districts as follows:

(a) In single representative districts, there will be two delegates selected at large.

(b) In multi-member districts, the district will be subdivided by precincts, and there will be two delegates elected in each of the subdivided districts.

(4) Provided that the legislative offices in the State Capitol Building are not to be used for the purpose of the convention. However, the auditorium and conference rooms in the State Capitol Building may be used if the governor so designates.

(5) Provided for payment of salaries to the delegates of \$1,000 a month, but not to exceed \$4,000, payable at the rate of \$500 semi-monthly, beginning May 21, 1978. In addition, Oahu delegates will receive an allowance of \$10 per diem, while neighbor island delegates will receive \$30 per diem.

(6) Provided, for purposes of clarification and consistency, that state and county employees who are elected to serve as delegates must take leave without pay from their employment beginning the day after the election and continuing until the convention adjourns.

(7) Provided for the appropriation of \$1,500,000, or so much thereof as may be necessary, for the purposes of defraying the pre-session, session and post-session expense of the convention, including the salaries of the delegates and for any other expenses or purposes as may be necessary.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 28, 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. 28, H.D. 2, S.D. 1, C.D. 1.

Senators R. Wong, Hulten, Nishimura and George
Managers on the part of the Senate

Representatives Garcia, Blair, Ikeda, Kunimura, Lunasco, Medeiros, Morioka, Suwa,
Uechi, Ueoka and Uwaine
Managers on the part of the House

Representative Medeiros did not sign the report.

Conf. Com. Rep. No. 44 on S.B. No. 1308

The purpose of this bill is to provide a mechanism for citizen input into governmental activities with regard to crime, through systematic and thoughtful development of new programs and review of ongoing programs, investigation, public education, and legislative recommendation functions.

Your Committee finds that crime adversely affects every person in the State and that all steps necessary to prevent crime should be taken. Your Committee feels that one important step would be to secure public input into determining the ways in which crime can be controlled. The establishment of a crime commission for such purpose is therefore most appropriate to the ultimate goal of controlling crime.

Your Committee upon further consideration has made the following amendments to

S.B. No. 1308, S.D. 2, H.D. 1:

- (1) The Commission is given the power to hold public hearings in accordance with its functions. Though Sec. -6 Conduct of business, procedures, indirectly confers the power to hold public hearings, your Committee feels that such functions should be explicitly set forth.
- (2) The commissioners are to be appointed by the governor with the advise and consent of the Senate. Your Committee feels that the governor instead of lieutenant governor should appoint the commissioners to avoid any possible constitutional problems in the appointive powers of the governor.
- (3) The sum appropriated out of the general revenues of the State of Hawaii is to be \$100,000 instead of \$75,000. Your Committee feels that \$100,000 is a more reasonable figure for the initial eighteen-month period.

In addition, your Committee made technical changes to conform the bill to the amendments made by your Committee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1308, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. 1308, S.D. 2, H.D. 1, C.D. 1.

Senators R. Wong, Nishimura, Yim and Anderson
Managers on the part of the Senate

Representatives Garcia, Blair, Dods, Naito, Peters and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 45 on H.B. No. 137

The purpose of this bill is to amend Act 151, Session Laws of Hawaii 1975, which established the State Program for the Unemployed (SPU), as amended by Act 134, Session Laws of Hawaii 1976, by extending the program through fiscal year 1977-78. It also expands SPU by authorizing the Director of Labor to provide all forms of job training under State Comprehensive Employment and Training (SCET); specifying that the director may subsidize all forms of job training conducted by both public and private agencies under State Assistance for Certain Employment; eliminating the "economically disadvantaged" certification requirement under State Assistance for Certain Employment; and allowing for the employment of civil service exempted staff necessary for the program's administration. Further, inherent sex discrimination references under the definitions and program priorities used in the implementation of Act 151 were deleted.

Act 151, Session Laws of Hawaii 1975, established the State Program for the Unemployed (SPU) which was designed as a one-year program to mitigate the effects of the state's high unemployment rate through three components. Part II, State Comprehensive Employment and Training (SCET), provides public service jobs; Part III, State Assistance for Certain Employment, subsidizes employers agreeing to train and hire unemployed persons for permanent employment; and Part IV, State Loans for Certain Employment, provides low interest loans to employers willing to hire and train unemployed persons. Continued high unemployment in 1976 encouraged the legislature to extend the fund SPU for an additional year through Act 134.

Your Committee believes that unfavorable economic conditions and accompanying high unemployment in the State necessitates the continuance of SPU for an additional year. At the same time, however, your Committee feels that after two years of program implementation experience, certain program provisions should be changed to strengthen and improve the delivery of services to Hawaii's unemployed. Accordingly, your Committee upon further consideration, has amended the bill to lapse all prior appropriations unencumbered on June 30, 1977, appropriate \$12,000,000 for the extension of the program an additional year, and make technical amendments such as correcting the inconsistency under section 5 of this bill where the word "private" was inadvertently left out. It is important to note this amendment because it expands the subsidy component of SPU to allow public agency participation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 137, 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. 137, H.D. 2, S.D. 2, C.D. 1.

Senators R. Wong, Toyofuku and Anderson
Managers on the part of the Senate

Representatives Takamine, Mina, Mizuguchi, Peters, Stanley and Ikeda
Managers on the part of the House

Conf. Com. Rep. No. 46 on H.B. No. 12

The purpose of this bill is to lapse prior years appropriations which are no longer needed.

Your Committee finds that from such prior appropriations, there remain appropriations and appropriation balances which are unencumbered. The existence of these pending appropriations obscures the true fund balance of the State general fund, especially in those instances where the purposes of the acts have been accomplished.

The bill has been amended to provide the proper lapsing dates to certain prior years appropriations that lack provisions for the lapsing of unexpended or unrequired balances.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 12, 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. 12, H.D. 2, S.D. 1, C.D. 1.

Senators R. Wong, Yamasaki, Yim and Henderson
Managers on the part of the Senate

Representatives Suwa, Caldito, Dods, Inaba, Kunimura, Lunasco, Mina, Morioka,
Peters, Takamura, Larsen, Narvaes and Sutton
Managers on the part of the House

Conf. Com. Rep. No. 47 on H.B. No. 2

The purpose of this bill is to appropriate funds to the judiciary for the fiscal biennium July 1, 1977 to June 30, 1979.

The bill represents the proposed budget of the judiciary adjusted for salary turnover savings, deletion of non-essential positions, and other minor adjustments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2, 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. 2, H.D. 1, S.D. 1, C.D. 1.

Senators R. Wong, Hara, Hulten, King, Kuroda, Nishimura, O'Connor, Toyofuku,
Yamasaki, Yim, Young, Anderson, Henderson and Soares
Managers on the part of the Senate

Representatives Suwa, Caldito, Dods, Inaba, Kunimura, Lunasco, Mina, Morioka,
Peters, Takamura, Larsen, Narvaes and Sutton
Managers on the part of the House

Conf. Com. Rep. No. 48 on H.B. No. 5

The purpose of this bill is to provide appropriations to fund for the fiscal year 1976-77, collective bargaining cost items negotiated with the exclusive bargaining representative of Unit 1, blue collar non-supervisory employees, as well as salary increases and other adjustments for employees excluded from Unit 1. This bill also provides appropriations to maintain for the fiscal biennium 1977-79, the level of increases approved for fiscal year 1976-77.

Your Committee has amended Section 2 of the bill to correct an error in the designated source of funding in the appropriations for fiscal years 1977-78 and 1978-79.

Your Committee has amended the bill further, to provide appropriations for the fiscal biennium 1977-79 to fund collective bargaining cost items in the new agreements negotiated with the exclusive bargaining representatives. A new part II has been added to provide appropriations for cost items in the agreements negotiated for bargaining units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 13. Provisions have also been made for salary increases and other adjustments for officers and employees excluded from the foregoing bargaining units, as well as authorization for the Director of Finance to allot the funds.

A new part III has been added to provide appropriations for the fiscal biennium 1977-79 to fund collective bargaining cost items in the agreements negotiated with the exclusive representatives of the bargaining units within the Judiciary. Provisions have also been made for the Chief Justice to utilize funds appropriated for salary increases and other adjustments for officers and employees excluded from collective bargaining. Funds

appropriated are to be allotted by the Administrative Director of the Courts.

Your Committee has amended the bill further by replacing Section 5 and 6 of the bill with a new part IV which contains general provisions relating to the appropriations provided in the bill. It provides for salary increases which are funded in whole or in part by funds other than general funds, to be paid, wholly or proportionately, from the respective funds. It further provides for lapsing of appropriated or authorized funds not expended or encumbered by June 30th of the respective fiscal period for which such funds were authorized or appropriated, with the exception that for funds appropriated for the fiscal year 1976-77, the lapsing date shall be September 30, 1977.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 5, 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. 5, H.D. 2, S.D. 1, C.D. 1.

Senators R. Wong, Toyofuku, Yim, Kuroda and Henderson
Managers on the part of the Senate

Representatives Stanley, Suwa, Dods, Machida, Medeiros and Peters
Managers on the part of the House

Conf. Com. Rep. No. 49 on H.B. No. 15 (Majority)

The purpose of this bill is to provide for an increase in the salary of the Revisor of Statutes.

Your Committee finds that there is a gross imbalance between the salary fixed for the Revisor of Statutes and the salaries established for other comparable positions in the State.

Your Senate Committee on Judiciary, in reporting out S.B. No. 512, which became Act 191, Session Laws of Hawaii 1959, which established the Office of Revisor of Statutes, stated:

"Your committee believes that the salary of the revisor should be sufficient to attract a well qualified person and suggests a salary comparable to that paid the assistant attorney general..." (Standing Committee Report No. 63).

Your Committee concurs that the Office of the Revisor of Statutes is a legal position. Its basic concern is statutory revision. Statutory revision is the function of organizing the ever-growing bulk of laws into an orderly system so that the laws can be more easily found, understood, applied, and changed. It involves the harmonizing of the language of the entire body of statute law and the elimination of duplications and contradictions, and other obsolete provisions. It involves adjusting the acts and parts of acts judicially declared invalid and the provisions of law impliedly amended or repealed. It means executing these functions without changing the substance or effect of the existing law. Thus, it involves the exercise of judgment on legal questions and goes well beyond mere matters of form, style and accuracy of reference. These functions call for a person with legal qualifications or training--a person with good general competence in the law, with skill in statutory interpretation, in drafting, and in exacting editorial work.

After much discussion, your Committee recommends that this bill be amended to include the H.D. 1 provisions, transferring the statute revision and publications of laws program from the Office of the Revisor of Statutes to the Legislative Reference Bureau. The intent is to clarify matters of the administration of the Office of the Revisor of Statutes and to place the entire program under the legislative branch. At the present time, staff appointments for the Office are made by the Supreme Court, but the Office functions are under the Legislative Reference Bureau for administrative purposes. This organization scheme is not conducive toward the maximum use and efficiency of the Office of the Revisor of Statutes, and the full advantage of the Office to the State is not realized. Your Committee agrees that a meaningful improvement in the legislative process will result from the full transition of the Office of the Revisor of Statutes into the legislative branch.

A further intent of this bill is to increase the efficiency of the legislative service agencies. It proposes to reorganize the statute revision and publication program by combining it with related legislative services that are rendered by the Legislative Reference Bureau. The Office of the Revisor of Statutes as a separate agency is to be abolished and all of its functions are to be transferred to the Bureau. The appointing and approving power of the Supreme Court over the Revisor of Statutes will be terminated.

The Director of the Legislative Reference Bureau or a person delegated by him will become

the "Revisor of Statutes", thus preserving the designation recognized among the various states for the official charged with the statute revision program.

The Bureau will be responsible for:

- (1) The publication of the session laws;
- (2) The publication of supplements to the revised statutes;
- (3) The publication of replacement volumes of the revised statutes;
- (4) The review of annotations to the revised statutes; and
- (5) The continuous revision of the statutes of Hawaii.

In carrying out this program, the Bureau will have the same authority given to the present Revisor of Statutes to enter into contracts with or without regard to the laws governing public contracts or public printing. Distribution and sale of the laws will remain under the Lieutenant Governor.

Noncivil service employees (the Revisor of Statutes and two Assistant Revisors) will be transferred to the Bureau. Given the current salary range of positions in the Bureau, it is the intent of your Committee that the Revisor of Statutes and his assistants should justifiably receive substantial salary increases upon being transferred to the Bureau. Your Committee is in accord with the proposition that the Revisor of Statutes should be accorded a Division Head status within the Bureau. The present Revisor of Statutes may retain his title and position. Your Committee feels that the salary for the positions of the Revisor of Statutes and his first Assistant should be adjusted so that it is commensurate with the duties and responsibilities of the position and in line with the salaries provided other comparable positions in public service and the Bureau.

Civil service employees (two clerks) will be given the option of remaining in civil service by shifting to positions in the judiciary or transferring to positions in the Bureau exempted from civil service. No loss of any other right of public employment will result from this reorganization of the Office of the Revisor of Statutes.

Chapter 2, Hawaii Revised Statutes, is to be repealed, but similar provisions will be added as a new part to Chapter 23G, Hawaii Revised Statutes, relating to the Legislative Reference Bureau.

Your Committee recommends that the sum of \$20,000 be appropriated for the purposes of this Act.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 15, 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. 15, H.D. 1, S.D. 1, C.D. 1.

Senators R. Wong, Nishimura and Anderson
Managers on the part of the Senate

Representatives Suwa, Caldito, Dods, Inaba, Kunimura, Larsen, Lunasco, Mina,
Morioka, Peters, Takamura, Narvaes and Sutton
Managers on the part of the House

Representative Sutton did not concur.

Conf. Com. Rep. No. 50 on S.B. No. 3

The purpose of this bill is to appropriate or authorize, as the case may be, funds for the financing of general public improvements for the fiscal year 1977-78.

The projects herein contained have been conceived to accommodate current capital improvement requirements. They are formulated consistent with the comprehensive implementation of state programs, notwithstanding that your Committee has provided for the appropriation of funds to the counties sufficient for the purpose of meeting the responsibilities of local government to preserve and enhance the current level of public benefit. Appropriations are provided for state and county projects, including parks and recreational facilities, highway improvements, and educational facilities.

Compared to prior years, your Committee has reduced the number of projects and the total amount appropriated. This reduction is in keeping the legislature's recognition of

the debt ceiling, the rising debt service costs, and our continuing attempt to control such costs.

Your Committee is in accord with the intent and purpose of S.B. No. 3, S.D. 1, H.D. 1, as amended herein, and recommends its passage on final reading in the form attached hereto as S.B. No. 3, S.D. 1, H.D.1, C.D. 1.

Senators R. Wong, Hara, Hulten, King, Kuroda, O'Connor, Toyofuku, Yamasaki, Yim, Young, Anderson, Henderson and Soares
Managers on the part of the Senate

Representatives Suwa, Caldito, Dods, Inaba, Kunimura, Larsen, Lunasco, Mina, Morioka, Peters, Takamura, Narvaes and Sutton.
Managers on the part of the House

Representative Lunasco did not sign the report.

Conf. Com. Rep. No. 51 on H.B. No. 892

The purpose of this bill is to provide appropriations for the fiscal biennium July 1, 1977 to June 30, 1979 and authorize the issuance of bonds.

BACKGROUND TO THE BUDGET

Your Committee's deliberations and decisions in formulating the state budget were characterized by confrontations with economic uncertainties and the harsh realities of limited financial resources.

Hawaii's economy remains unsettled. The sugar industry--one of our major economic props--is being severely affected by low prices. Industry receipts have dropped from a peak of \$685.2 million in 1974 to an estimated \$250 million in 1976. There have, however, been some recent hopeful signs that the plight of the domestic sugar industry has been recognized at the federal level and that relief will be forthcoming.

Unemployment in Hawaii continues to persist at a high level with the construction industry being particularly hard hit. Many building trades workers are "on the bench" and their employers, contractors and sub-contractors, are struggling for economic survival.

As a consequence of the slowdown of the Hawaii economy, the State's tax revenue projections are less than firm. Prudence dictates that State expenditures over the next fiscal biennium be approached cautiously with respect to expenditures from the general fund as well as with respect to bond issuance and debt service which have an impact on the general fund. Both the Senate and the House of Representatives, in their respective drafts to the budget, had pruned the executive budget recommendations, particularly in those programs where program expansion or other increases would appear to be ill-advised in a period of economic austerity and uncertainty. Your Committee has scrutinized the reductions made by the respective houses, and for the most part, it agrees that the reductions are justified and constitute a proper course to follow. The one major departure from reductions is the agreement by your Committee that \$6.1 million should be appropriated in grants-in-aid to the counties, to help maintain the financial health of the local government.

DIRECTION TO AGENCIES OF THE EXECUTIVE BRANCH

In implementing the budget, the agencies of the executive branch are directed to carefully review Standing Committee Report No. 740 of the House of Representatives and Standing Committee Report No. 780 of the Senate. Both reports contain expressions of legislative intent, interest and concerns. To the extent that the expressions in the respective committee reports are consistent with the appropriation decisions made by your Committee and the general and special provisions contained in the bill as agreed upon by your Committee, the expressions in the standing committee reports shall be regarded as expressions of your Committee and upon enactment of the bill, they shall constitute direction to the agencies of the executive branch.

RECOMMENDATION

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 892, 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. 892, H.D. 1, S.D. 1, C.D. 1.

Senators R. Wong, Hara, Hulten, King, Kuroda, O'Connor, Toyofuku, Yamasaki,
Yim, Young, Anderson, Henderson and Soares
Managers on the part of the Senate

Representatives Suwa, Caldito, Dods, Inaba, Kunimura, Lunasco, Mina, Morioka,
Peters, Takamura, Larsen, Narvaes and Sutton
Managers on the part of the House

STANDING COMMITTEE REPORTS

SCRep. 1 Legislative Management

Informing the Senate that S.C.R. No. 1 and S.R. Nos. 1 to 3 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 2 Legislative Management

Informing the Senate that S.B. Nos. 1 to 170, S.C.R. Nos. 2 to 31 and S.R. Nos. 4 to 83 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 3 Legislative Management

Informing the Senate that S.B. Nos. 171 to 190, S.C.R. No. 32 and S.R. Nos. 84 to 86 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 4 Legislative Management

Informing the Senate that S.B. Nos. 191 to 219, S.C.R. Nos. 33 to 40 and S.R. Nos. 87 to 97 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 5 Legislative Management

Informing the Senate that S.B. Nos. 220 to 289, S.C.R. Nos. 41 to 45, and S.R. Nos. 98 to 116 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 6 Legislative Management

Informing the Senate that S.B. Nos. 290 to 350, S.C.R. Nos. 46 and 47 and S.R. Nos. 117 to 121 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 7 Legislative Management

Informing the Senate that S.B. Nos. 351 to 371, S.C.R. Nos. 48 to 51, S.R. Nos. 118 to 125 and Stand. Com. Rep. No. 8 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 8 Ways and Means on H.B. No. 3

The purpose of this bill is to provide funds for the expenses of the Legislature up to June 30, 1978 and for the expenses of the legislative support agencies during fiscal year 1977-78.

After consideration of this bill, your Committee is in agreement with the House of Representatives on the following appropriation amounts.

SENATE AND HOUSE OF REPRESENTATIVES

An appropriation of \$1,526,400 has been made for the expenses of the Senate and \$1,974,519 for the expenses of the House of Representatives. These amounts represent a 5% increase over the 1976 appropriations. We find that this 5% increase is necessary to cope with increased costs for equipment, supplies, staff services and other expenses of the Legislature.

LEGISLATIVE AUDITOR

The sum of \$912,094 has been appropriated to the Office of the Legislative Auditor. This is the amount requested by this office. \$2,500 of this is intended for the preparation and publication of a taxation and finance manual for the next Constitutional Convention. Also, \$150,000 has been provided for the conduct of legislatively-mandated special studies.

STATE ETHICS COMMISSION

The State Ethics Commission had requested \$87,000 and we have provided for this amount in this bill.

LEGISLATIVE REFERENCE BUREAU

We have provided \$620,927 for the Legislative Reference Bureau. This includes funds for the Legislative Information Office which has been established to provide the public with timely information on hearings, status of bills and other matters relating to the Legislature. It is our hope that this office will help encourage public knowledge of and input into the legislative process.

REVISOR OF STATUTES

\$429,358 has been provided for the Office of Revisor of Statutes. Of this total, \$220,400 is intended to augment prior appropriations to provide for the personnel, printing and other expenses relating to the preparation of replacement volumes of the Hawaii Revised Statutes. When these replacement volumes are available for sale, your Committee requests that the Lieutenant Governor -- as authorized by Section 2-8, Hawaii Revised Statutes -- set a sale price which would recover a fair portion of the cost of publication.

OMBUDSMAN

As requested by the Ombudsman, we have provided \$277,669 for the expenses of that office.

All unexpended or unencumbered balances of any appropriation made by this bill shall lapse on June 30, 1978.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 9 Legislative Management

Informing the Senate that S.B. Nos. 372 to 412, S.C.R. Nos. 52 to 57 and S.R. Nos. 126 to 138 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 10 Legislative Management

Informing the Senate that S.B. Nos. 413 to 445, S.C.R. Nos. 58 to 65, S.R. Nos. 139 to 155 and Spec. Com. Rep. No. 2 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 11 Legislative Management

Informing the Senate that S.B. Nos. 446 to 485 and S.R. Nos. 156 and 157 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 12 Legislative Management

Informing the Senate that S.B. Nos. 486 to 539 and S.R. Nos. 158 to 160 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 13 Legislative Management

Informing the Senate that S.B. Nos. 540 to 559 and S.R. Nos. 161 to 167 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 14 Legislative Management

Informing the Senate that S.B. Nos. 560 to 607, S.C.R. No. 66 and S.R. Nos. 168 to 173 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 15 Legislative Management

Informing the Senate that S.B. Nos. 607 to 660, S.C.R. No. 67 and S.R. Nos. 174 to 185 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 16 Legislative Management

Informing the Senate that S.B. Nos. 661 to 674, S.C.R. Nos. 68 to 70 and S.R. Nos. 186 to 198 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 17 Legislative Management

Informing the Senate that S.B. Nos. 675 to 690, S.C.R. No. 71 and S.R. Nos. 199 to 203 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 18 Legislative Management

Informing the Senate that S.B. Nos. 691 to 721, S.C.R. Nos. 72 to 77 and S.R. Nos. 204 to 210 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 19 Legislative Management

Informing the Senate that S.B. Nos. 722 to 742, S.C.R. No. 78 and S.R. Nos. 211 to 215 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 20 Legislative Management

Informing the Senate that S.B. Nos. 743 to 775, S.C.R. Nos. 79 to 82, S.R. Nos. 216 to 226 and Stand. Com. Rep. Nos. 21 to 24 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 21 Transportation on S.B. No. 348

The purpose of this bill is to amend the Motor Vehicle Safety Responsibility Act to increase the property damage threshold in accident cases from \$100 to \$300 and to eliminate the sixty day period required for administrators to process accident reports.

Your Committee finds that repair costs for minor damage to automobiles have increased to a level which exceeds the \$100 factor presently used and that the \$300 amount proposed will more accurately reflect this cost. This change will coincide with changes to Section 291C-16, HRS, made under Act 111, 1974 Legislative Session, whereby damage less than \$300 is considered a minor accident.

Your Committee further finds that the sixty day period now required for Administrators to process accident reports is unrealistic as often the investigation of accident cases takes longer than sixty days. The deletion of that portion of Section 287-6, HRS, requiring

the Chief of Police to suspend a license within sixty days of receipt of the accident report will relieve the police service of a condition which cannot always be met, and thereby allow more serious cases to be discharged.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 348 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 22 Economic Development on S.B. No. 60

S.B. No. 60, referred to your Committee, was in short form.

The cost of unemployment and welfare payments to the State of Hawaii in 1976 is estimated to be \$9,164.00 per person. The purpose of this bill is to provide for an immediate solution by providing jobs in the construction industry.

More specifically, the bill provides for tax incentives for a five-year period to encourage renovation and improvement of existing residential hotel and commercial structures. This bill provides for tax waivers of all gross excise and real property taxes for fiscal year 1977 and 1978. During fiscal year 1978 through 1981 the taxes are increased one-third each fiscal year of the then current tax. This proposal could generate immediate construction jobs, inasmuch as a building permit would be the only government approval required.

The estimated cost of this program for one year is \$8,020.00 per person. Based upon the estimated cost for unemployment and welfare per person for one year amounting to \$9,164.00, the estimated savings amounts to \$1,144.00 per person.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 60, as amended herein and recommends that it pass First Reading in the form attached hereto as S.B. No. 60, S.D. 1, and be recommitted to your Committee on Economic Development for further consideration.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 23 Economic Development on S.B. No. 62

S.B. No. 62, referred to your Committee, was in short form.

The cost of unemployment and welfare payments to the State of Hawaii in 1976 is estimated to be \$15,579.00 per room. The purpose of this bill is to reduce unemployment in the construction industry and to provide new jobs for our citizens.

More specifically, the bill provides for a ten-year incentive program to stimulate new construction of visitor industry facilities. This bill provides waivers of all gross excise and real property taxes the first five years, and during the last five years the gross excise and real property taxes are increased one-third every two years. The proposal provides not only for tax incentives but also waiver of State and county approvals under limited circumstances. The tax loss per room to the State and counties over the next five years is projected to be less than the costs of unemployment and welfare payments for one year.

The estimated cost of this program for one year is \$878.00 per room. Based upon the estimated cost per room for unemployment and welfare per person for one year amounting to \$9,164.00, the estimated savings amounts to \$14,701.00.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 62, as amended herein and recommends that it pass First Reading in the form attached hereto as S.B. No. 62, S.D. 1, and be recommitted to your Committee on Economic Development for further consideration.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 24 Economic Development on S.B. No. 491

The bill provides for a mortgage guarantee insurance program for hotel and commercial projects to be established on a self-supporting basis. The objective of this proposal is to make Hawaii a safer place for investment capital.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 491, as amended herein and recommends that it pass First Reading in the attached hereto as S.B. No. 491, S.D. 1, and be recommitted to your Committee on Economic Development for further consideration.

Signed by all members of the Committee except Senators Kuroda and Yim.

SCRep. 25 Legislative Management

Informing the Senate that S.B. Nos. 776 to 803, S.C.R. No. 83, S.R. Nos. 227 to 231, and Stand. Com. Rep. Nos. 26 to 30 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 26 Judiciary on S.B. No. 143

The purpose of this bill is to amend Section 431-316, Hawaii Revised Statutes, pertaining to the fees charged insurance licensees.

Your Committee received testimony from the Department of Regulatory Agencies to the effect that the fee increases are reasonable in light of today's costs and the fact that the fees have not changed for some time. The Department of Regulatory Agencies further indicated that the resulting charges will not place an undue burden on any category of licensee.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 143 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 27 Judiciary on S.B. No. 83

The purpose of this bill is to amend Section 633-27, Hawaii Revised Statutes, by increasing the limit of small claims from \$300 to \$1,000 in the small claims division of the District Court.

Your Committee finds that the Bill would add approximately 2,500 cases to present total of 1,200 cases heard in the small claims division of the District Court of the First Circuit and would reduce the number of cases handled by the other divisions of the District Court of the First Circuit. The added workload in the small claims division would be handled by shifting present staffing in the District Court of the First Circuit.

Your Committee finds that inflation has caused the \$300 jurisdictional limit of the small claims division to be inappropriate.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 83 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 28 Judiciary on S.B. No. 122

The purpose of this Bill is to permit marriage license agents to issue marriage licenses at State facilities.

In testimony received from the Director of the Department of Health, it was indicated that passage of this Bill would better facilitate operations by reducing waiting time and permitting agents to issue licenses at the District Health Offices and other State facilities.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 122 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 29 Judiciary on S.B. No. 144

The purpose of this bill is to amend Section 431-521, Hawaii Revised Statutes, so that no group disability income policy may reduce the benefits payable to any disabled person because of increases in Social Security benefits that occur after the disability benefits become payable to such person.

Your Committee received testimony from the Department of Regulatory Agencies to the effect that many group disability policies sold in the State of Hawaii integrate the disability income benefits with the Social Security benefits in determining the amount of payment to a disabled person. Under such a policy, each time the Social Security benefit increases, the amount payable under the policy decreases. To permit such a reduction would nullify the purpose of Social Security legislation and would result in an inequity which is contrary to the expectations of the disabled insured.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 144 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 30 Judiciary on S.B. No. 146

The purpose of this Bill is to amend Sections 418-1, 418-2 and 418-5, Hawaii Revised Statutes.

Section 418-1(2), Hawaii Revised Statutes, relating to foreign profit corporations and Section 418-2(2), Hawaii Revised Statutes, relating to foreign nonprofit corporations presently provide that every foreign corporation qualifying in Hawaii must file a certified copy of its articles of incorporation together with a certificate of good standing by an officer of the state of incorporation. Your committee received testimony from the Department of Regulatory Agencies that in many cases, such corporations file voluminous documents, including all amendments, increases and reductions; that this contributes to workload and takes a great deal of file space; and that over the years the department has received very few requests from the public to examine such documents. Section 1 of the Bill amends Section 418-1(2) to delete the requirement that Articles of Incorporation and amendments thereto be filed. It provides only for the filing of a certificate of good standing from the appropriate state officer.

Section 2 of the Bill makes the same amendments to Section 418-2(2) relating to nonprofit corporations.

Section 418-5 presently requires that when a foreign corporation amends its charter or is a party to a merger or consolidation, it shall file a copy of the amendment or of the articles of merger or consolidation. Section 3 of the Bill eliminates this requirement and provides instead that a certificate by the proper state officer be filed within 30 days after a change of name, reduction of capital, merger, or consolidation. Other amendments will no longer be required to be filed.

The amendment also provides that if the certificate is in a foreign language, a translation shall be filed under the oath of the translator.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 146 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 31 Legislative Management

Informing the Senate that S.B. Nos. 804 to 960, S.C.R. Nos. 84 to 88, S.R. Nos. 232 to 249, and Stand. Com. Rep. Nos. 32 to 35 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 32 Ecology, Environment and Recreation on S.C.R. No. 67

The purpose of this concurrent resolution is to request the Commission on Population and the Hawaiian Future to promptly conduct a symposium on population for the members of the legislature.

Your Committee finds that the Commission on Population and the Hawaiian Future has been conducting research for the past one and a half years, accumulating considerable information which would be of assistance to members of the Legislature in the consideration

of related issues facing Hawaii. The Commission on Population and the Hawaiian Future, in testifying on this concurrent resolution, stated that it is prepared to coordinate and to conduct such a symposium for members of the Legislature.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 67 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 33 Ecology, Environment and Recreation on S.R. No. 182

The purpose of this resolution is to request the Commission on Population and the Hawaiian Future to promptly conduct a symposium on population for the members of the legislature.

Your Committee finds that the Commission on Population and the Hawaiian Future has been conducting research for the past one and a half years, accumulating considerable information which would be of assistance to members of the Legislature in the consideration of related issues facing Hawaii. The Commission on Population and the Hawaiian Future, in testifying on this resolution, stated that it is prepared to coordinate and to conduct such a symposium for members of the Legislature.

Your Committee on Ecology, Environment and Recreation, concurs with the intent and purpose of S.R. No. 182 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 34 Intergovernmental Relations on S.R. No. 20

The purpose of this resolution is to request the Senate Committee on Intergovernmental Relations to study ways of eliminating overlapping governmental regulation.

Your Committee received testimony from the Hawaii Business League, the Hawaii Flooring Association, the Department of Transportation, and the Construction Industry Legislative Organization. Testimony received indicated that the increasing proliferation of land use regulations places severe hardships on land owners, developers, and contractors, frustrates public and community objectives, and places the heaviest burden on the taxpayer and consumer, who ultimately pay the price.

Your Committee has amended this resolution by including a review of the Government Organization Commission's report in regard to overlapping jurisdiction's between the State and county governments.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of S.R. No. 20, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 20, S.D. 1.

Signed by all members of the Committee.

SCRep. 35 Intergovernmental Relations on S.R. No. 87

The purpose of this resolution is to request the Senate Committee on Intergovernmental Relations to review the existing roles of the State and county governments in the formulation and implementation of the State Plan.

Your Committee has amended this resolution by deleting reference to Chapter 201, Hawaii Revised Statutes, and substituting reference to Chapter 225, Hawaii Revised Statutes, which relates to the State Policy Plan.

Your Committee concurs with the intent and purpose of S.R. No. 87, as amended herein, and recommends its adoption in the form attached hereto as S.R. 87, S.D. 1.

Signed by all members of the Committee.

SCRep. 36 Legislative Management

Informing the Senate that S.B. Nos. 961 to 1532, S.C.R. Nos. 89 to 94, S.R. Nos. 250 to 265, Spec. Com. Rep. No. 3, and Stand. Com. Rep. Nos. 37 and 38 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 37 Housing and Hawaiian Homes on S.R. Nos. 69, 71, 72, 73, 220, 221, 222, 223 and 224

Your Committee on Housing and Hawaiian Homes has considered the above-listed bills and recommends that they pass First Reading by title and be recommitted to the Committee on Housing and Hawaiian Homes for further consideration.

Signed by all members of the Committee.

SCRep. 38 Judiciary on S.B. No. 110

The purpose of this bill is to amend Section 88-85, H.R.S., relating to accidental death benefits.

A beneficiary of a member, under existing law is ineligible for accidental death benefits if the death of the member while in the actual performance of duty was caused by negligence on his part. However, if a member is disabled as a result of an accident, the existing law governing service-connected disability retirement provides that the member shall be eligible for disability benefits if the disability was not caused by willful negligence on his part.

Your Committee was concerned with the definition of the word "willful" but is satisfied that it is adequately defined. The Hawaii Penal Code (Sec. 702-210) provides that the requirement of willfulness is satisfied by acting knowingly.

S. B. No. 110 amends the existing statute to provide that only if death is the result of willful negligence shall the beneficiary be ineligible for the benefits of an accidental death.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 110, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 39 Legislative Management

Informing the Senate that S.C.R. Nos. 95 to 100, S.R. Nos. 266 to 279, and Gov. Msg. No. 116 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 40 Legislative Management

Informing the Senate that S.C.R. Nos. 101 and 102, S.R. Nos. 280 to 283, Stand. Com. Rep. Nos. 41 and 42, and Gov. Msg. Nos. 118 to 139 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 41 Ecology, Environment and Recreation on S.C.R. No. 64

The purpose of this concurrent resolution is to encourage efforts to save whales by welcoming to Honolulu the headquarters of the Greenpeace Foundation, a volunteer organization dedicated to saving whales, urging the United States in its forthcoming negotiations on its 200-mile fisheries limit with the Soviet Union and Japan to include a proviso to encourage those countries to stop whaling and urging the Governor of the State of Hawaii to proclaim the week of February 20 through 26 as "Save the Whales Week" and the people of the State of Hawaii to support in every way possible the campaign to save the whales.

After considering testimony by the Environmental Center, University of Hawaii, Sea Life Park and the Greenpeace Foundation, your committee has amended the resolution to read "great whales" instead of "whales" where appropriate in order to clarify which whales are considered endangered; has corrected the spelling of "Minke" whales which through a typographical error appears in the concurrent resolution without the "e"; has deleted the last "WHEREAS" on page 2 referring to the estimated numbers of whales saved by the Greenpeace Foundation; has changed reference to efforts of the United States and Canada to institute a 10-year moratorium on commercial hunting of all great whales to read "United States and other nations" to reflect that other nations now have joined the United States and Canada in this effort; and because of the date, your committee has deleted from the next to the last RESOLVED clause the words "that the Governor of the State of Hawaii be urged to declare the week of February 20 through 26 as 'Save the Whales Week' and"; and finally, the last paragraph has been amended to include Cecil Andrus, Secretary of

the Interior among those to whom certified copies of this concurrent resolution are to be transmitted.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of this concurrent resolution, S.C.R. No. 64, as amended herein, and recommends its adoption in the form attached hereto, as S.C.R. No. 64, S.D. 1.

Signed by all members of the Committee.

SCRep. 42 Ecology, Environment and Recreation on S.R. No. 152

The purpose of this resolution is to encourage efforts to save whales by welcoming to Honolulu the headquarters of the Greenpeace Foundation, a volunteer organization dedicated to saving whales, urging the United States in its forthcoming negotiations on its 200-mile fisheries limit with the Soviet Union and Japan to include a proviso to encourage those countries to stop whaling and adhere to a call for a 10-year moratorium on all commercial whaling, urging the Governor of the State of Hawaii to proclaim the week of February 20 through 26 as "Save the Whales Week" and the people of the State of Hawaii to support in every way possible the campaign to save the whales.

After considering testimony by the Environmental Center, University of Hawaii, Sea Life Park and the Greenpeace Foundation, your committee has amended the resolution to read "great whales" instead of "whales" where appropriate in order to clarify which whales are considered endangered; has corrected the spelling of "Minke" whales which through a typographical error appears in the resolution without the "e"; has deleted the last "WHEREAS" on page 2 referring to the estimated numbers of whales saved by the Greenpeace Foundation; has changed reference to efforts of the United States and Canada to institute a 10-year moratorium on commercial hunting of all great whales to read "United States and other nations" to reflect that other nations now have joined the United States and Canada in this effort; and because of the date, your Committee has deleted from the next to the last RESOLVED clause the words "that the Governor of the State of Hawaii be urged to declare the week of February 20 through 26 as 'Save the Whales Week' and"; and finally, the last paragraph has been amended to include Cecil Andrus, Secretary of the Interior among those to whom certified copies of this resolution are to be transmitted.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of this resolution, S.R. 152, as amended herein, and recommends its adoption in the form attached hereto, as S.R. No. 152, S.D. 1.

Signed by all members of the Committee.

SCRep. 43 Legislative Management

Informing the Senate that S.C.R. Nos. 103 to 105, S.R. Nos. 284 to 287, and Stand. Com. Rep. Nos. 44 to 48 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 44 Energy/Natural Resources on S.B. No. 7

The purpose of this bill is to provide for the testing of recently identified potentially useful eco-types of prawns at the Anuenue Fisheries Research Center, under the Department of Land and Natural Resources.

The Director of the Anuenue Fisheries Research Center, Mr. Takuji Fujimura indicated the need to test potentially viable strains of prawns in order to improve the existing stock in Hawaii. He feels strongly that the new eco-types could prove to be even more successful for local commercial development than the eco-types presently available.

Your Committee adopted the recommendation of Mr. Takuji Fujimura in section one, amending line 8 to change the word "developed" to the word "identified", and in line 9 to substitute the words "potentially useful" for the words, "two new." In section two, it is amended to read on lines 5 and 6 "cost of collection and evaluation of newly identified", in the place of "field testing of two newly developed." The purpose of these amendments is to allow flexibility on the number of species under investigation and to allow testing and evaluation necessary to complete the project.

Your Committee also recommends that the sum of \$11,000 to be appropriated out of the general revenues of the State of Hawaii be raised to \$16,000. The purpose of the additional \$5,000 is to cover the cost of importation of eco-types of prawns from their native habitat.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 7, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 7, S.D. 1, and it be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 45 Human Resources on S.B. No. 108

The purpose of this bill is to provide for separate determinations of employer contribution requirements for the two groups:

1. policemen, firemen and corrections officers, and
2. all other employees.

The bill further provides that beginning July 1, 1978, the contribution requirement for the post retirement fund for each of the two groups shall be actuarially determined in the same manner as for the pension accumulation fund and that the employer costs for the fiscal year beginning July 1, 1978 shall be sufficient to meet the normal cost as well as to liquidate the unfunded accrued liability of the post retirement fund as of July 1, 1976 over the period of 38 years beginning July 1, 1976.

Testimony by the Director of Finance indicates that the State is bearing a disproportionate share of the employer retirement costs (the State's share being approximately 75%) in relation to the Counties' share for policemen, firemen and eventually, corrections officers upon the transfer of county jails to the State. This bill will permit distribution of employer cost more equitably between the State and each County. The resultant increase of the counties' contribution to the pension accumulation fund for FY 78-79 would be approximately \$1.0 million, with a concomitant reduction of the State's contribution requirements by the same amount.

Your Committee finds that a valuation by the Actuary as of June 30, 1976 shows that the post retirement fund is underfunded, with an unfunded accrued liability of \$271.8 million. Under present law, the employer's contribution appropriation requirement is based on 2.50% of gross payrolls rather than actuarially determined. This bill shall amortize the unfunded accrued liability of the post retirement fund over the 38-year period beginning July 1, 1976 using the method of actuarial determination. For instance, to meet the actuarial cost of post retirement benefits for FY 78-79, a total State and County employer contribution of \$15.1 million (2.74% of gross salaries) is required as compared to \$13.1 million (the statutory 2.50% of gross salaries).

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 108 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 46 Human Resources on S.B. No. 111

The purpose of this bill is to waive the 30-day waiting period for the effectuation of payment of benefits, under certain restrictive conditions, in the event of the death of a member due to terminal illness.

Under present law, a member who is eligible for retirement must file an application with the Retirement System. The date of retirement must not be less than 30 days nor more than 90 days subsequent to the execution and filing of the application. If the death of a member should occur between the date of filing of an application for retirement and the actual retirement date (the 30-day waiting period), the death is considered to have occurred while in service, and the ordinary death benefit rather than the benefit under the mode of retirement which was elected by the member is payable. Under certain circumstances, the difference in benefits could be substantial.

Testimony by the Director of Finance indicates that while deaths during this 30-day period do not often occur, the ones that do occur are usually the result of some type of terminal illness. In some instances, the member is unaware of the critical nature of his illness because his physician deems it inadvisable to admonish the member of his condition for the sake of the member's own well-being. This bill provides for the certification of circumstances such as these by the attending physician, and provides for penalties for the falsification of information which is contained therein.

Testimony by the Director of Finance further indicates that the enactment of this bill would entail no additional appropriation requirements.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 111 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 47 Judiciary on S.B. No. 4

The purpose of this bill is to provide needed appropriations for the Judiciary.

Senate Bill No. 4 was introduced in short form; Senate Draft No. 1 has been added to provide the details of the bill.

Your Committee on Judiciary has considered said bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 4, S.D. 1, and be recommitted to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 48 Judiciary on S.B. Nos. 25, 26, 27, 28, 29, 31, 32, 171, 172, 173,
500, 501, 1062, 1063, 1064 and 1418

Your Committee on Judiciary has considered the above-listed bills and recommends that they pass First Reading by title and be recommitted to the Committee on Judiciary for further consideration.

Signed by all members of the Committee.

SCRep. 49 Legislative Management

Informing the Senate that S.C.R. Nos. 106 and 107, S.R. Nos. 288 and 289, Spec. Com. Rep. No. 4, and Stand. Com. Rep. Nos. 50 to 54 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 50 Human Resources on S.R. No. 101

The purpose of this resolution is to request the Governor to establish a task force that will create a specific, unified, and comprehensive employment program with the purpose of creating jobs and reducing unemployment.

Your Committee finds that high employment rates will endure. Manpower programs enacted by Act 151, Session Laws of Hawaii, 1975, as amended by Act 134, Session Laws of Hawaii, 1976, were implemented for the purpose of alleviating the high unemployment problem through the development of a State Unemployment Program. Although legislation has helped alleviate the unemployment problem, the Act is temporary, expiring June 30, 1977 (your Committee has recommended an extension of the program till June 30, 1978 to pass Second Reading). Accordingly, the need for a task force to establish a unified, comprehensive, and detailed program with focused attention on reducing high unemployment is desired.

Your Committee amends the Resolution to include collective effort with on-going economic development efforts of the Department of Planning and Economic Development in co-operation with appropriate representatives of the private and public sector.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 101, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 101, S.D. 1.

Signed by all members of the Committee.

SCRep. 51 Human Resources on S.B. No. 22

The purpose of this bill is to continue and expand the State Program for the Unemployed in congruence with the intent of Act 151 Session Laws of Hawaii, 1975, and as amended by Act 134, Session Laws of Hawaii 1976, which states:

"The present decline in the health of the state and national economies and the high rates

of unemployment... will cause considerable hardship among the peoples of the State... to alleviate the effects of a high rate of unemployment through the development of a state unemployment program."

Your Committee finds that high rates of unemployment will endure, stipulating the need to continue and expand the State Program for the Unemployed. Through Public Hearing the Department of Labor and Industrial Relations testified that the State Comprehensive Employment and Training program serviced 3,000 and presently has 1,700 unemployed persons employed in the public sector. The Department offered further testimony concerning the State Assistance for Certain Employment that the program has spent 30% of the money allocated in subsidies to private industry employers who agree to train and hire, in permanent positions, unemployed persons. The State Loans for Certain Employment program is encouraging private industry employers to hire unemployed individuals by offering low interest loans. Progress has been made. Approximately 75 employers indicated an interest.

Your Committee further finds that the program offers temporary assistance to the individual to preserve his purchasing power at a level sufficient to meet his basic needs.

The balance of money allocated which will carry over amount to 8.1 million dollars. Your Committee has amended the Bill by appropriating four million dollars totaling the program expenditure to the 12.1 million dollars needed for continuance.

Due to the uncertainties in the State revenue picture, your Committee feels that flexibility is required in adjusting expenditure as revenues are realized thereby amending the Bill by deleting Section 4.

Your Committee is in accord with the intent and purpose of S.B. No. 22, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 22, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 52 Human Resources on S.B. No. 86

The purposes of this bill are to eliminate the gubernatorial appointment of Intake Service Center directors for the neighbor islands, thereby qualifying these positions for civil service status under Chapters 76 and 77, H.R.S.; to divest the ISC of the responsibility for short-term residential detention for persons awaiting judicial disposition, thus limiting the ISC's responsibility in this area to non-custodial and program services.

The appointment of the Oahu ISC director as overall executive director of all ISC's has essentially converted the neighbor island directors' positions into middle management and non-policy making ones which are thus comparable to the administrator of the Community Correctional Center. Testimony by the Executive Director of the Oahu/State Intake Service Centers indicates that the professional nature of the three neighbor island directors' positions dictates that these positions should be career civil service and should be part of the classified personnel structure of the State's personnel system.

The same testimony by the Executive Director of Oahu/State Intake Service Centers indicates that the function of residential detention should be transferred to the Community Correctional Center, which has since integrated facilities with ISC. The main objective of this integration of facilities was to relieve the ISC of certain functions which could be accomplished by CCC, one of them being the function of residential detention. The administrator of the CCC supports this arrangement.

Your Committee finds that according civil service status to the neighbor island directors' positions would add stability to these positions and would enhance the chances of retaining qualified personnel in these jobs. Your Committee further finds that because of the professional nature of the executive director's position, this position should likewise be accorded the same considerations as are being accorded to the neighbor island directors. Your Committee recommends that the appointive nature of the executive director's position also be eliminated by amending this bill to reflect such a provision.

Your Committee further finds that the functions of the ISC are currently being performed by temporary employees in all counties. Under current law, these temporary employees are exempt from the provisions of Chapters 76 and 77 (civil service). Each of the four county center directors are likewise exempt by virtue of their being governor's appointees as heretofore described.

Testimony by the Executive Director of the Oahu/State Intake Service Centers indicates that the ISC must be prepared to implement programs and activities in accordance with the

Hawaii Correctional Master Plan upon the completion of the neighbor island ISC/CCC facilities on or about July, 1977. The current ISC employees are already knowledgeable of the comprehensive provisions and complexities of the Hawaii Correctional Master Plan, and it is imperative that this current working relationship and established knowledge be utilized for effective and immediate implementation of operations. Upon the approval of the ISC budget request for State appropriations, the ISC risks the loss of their current temporary staff due to the time lapse involved in the classification, recruitment and examination procedures which are inherent in Chapters 76 and 77, and will then be applicable to these staff positions. With no reasonable assurance of eventual placement in a position, the temporary staff may look toward alternative employment during the interim.

Your Committee further finds that should new personnel indeed be hired under the civil service procedure as heretofore described, the training and orientation of these new personnel will further delay the timely implementation of the programs and activities which are embodied in the Hawaii Correctional Master Plan. Your Committee therefore recommends that this bill be amended to accord civil service status within the meaning of Chapters 76 and 77, H.R.S., without the necessity of examination and subject to certain conditions to all full-time employees of the Intake Service Centers who currently are not in civil service, with no exceptions, in conformity with the intent and purpose of S.B. 85.

Your Committee further finds that the contracts of all the current temporary employees of the ISC's do not have common termination dates. In order to effect complete coverage of all ISC employees under the provisions of this bill as amended, your Committee recommends that this bill be further amended to take effect upon its approval.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 86, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 86, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 53 Human Resources on S.B. No. 323

The purposes of this bill are to eliminate the requirement that the election of an elective officer or judge to terminate membership in the retirement system of the State must be made within six months of the attainment of 75% of average final compensation; to remove the restriction which provides that a judge who elected to terminate membership under the conditions heretofore described shall be required to terminate his service as a judge upon attainment of age 65; to permit any elective officer or judge who has elected to terminate membership in the system and who is still in service to be reinstated in the system upon application thereto.

Testimonies by the Director of Finance and the Administrator of the Employees' Retirement System indicate that the number of persons affected by these proposed changes are so few that there should be no increase in the actuarial cost of the retirement system.

For the purposes of clarification and in order to more clearly distinguish between an individual's "retirement from service" and "termination of membership in the retirement system", your Committee recommends that Section 1 of the bill be amended by bracketing the word "retire" in line 4, page 1, and adding the following phrase after the word "to" on the same line and page:

"terminate membership".

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 323, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 54 Human Resources on S.B. No. 664

The purpose of this bill is to make an appropriation for continuation of child protective services being provided by the Hawaii Family Stress Center through purchase of service by DSSH.

The Hawaii Family Stress Center is established to develop effective, innovative service approach in dealing with child abuse/neglect, and to facilitate the development of a coordinated system of services. State monies were appropriated during the Eighth Legislature to assist the Hawaii Family Stress Center in carrying out programs in prevention.

Your Committee finds that the integration of prevention efforts into child abuse and neglect related services is necessary to secure long range protection of children of Hawaii. In addition, it is necessary to continue these services on Oahu and extend them to the neighbor islands in order to meet the needs of our communities.

Your Committee recommends that a total of \$60,862 be appropriated and be expended by the Office of Children and Youth, Office of the Governor to continue the services of Hawaii Family Stress Center and to initiate prevention services on neighbor islands. The budget request as provided by the Hawaii Family Stress Center includes \$31,339 for the Paraprofessional Program; \$15,000 for an additional Social Worker III at Hale Lokahi; \$9,523 for the Neighbor Island Prevention Program; and \$5,000 for monitoring and tracking.

Your Committee, further recommends a provision to provide that the State appropriation be reduced in proportion to the receipt of Federal monies for this purpose. The bill has been amended accordingly.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 664, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 664, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 55 Legislative Management

Informing the Senate that S.C.R. Nos. 108 to 111, S.R. Nos. 290 to 294 and Stand. Com. Rep. Nos. 56 to 63 have been printed and are ready for distribution.

Signed by all members of the Committee except Senator Taira.

SCRep. 56 Human Resources on S.C.R. No. 39

The purpose of this resolution is to request the President and the Congress of the United States to establish a Commission on Reform of Social Welfare Programs to examine and plan for a comprehensive, longrange reform of the welfare system.

Your Committee finds that welfare reform has been a national issue for many years and is a difficult problem to solve requiring a select group of competent people. The functions of the Commission as proposed by the Intergovernmental Relations Committee would include proposing legislation, planning for administrative implementation, proposing regulations, and submitting recommendations.

Your Committee further finds the intent of the proposed resolution to be an initial step towards reform of the welfare system. The Commission as proposed appears to represent the best vehicle for obtaining the degree for political consensus necessary for the enactment of a reform.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 39 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 57 Human Resources on S.C.R. No. 43

The purpose of this Resolution is to request the Congress and the President of the United States to accept and direct actions for implementation of the recommendations presented by the Intergovernmental Relations Committee of the National Conference for State Legislatures on developing a nationwide quality control system applying to AFDC, SSI, Medical Assistance, and the Food Stamp Program.

The Department of Health Education and Welfare in 1975 issued regulations which provided for reductions in federal payments for administrative errors in excess of certain tolerance levels established in the regulations. In 1976 a United States District Court in Washington D.C. declared DHEW's regulations arbitrary and enjoined the Department from enforcing the regulations.

Your Committee finds that there is a need for a nationwide quality control system to be developed as a management tool to allow elected officials, program managers, and the public to know the accuracy of eligibility and payment systems.

Your Committee further finds that the recommendation as proposed in this Resolution encompasses procedures for reporting and categorizing errors, developing periodic

corrective plans geared to each state, and applying sanctions.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 43 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 58 Human Resources on S.C.R. No. 48

The purpose of this Resolution is to request the Legislative Auditor to conduct an audit of the State's General Assistance Program to identify any deficiencies in the standards and rules of the program making it more consistent with the Aid to Families With Dependent Children Program.

Your Committee finds that there are inconsistencies in the requirements and eligibility of parents in the state-administered G.A. Program and the federally-funded AFDC. The intent of this proposed Resolution is to act upon the G.A. program and make it more consistent with AFDC without compromising the intent of the programs, or violating federal rules and statutes.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 48 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 59 Human Resources on S.C.R. No. 95

The purpose of this resolution is to request the Governor to appoint a temporary commission for a special task force on Human Services Programs and Fiscal Planning to identify the current needs, characteristics, resources and delivery capabilities of operating human services programs in the state which may constitute the basis for the establishment of a Master Plan for Comprehensive Human Services.

Your Committee finds that concerns have been expressed on whether the coordination of human services programs are and will be current in terms of the total public need. The intent of the proposed resolution is to have the task force take a detailed look into the whole area of human services and resources in the State from all levels of government and from the private sector. This will be the first step in working toward the development of a Master Plan for Comprehensive Human Services. This task force is also requested to monitor the development of new human services programs at the federal level and coordinate the development of the Master Plan accordingly.

Your Committee further finds that the intent of the proposed resolution also is to request the Director of Finance to assure that ongoing analysis, including the development of a Master Plan will be utilized in the future preparation of the Executive Budget and/or supplements.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 95 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 60 Human Resources on S.B. No. 105

The purpose of this bill is to increase the term of office of each Trustee of the Public Employees Health Funds, with the exception of the director of finance, from the current normal three-year term to a fixed four-year term.

The nine-member Board of Trustees, as appointed by the Governor, is by law composed of laymen from the community. Testimony which was submitted by the Director of Finance indicates that this layman composition of the Board of Trustees would be enhanced by the one-year extension of each Trustee's term in that the Board's already developed understanding of health fund matters would be assuredly utilized. Furthermore, this measure will align the term of office of the Health Fund's Board of Trustees with the other 125 State boards and commissions which have a common four-year term for their board members.

The Director of Finance and the Board of Trustees of the Hawaii Public Employees Health Fund support this measure.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 105, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as S.B. No. 105, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 61 Ecology, Environment and Recreation on S.C.R. No. 4

The purpose of this concurrent resolution is to encourage State agencies and its political subdivisions to continue and to expand efforts to creatively involve citizens in land use and environmental management programs and policy formulation.

Your Committee agrees that the quality of our precious environment is directly affected by decisions of public bodies and that by encouraging the broadest possible discussion which would include citizens ultimate public policies and actions might more nearly reflect the interest of the people.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 4 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 62 Ecology, Environment and Recreation on S.C.R. No. 63

The purpose of this resolution is to encourage the citizens of the State of Hawaii and the nation to support the activities of the American Land Trust and to congratulate the American Land Trust, the National Council of Garden Clubs and the Nature Conservancy for their important work in preserving America's cherished natural resources.

Your Committee heard testimony from the Hawaii Chairman of the American Land Trust Campaign and viewed a film entitled "A Challenge to a Nation" depicting many of the areas which the American Land Trust has identified to preserve and where important and productive activity is being carried on.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 63 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 63 Ecology, Environment and Recreation on S.B. Nos. 15, 16 and 507

Your Committee on Ecology, Environment and Recreation has considered the above-listed bills and recommends that they pass First Reading by title and be recommitted to the Committee on Ecology, Environment and Recreation for further consideration.

Signed by all members of the Committee.

SCRep. 64 Legislative Management

Informing the Senate that S.C.R. Nos. 112 and 113, S.R. Nos. 295 to 297 and Stand. Com. Rep. Nos. 65 to 93 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 65 Ecology, Environment and Recreation on S.R. No. 25

The purpose of this resolution is to encourage State agencies and its potential subdivisions to continue and to expand efforts to creatively involve citizens in land use and environmental management programs and policy formulation.

Your Committee agrees that the quality of our precious environment is directly affected by decisions of public bodies and that by encouraging the broadest possible discussion which would include citizens ultimate public policies and actions might more nearly reflect the interest of the people.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. 25 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 66 Ecology, Environment and Recreation on S.R. No. 148

The purpose of this resolution is to provide bicycle racks in a safe, covered and convenient

location for legislators, administrators and Capitol staffers who ride bicycles to work as well as to encourage wider use of bicycles in order to reduce traffic congestion, alleviate air pollution and to make efficient use of limited parking areas.

Your Committee heard testimony from the Department of Accounting and General Services, who stated that they have put bicycle racks on the ground level in areas considered safe for bicycle riders but these racks are seldom used because the racks are exposed to the weather. They further stated that a convenient area is available in the Capitol garage that would be suitable for a bicycle rack and which is not now assigned for automobile parking. They have funds which can be used to cover the cost of installing a new bicycle rack and they are in favor of S.R. No. 148.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 148 and recommend its adoption.

Signed by all members of the Committee.

SCRep. 67 Ecology, Environment and Recreation on S.R. No. 151

The purpose of this resolution is to encourage the citizens of the State of Hawaii and the nation to support the activities of the American Land Trust and to congratulate the American Land Trust, the National Council of Garden Clubs and the Nature Conservancy for their important work in preserving America's cherished natural resources.

Your Committee heard testimony from the Hawaii Chairman of the American Land Trust Campaign and viewed a film entitled "A Challenge to a Nation" depicting many of the areas which the American Land Trust has identified to preserve and where important and productive activity is being carried on.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 151 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 68 (Majority) Ecology, Environment and Recreation on S.B. No. 345

The purpose of this bill is to amend Section 188-25(e) by adding that it shall be unlawful for any person to "knowingly have in his possession any speared fish" to the present specification making it unlawful for any person to take any fish by the use of spears which is smaller than the minimum size for the fish as specified in Section 188-40, Hawaii Revised Statutes.

Your Committee heard testimony by the Department of Land and Natural Resources that it would be most difficult to prove that a person "knowingly" has in his possession speared fish that is smaller than the minimum size allowed by law since a person questioned by an enforcement officer need only say that he is "unaware" or "does not know" that the speared fish in his possession is smaller than the legal size.

Your Committee has amended S.B. No. 345 by deleting the word "knowingly" from the proposed amendment, thus making it unlawful for any person to take and/or possess any speared fish smaller than the minimum size specified in Section 188-40, Hawaii Revised Statutes.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 345, as amended herein, and recommends it pass Second Reading in the form attached hereto, as S.B. No. 345, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
Senators Hara and Nishimura did not concur.

SCRep. 69 Ecology, Environment and Recreation on S.B. No. 520

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii, the sum of \$25,000, or so much thereof as may be necessary, so that the State of Hawaii may qualify for additional matching funds for expansion of the Youth Conservation Corps program.

Your Committee heard testimony by the Department of Land and Natural Resources that the executive budget for FY 1977-79 has provisions of \$14,000 from the State general fund for this program which is carried by a 4/1 Federal fund-State fund match, thereby qualifying

it for a \$56,000 Federal grant. The maximum Federal match is currently \$70,000. Therefore, should the State wish to take full advantage of this Federal allowance, an additional \$3,500 would be all that is needed for the State match portion. The Department of Land and Natural Resources has testified that this would amount to a total Youth Conservation Corps operating budget of \$87,500 which would permit a slight increase in the number of Corps participants without placing an excessive burden on the Forestry Division staff.

Your Committee, therefore, has amended the bill to appropriate out of the general revenues of the State of Hawaii, the sum of \$3,500 so that the State of Hawaii may qualify for additional matching funds for expansion of the Youth Conservation Corps program.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. 520, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 520, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 70 Ecology, Environment and Recreation on S.B. No. 527

The purpose of this bill is to appropriate from the general revenues of the State of Hawaii, the sum of \$400,000 or so much thereof as may be necessary for the Iao Stream Flood Control Project, County of Maui, with the funds to be expended by the County of Maui for the purposes of this project.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 527 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 71 Ecology, Environment and Recreation on S.B. No. 534

The purpose of this bill is to appropriate \$430,000 or so much thereof as may be necessary to design and construct a park for University Heights, Hawaii.

Your Committee has amended the bill by deleting the words "City and" so that SECTION 2 of the bill will read, "The sum appropriated shall be expended by the County of Hawaii for the purposes of this Act."

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 534 as amended herein, and recommends that it pass Second Reading in the form attached hereto, as S.B. No. 534, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 72 Ecology, Environment and Recreation on S.B. No. 550

The purpose of this bill is to convert temporary employees at Lapakahi State Historical Park to full-time civil service employees.

Your Committee after hearing testimony from the Department of Land and Natural Resources which administers the project and from the United Public Workers, AFSCME Local 646 concurs with the intent and purpose of S.B. No. 550 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 73 Consumer Protection on S.B. No. 761

The purpose of this bill is to update those provisions in the Hawaii Penal Code originally designed to provide more effective means of protection to the public from theft and traffic of stolen merchandise on which factory or owner serial numbers or identification marks have been affixed. These provisions prohibited certain removal of such numbers and marks and certain possession of merchandise so altered. General provisions of the Code relating to theft make offenses of disposing of or receiving stolen property.

Testimony presented indicated that in the three years of its existence, these provisions have not provided sufficient protection, and that modifications are needed toward that end. The term "firearm" was deleted because Section 134-10, Hawaii Revised Statutes, adequately

covers that situation.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 761, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 761, S.D. 1 and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 74 Consumer Protection on S.B. No. 1479

The purpose of this bill is to change the quoted language of one of the acts constituting grounds for invoking the enforcement provisions from any wilful departure from or disregard of accepted "trade standards for good and workmanlike repair in any material respect without consent of the customer" to "practices or workmanship." The word "wilful" should not be deleted, notwithstanding possible staff difficulties in proof, in light of authorized sanctions which may deny a dealer or mechanic his livelihood for unintentional actions on such a judgmental factor.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 1479, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 75 Public Utilities on S.B. No. 147

The purpose of this bill is to increase the penalty provisions of Chapter 269, Hawaii Revised Statutes, in order to conform with the penalty provisions required by the Natural Gas Pipeline Safety Act.

The gas system in Hawaii is subject to the Act which is administered by the United States Department of Transportation. The State Public Utilities Commission under agreement in 1971 with the United States Department of Transportation assists in the enforcement of the federal safety standards. Under the agreement, the Public Utilities Commission can only obtain voluntary compliance and must report violations or probable violations to the Office of Pipeline Safety for federal enforcement. Under the provisions of the federal Natural Gas Pipeline Safety Act, a state can be certified to assume full responsibility for a gas pipeline safety program based on state standards with respect to intrastate gas facilities over which it has jurisdiction under state law. In order to receive certification, the state standards may be the same as the minimum federal standards or may impose additional or more stringent requirements not inconsistent with federal standards. Hawaii has been unable to receive certification because the penalty provisions of the State's statutes do not confirm to those of the federal Natural Gas Pipeline Safety Act of 1968. This bill would amend the penalty provisions to conform with the federal Act.

Under the present law, a public utility failing to comply with Chapter 269 or any order of the Public Utilities Commission is subject to a penalty of \$1,000 for each violation. This bill would amend the penalty to provide for a civil penalty of \$1,000 for each violation for each day of the violation up to a maximum penalty of \$200,000. However, the Public Utilities Commission may remit or mitigate the penalty.

After due deliberation of this measure, your Committee believes that gas pipeline safety would be enhanced, duplication of effort would be minimized and match fund assistance would become available if the Public Utilities Commission were to become certified by the federal authorities for the assumption of full responsibility for gas pipeline safety in the state.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 147 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 76 Intergovernmental Relations on S.B. No. 92

The purpose of this bill is to clarify and identify the responsible party who will determine whether an expenditure of public funds is for a purpose which does not admit of competition so as to be exempt from competitive bidding requirements. Present statutes provide that expenditures of public monies for purposes which do not admit of competition are exempt from prescribed competitive bidding requirements. Unfortunately the statutes do not set forth who is to determine that a purpose does not admit of competition. This bill will

hopefully clarify some of the confusion that has resulted from the present statute.

Your Committee received testimony from the Judiciary expressing the concern that the proposed bill seems contrary to the purpose of Act 150, S.L.H. 1974, which clarified the relationship of executive agencies with the judicial and legislative branches. In order to preserve the separation of powers doctrine in our system of government, your Committee has amended the bill to make it clear that the comptroller's authority to determine purposes which do not admit of competition is limited to expenditure by the executive branch.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 92, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 92, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Taira.

SCRep. 77 (Majority) Intergovernmental Relations on S.B. No. 321

The purpose of this bill is to add a new section to Chapter 103 which will designate cost responsibilities for construction delays, suspensions, or interruptions caused by litigation to be borne by the party bringing such action if that party loses the suit.

Your Committee received testimony from the State Department of Transportation and the General Contractors Association in favor of the bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 321, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Taira.
Senator George did not concur.

SCRep. 78 Intergovernmental Relations on S.B. No. 324

The purpose of this bill is to delete the restriction that the word "saloon" not be used in any advertisements, posters, or signs to describe the liquor business or the licensed premises of any licensee.

Your Committee finds that the word "saloon" has no negative connotation today.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 324, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Taira.

SCRep. 79 Intergovernmental Relations on S.B. No. 332

The purpose of this bill is to amend Section 286-57, Hawaii Revised Statutes, to require persons having control of transportation and agents of such persons who transport used vehicles to record the vehicle identification number of such vehicle and maintain record of such for three years, such records to be available for inspection by police.

Your Committee received testimony from Mr. Harold Kawasaki, Captain of the Honolulu Police Department Criminal Investigation Division, who stated that investigations can be greatly simplified if shippers are required to check and file vehicle identification numbers.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 332, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Taira.

SCRep. 80 Intergovernmental Relations on S.B. No. 336

The purpose of this bill is to delete the requirement that bond interest rates be approved by a county board for management and control of a revenue-producing undertaking.

Testimony from the City and County of Honolulu Department of Finance indicates that there is no need to approve the "mechanics" of accepting the best bid since the Finance Director is practically committed to accept the best bid.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 336, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Taira.

SCRep. 81 Intergovernmental Relations on S.B. No. 337

The purpose of this bill is to protect law enforcement officers from personal liability for acts occurring during performance of official duties.

Your Committee has amended the bill to delete a typographical error.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 337, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 337, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Taira.

SCRep. 82 Intergovernmental Relations on S.B. No. 349

The purpose of this bill is to provide the sum of \$1,686,806.11 to reimburse the City and County of Honolulu under Sec. 70-111, Hawaii Revised Statutes, for advances made for the State's share of the cost of improvements assessed against public and exempt lands in the various improvement districts.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 349, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Taira.

SCRep. 83 Judiciary on S.B. No. 4

The purpose of this bill is to appropriate funds for the judiciary programs for the 1977-1979 fiscal biennium.

Following hearings on the recommended expenditures for the various programs of the Judiciary, your Committee examined the budget taking into consideration the present fiscal situation of the State of Hawaii.

As result of such examination, your Committee hereby recommends the following amendments:

(a) At page 3, item no. 1 of the Bill, under the program heading, The Judicial System, Court Operations, Supreme Court, Operating, delete 29* under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 28*, 28* and 28*, respectively.

(b) At page 3, item no. 1 of the Bill, under the program heading, The Judicial System, Court Operations, Supreme Court, Operating, delete 717,450A, 726,149A and 1,443,599A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 675,787A, 678,816A and 1,354,603A, respectively.

(c) At page 3, item no. 2 of the Bill, under the program heading, The Judicial System, Court Operations, Land Court/Tax Court, Operating, delete 64,329A, 64,505A and 128,834A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 62,364A, 62,533A and 124,897A, respectively.

(d) At page 3, item no. 3 of the Bill, under the program heading, The Judicial System, Court Operations, Circuit Courts, Operating, delete 205* under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 196.5*, 196.5*, and 196.5*, respectively.

(e) At page 3, item no. 3 of the Bill, under the program heading, The Judicial System, Court Operations, Circuit Courts, Operating, delete 4,672,517A, 4,724,860A and 9,397,377A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 4,378,164A, 4,432,781A and 8,810,945A, respectively.

(f) At page 3, item no. 4 of the Bill, under the program heading, The Judicial System, Court Operations, Family Courts, Operating, delete 196.5*, 197.5* and 197.5* under the

columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 191.5*, 192.5* and 192.5*, respectively.

(g) At page 3, item no. 4 of the Bill, under the program heading, The Judicial System, Court Operations, Family Courts, Operating, delete 3,761,446A, 3,876,902A and 7,638,348A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 3,606,135A, 3,722,884A and 7,329,019A, respectively.

(h) At page 3, item no. 5 of the Bill under the program heading, The Judicial System, Court Operations, District Court, Operating, delete 288*, 291* and 291* under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 280*, 283*, and 283*, respectively.

(i) At page 3, item no. 5 of the Bill under the program heading, The Judicial System, Court Operations, District Court, Operating, delete 4,563,936A, 4,686,045A and 9,249,981A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 4,324,632A, 4,443,915A and 8,768,547A, respectively.

(j) At page 3, item no. 6 of the Bill, under the program heading, The Judicial System, Court Operations, Administrative Director Services, Operating, delete 40* under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 37*, 37* and 37*, respectively.

(k) At page 3, item no. 6 of the Bill, under the program heading, The Judicial System, Court Operations, Administrative Director Services, Operating, delete 1,074,217A, 1,229,691A and 2,303,908A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 1,011,776A, 1,166,933A and 2,178,709A, respectively.

(l) At page 3, item no. 7 of the Bill, under the program heading, The Judicial System, Court Operations, Law Library, Operating, delete 8* under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 7*, 7* and 7*, respectively.

(m) At page 3, item no. 7 of the Bill, under the program heading, The Judicial System, Court Operations, Law Library, Operating, delete 316,932A, 332,224A and 649,156A under the columns designated FY 1977-78, FY 1978-79 and Total biennium and insert in lieu thereof, 312,780A, 328,028A and 640,808A, respectively.

Your Committee recommends that Section 5 of the Bill be amended by providing that the chief justice may transfer funds between programs only with the concurrence of the president of the senate and the speaker of the house of representatives.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 4, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 4, S.D. 2, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Taira.

SCRep. 84 Consumer Protection on S.B. No. 271

The purpose of this bill is to safeguard the public health, safety, and welfare, protect the public from being misled by incompetent, unscrupulous, and unauthorized persons, to assure the highest degree of professional conduct on the part of occupational therapists and occupational therapy assistants, and to assure the availability of occupational therapy services of high quality to persons in need of such services, by regulating the practice of occupational therapy.

Testimony presented by the Occupational Therapy Association of Hawaii cited inadequacies in the existing "voluntary credentialing" system of control of occupational therapists in Hawaii. The association contends that a state licensure law will provide the most effective means for insuring the protection of the consumer requiring occupational therapy treatment. The Department of Regulatory Agencies does not support the licensure proposal in light of the "Sunset Law" measure now being considered by the Legislature.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 271. However, rather than delaying the bill by waiting until the interim to make revisions, the Committee recommends that it pass Second Reading and be referred to the Committee on Judiciary for further consideration.

Signed by all members of the Committee except Senator Leopold.

SCRep. 85 Health on S.B. No. 118

The purpose of this Act is to update the state listing of controlled substances as required by section 329-11(e), to bring the list in line with that promulgated under the Federal Uniform Controlled Substances Act, to correct minor errors in past acts, and to prescribe procedures whereby additions to the federal list of controlled substances are automatically added to the state list on a temporary basis between legislative sessions.

Your Committee finds that giving the Department of Health authority to temporarily add substances to or delete substances from the state controlled substances list in accordance with federal additions to or deletions from the corresponding federal list would be of benefit to registrants under this section, who are presently required to keep separate records to comply with both federal and state laws, and would also be an improvement over present law, under which the Department of Health cannot make such additions or deletions until the following session of the Legislature. Your Committee further finds that the technical amendments to section 329-11(e) are in order.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 118, and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 86 Health on S.B. No. 119

The purpose of this bill is to amend chapter 324, by adding a new section allowing the Department of Health to collect health data without running the risk of incurring legal liability for the provider or the collector of such health information. To protect the rights of the individual about whom such information is collected, the bill provides that the name of the person shall be held confidential and further provides that none of the information may be used in any legal proceedings.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 119, and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 87 Health on S.B. No. 120

The purpose of this bill is to amend section 338-18, relating to the disclosure of certain vital statistics records. This bill further restricts the disclosure of these records and criminalizes the act of presenting false information in order to obtain such records.

Your Committee finds that these amendments are useful not only to protecting the privacy of those individuals whose vital statistics are on record with the Department of Health, but also serve to make more difficult the process of creating a false identity by the obtaining of another person's birth or marriage certificate.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 120, and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 88 Health on S.B. No. 478

The purpose of this bill is to make a technical amendment to chapter 453, clarifying the power of the board of medical examiners to promulgate and enforce rules and regulations under the Administrative Procedures Act, chapter 91.

Your Committee finds that this technical amendment is useful in clarifying the rule-making power of the board of medical examiners as an administrative agency.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 478, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 89 Health on S.B. No. 548

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii sufficient funds for the Big Island Council on Alcoholism to continue providing alcoholism information, referral services, counseling, and treatment.

Your Committee finds that this program is an existing resource serving the needs of the population of Hawaii County in terms of its substance abuse efforts. As such, this Hilo-based agency is included in the Department of Health's recommended levels of funding for statewide substance abuse services as discussed in S.B. No. 202 and companion H.B. No. 482. The Department of Health, in testifying on this bill, indicated that this program represents the only component of a potentially larger system of services yet to be developed, and that the Department is prepared to work closely with Hawaii County in assuring that appropriated funds are expended wisely to provide substance abuse activities in that community.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 548 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 90 Health on S.B. No. 738

The purpose of this bill is to facilitate the mental health for the young people of the State of Hawaii by providing scholarship funds for up to eighty youths from low-income families to participate in an outdoor mental health development program conducted by the Hawaii Bound School.

Your Committee finds that this program enhances the development of our youth in a positive manner, as the participants in Hawaii Bound generally emerge with increased feelings of self-esteem, self-reliance, and self-confidence. Your Committee, therefore, recommends that an appropriation for the Hawaii Bound program be continued at the current level of funding.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 738 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 91 Health on S.B. No. 1280

The purpose of this bill is to grant the circuit courts of the State of Hawaii jurisdiction to order that emergency medical procedures be performed upon a patient upon making a finding that such procedures are necessary to save human life. Your Committee on Health finds that such a provision in the law is both useful and necessary, especially where a patient has been rendered unconscious and incapable of giving consent to an emergency procedure by his mishap or illness, and no relative can be located, given the shortness of time in which to locate them, who might give consent to such emergency procedures.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1280, and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 92 Health on S.B. No. 1290

The purpose of this bill is to appropriate funds from the general revenues of the State of Hawaii, notwithstanding the lapsing provisions of section 13 of Act 176, Regular Session of 1972, for plans and construction of a long term care facility at Kahului for Hale Makua, County of Maui.

Your Committee finds that there is an increased need for the expansion of comprehensive health services to the elderly on Maui. The construction of this long term care facility at Kahului for Hale Makua would complete "the full gamut of health care services for the elderly on Maui by providing skilled nursing with an emphasis on rehabilitation, day treatment, and home health care," according to Mrs. Grace Lusby, Nursing Administrator of Hale Makua Senior Citizen Home. Your Committee further finds that the certificate of need was approved by the Comprehensive Health Planning Agency.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1290 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 93 Consumer Protection on S.B. No. 709

The purpose of this bill is to protect the consumer from the incompetent and unqualified practice of psychotherapy by regulating the independent practice of psychotherapy performed in the private sector on a fee for service basis.

The preponderance of witnesses representing the interests of patients, psychologists and psychotherapists, spoke in favor of the bill, calling attention to passage by a Senate committee on a similar bill entitled, "RELATING TO MARRIAGE AND FAMILY COUNSELLORS". Speaking in opposition to the bill were Gilda R. Legouri, President of the Hawaii Chapter of the National Association of Social Workers, and representatives from the Hawaii Medical Service Association, Hawaii Medical Association and the Department of Regulatory Agencies.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 709, recognizing that there are certain technical imperfections in the bill. However, rather than delaying the bill by waiting until the interim to make revisions, the Committee recommends that it pass Second Reading and be referred to the Committee on Judiciary for further consideration.

Signed by all members of the Committee except Senator Leopold.

SCRep. 94 Legislative Management

Informing the Senate that S.C.R.No. 114, S.R. Nos. 298 to 305 and Stand. Com. Rep. Nos. 95 to 248 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 95 (Majority) Ecology, Environment and Recreation on S.B. No. 350

The purpose of this bill is to protect the public health and to conserve and protect the water resources of the State; to provide for the classifying of all public and private wastewater treatment plants; to require the examination of operating personnel and certification of their competency to operate and supervise the operation of such systems and facilities; to create a board of certification of Wastewater Treatment Plant Operators; to prescribe the powers and duties of the board of certification in these matters; to provide for the promulgation of rules and regulations; to provide for reciprocal arrangements; and to prescribe penalties for violation of the Act.

Your Committee in considering the bill notes that the intent is not to cover irrigation activities of plantations.

Your Committee, after hearing testimony on the bill, has amended section -4(c). This section would allow the director to issue a "certificate, without requiring a qualifying examination therefor, to an applicant who is an operator satisfactorily operating a wastewater treatment plant on the effective date of this Act, provided that such certificate shall be valid only for the operation of that wastewater treatment plant." Your Committee has expanded the provision that "such certificate shall be valid only for the operation of that wastewater treatment plant" by adding the words "or a similar wastewater treatment plant."

The bill has been further amended to put the responsibilities for implementation with the Director of Health and not the Director of Regulatory Agencies and also puts the Board of Certification in the Department of Health for administrative purposes. Other grammatical and form changes have been made.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 350, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 350, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.
Senators George and Soares did not concur.

SCRep. 96 Public Utilities on S.B. No. 647

The purpose of this bill is to eliminate the taxation of inter-company transactions between affiliated public utility companies. The Department of Taxation's current practice of imposing the public service company tax on all intercompany transactions amounts to double taxation and an added cost to the public utility which must ultimately be borne by the consumer.

In the case of dividends, the Department of Taxation has interpreted existing law to

require public utilities to pay a tax on dividends received. As a result, affiliated public utilities are the only corporations in the State that are required by the Department of Taxation to pay a tax on the receipt of dividends. Your Committee finds no basis for this type of inequitable treatment.

In the case of materials, supplies, engineering, construction, maintenance or managerial services, these are normally furnished by the parent public utility company to a subsidiary public utility company to reduce duplication of overhead costs and personnel. In the case of construction services, there was testimony at the hearing that providing construction services to neighbor island utilities by the parent company avoided the necessity of having to lay off workers on the Island of Oahu, where economic growth had slowed down. By doing this, gainful employment was able to be sustained. Yet, the Department of Taxation's imposition of the public service company tax on the receipt of payment for these services appears to be counter-productive by discouraging such temporary assignment of employees to the islands where assistance is needed.

The cost for the above-enumerated services is charged to the subsidiary and the receipt of payment by the parent company for these charges is subject to the public service company tax. This, in turn, is reflected in higher operating expenses for the subsidiary because the parent company has to cover these taxes in the charges to the subsidiary. Under existing laws, taxes on inter-company transactions could be avoided by merely eliminating the legal status of the subsidiary companies and operating them as divisions of the parent company. Your Committee feels that public utilities and their consumers should not be penalized merely because of a technicality relating to the corporate structure of the companies.

Your Committee also feels that interest on loans between affiliated public utilities should be exempt from the public service company tax. Presently, if the parent company borrows short-term funds at an interest rate more favorable than the subsidiary could obtain and loans such funds to the subsidiary, the interest charges repaid to the parent company are subject to the public service company tax. Accordingly, your Committee has amended the bill to also exempt this type of transaction from the public service company tax.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 647, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 647, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 97 Intergovernmental Relations on S.B. No. 339

The purpose of this bill is to exempt government service companies contracted to operate and maintain a transportation system for a government organization from Chapter 237, Hawaii Revised Statutes, on reimbursements for costs received from the government organization.

Your Committee received testimony from the City and County of Honolulu Department of Transportation Services in support of the bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 339, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 98 Intergovernmental Relations on S.B. No. 485

The purpose of this bill is to amend Chapter 286, Hawaii Revised Statutes, to provide uniform statewide standards for inspection and issuance of permits for the operation of reconstructed vehicles.

Your Committee received testimony stating that presently, reconstructed vehicles approved according to standards in one county may not meet another county's requirements, and that additionally, reconstructed vehicles are not identified in vehicles registration records.

Your Committee believes that adopting statewide standards for reconstructed vehicles will be in the best interests of all concerned.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No 485, and recommends that it pass Second Reading and be referred to your Committee on Transportation.

Signed by all members of the Committee.

SCRep. 99 (Majority) Intergovernmental Relations on S.B. No. 733

The purpose of this bill is to expressly permit rezoning of lands zoned for high intensity uses but lacking improvements to a less intensive use until such time as the implementation of a general plan is in the public interest.

Your Committee received testimony from the City and County of Honolulu Department of Land Utilization and the Kaneohe Outdoor Circle in support of the bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 733, and recommends that it pass Second Reading and be referred to the Committee on Economic Development.

Signed by all members of the Committee. Senator Kawasaki did not concur.

SCRep. 100 Intergovernmental Relations on S.B. No. 735

The purpose of this bill is to amend Section 286-51, Hawaii Revised Statutes, to provide an additional fifty cent fee to be assessed and collected annually by any county with a population of 100,000 or more, to be used and administered by such county for the purpose of beautification of county highways and disposition of abandoned vehicles.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 735, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 101 Intergovernmental Relations on S.B. No. 416

The purpose of this bill is to amend Chapter 46, Hawaii Revised Statutes, to add a new section to allow the council of every county to appoint and employ personnel, exempt from civil service, and prescribe their powers, duties, and compensation.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 416, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 102 Economic Development on S.B. No. 48

The purpose of this bill is to allow an owner to petition for exemption from real property taxes by dedicating his property for hotel use, under the stipulations provided in section 1(b) of this bill.

The intent of this bill is to provide a viable vehicle which will facilitate the preservation of Hawaii's diminishing open space while also protecting hotel sites which have become of cultural, historical and aesthetic value.

Your Committee recognizes the need for this bill. Too quickly, the economic profitability of high-rise hotels on shoreline properties has taken precedence over the more intrinsic need to keep Hawaii as beautiful as its image purports it to be. Waikiki, in particular, is beginning to look like a fortress of concrete cubicles. There is little of Hawaii's lush grass and curved palms left for people to enjoy. The hotels also block the tradewinds from our narrow beachlines.

Your Committee strongly feels that it is important to act now to preserve what is left of a more graceful Hawaii. Existing laws cater to the economically profitable practice of making every single inch of open spaces and lush acreage usable. These present laws, by their very existence, mandate the continuing destruction of older, low-density, low-rise hotels.

Your Committee further finds that the stipulations of this bill are not without precedent. Present real property law provides for the dedication of land for agricultural use, residential use, golf course use, and open space use. Under open space use, land is fully exempted. This bill would place appropriate hotel sites under the same auspices as the more general open space provision now enjoys.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 48 and recommends that it pass Second Reading and be referred to your Committee

on Ways and Means.

Signed by all members of the Committee.

SCRep. 103 Economic Development on S.B. No. 80

The purpose of this bill is to appropriate funds for a study by the Department of Planning and Economic Development of the impact and desirability of native hardwood and/or pulpwood farming for Hawaii.

Your Committee finds that one of the objectives of a forest-based industry in Hawaii is to aid rural development and provide job opportunities in the rural areas of Hawaii, especially on the Neighbor Islands.

Today, many of the young people leave Neighbor Islands to move to Oahu where the greatest opportunities for employment exist. Another problem in this area has been the fact that jobs remaining on Neighbor Islands are generally lower-paying than available in Honolulu. For instance, during 1973 the average annual wage for a working person on Oahu was \$8,038; on Hawaii it was \$7,352; on Maui it was \$6,835; and on Kauai \$6,721.

In summary, your Committee finds that the contribution that an expanded commercial forest products industry would make toward the desired socio-economic and environmental goals of Hawaii are:

1. provide rural jobs and income;
2. provide a base to maintain rural populations on the Neighbor Islands;
3. diversify the economic base;
4. contribute to environmental quality, and
5. complement management of other resources in conservation, agriculture, and urban districts.

Your Committee believes that a minimum of \$100,000 would be needed to undertake the study as proposed in the bill and recommends the bill be amended to reflect this appropriation.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 80, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 80, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 104 Economic Development on S.B. No. 209

The purpose of this bill is to ensure the development of Hawaii's commercial fishing capability and to encourage expansion of fishing effort to new fishing grounds through the appropriation of funds for the development of adequate financing for new vessel construction.

Your Committee finds that it welcomes any opportunity to assist the commercial fishermen of Hawaii. Sources of financing are needed which are within the repayment ability of fishermen. The situation is such that most commercial fishing fleets are near obsolescence; it is also extremely difficult for most commercial fishermen to obtain any kind of federal or private financing.

Your Committee recognizes vessel financing as the highest priority among fishermen. Your Committee is in support of a study of the vessel lease concept as a viable alternative whereby the State can assist fishermen in obtaining federal financing and, in addition, feel that the proposed study should be expanded to include other possible financial sources as well as determining the total funding needs for a new vessel construction program. Your Committee recommends an appropriation of \$25,000 to be expended for the planning and development of a State vessel lease program concept.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 209, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 105 Economic Development on S.B. No. 233

The purpose of this bill is to appropriate \$80,000 to be expended by the University of Hawaii School of Law for the Law of the Sea Institute.

Your Committee finds that the Law of the Sea Institute, now in the process of being transferred to the University of Hawaii from the University of Rhode Island, represents an unusual and important asset to the Island State. As perceptions of ocean space and ocean use are changing, the Pacific Ocean assumes an ever-greater economic and political role in world affairs. As the Law of the Sea Institute enables, by its constitution, opinion and information exchange of a neutral, unbiased nature, it is fitting that it should be housed at the University of Hawaii.

The University of Hawaii School of Law will play a most important role in the functioning of the Law of the Sea Institute, but the Institute should not be construed as restricted to that School. Economic, social and political questions and problems are also under Law of the Sea Institute purview. They transcend the law in a strict sense but strongly influence trade-off agreements that do eventually become international law.

Your Committee finds that the Law of the Sea is emerging as a critical factor in relations among nations. It has great impact on the distribution of the ocean's resources, a distribution which is crucial to the economic life and well-being of most nations. It affects ocean transportation, trade, food resources, scientific research, and military strategy. Every nation has a stake in the Law of the Sea, and that stake is large. We expect that the Law of the Sea Institute will place Hawaii in a position of world leadership in ocean law.

Your Committee finds there are several administrative amendments to make to S.B. No. 233:

1. Reference to School of Law should be deleted to state "at Manoa";
2. Reference to Law School should be deleted in the last line of the bill.

Your Committee would further like to amend the bill by making the appropriation of \$50,000 to the Law of the Sea Institute.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 233, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 233, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 106 Economic Development on S.B. No. 311

The purpose of this bill is to amend Chapter 246, Hawaii Revised Statutes, to provide incentives for agricultural improvements through a fifty per cent exemption from real property taxation on improvements, thereby encouraging the development of a modern and efficient agricultural operation.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 311 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 107 Economic Development on S.B. No. 312

The purpose of this bill is to amend Chapter 246, Hawaii Revised Statutes, to provide incentives for agricultural improvements through an exemption from real property taxation for the full value of the improvements.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 312 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 108 Economic Development on S.B. No. 356

The purpose of this bill is to appropriate \$250,000 for the plans and construction of

the renovation of the vacuum cooling plant at Kamuela, Hawaii.

Your Committee finds that as farmers strive to improve the quality of agricultural products while at the same time expand production, the improvement of this facility is imperative. With the probable reduction in the amount of produce shipped here from the mainland as a result of poor weather conditions, the Hawaii farmer has a greater market potential. With the proper vacuum cooling plant facilities, this market could become permanent as island residents begin to realize that Hawaii's vegetable crops are fresher and superior in quality to those shipped from the mainland.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 356 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 109 Economic Development on S.B. No. 391

The purpose of this bill is to amend Section 201-4, Hawaii Revised Statutes, so as to permit the Department of Planning and Economic Development the flexibility of waiving the matching requirements for those fragile and/or fledgling industries that have the potential of growth but not the means of meeting the matching requirements.

Your Committee finds that industries in the early stages of existence are in most need of assistance, but the present wording of Section 201-4 prevents the Department from aggressively helping these industries unless they can finance their matching share. The bill does not propose to eliminate the matching requirements entirely. It is felt that those associations that are able to, should be required to match the State's promotional investment.

Your Committee finds that some of the commodities that would benefit from this matching waiver are: bananas, taro, proteas, dendrobiums, aquaculture, anthuriums, guavas, etc. Some of the commodities that are receiving matching assistance are: garments, papayas, Kona Coffee, jewelry, food processors, perfumes, liquors, gifts, curios, etc. In some instances, in-kind contributions are used to satisfy the matching requirement, but this arrangement is very restrictive and limits the types of promotions that can be implemented.

Your Committee also heard S.B. No. 547 which is identical in intent and purpose to S.B. No. 391, but S.B. No. 391 is preferred because of its comprehensiveness of wording.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 391 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 110 Economic Development on S.B. No. 441

The purpose of this bill is to appropriate \$271,000, to be expended by the department of agriculture, for the plans and construction of improvements at Maui Vacuum Cooling Plant, Omaopio, Maui.

Your Committee finds that as farmers strive to improve the quality of agricultural products while at the same time expand production, the improvement in this facility is imperative. With the probable reduction in the amount of produce shipped here from the mainland as a result of poor weather conditions, the Hawaii farmer has a greater market potential. With the proper vacuum cooling plant facilities, this market could become permanent as island residents begin to realize that Hawaii's vegetable crops are fresher and superior in quality to those shipped from the mainland.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 441 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 111 (Majority) Economic Development on S.B. No. 572

The purpose of this bill is to amend Section 3, Act 83, Session Laws of Hawaii 1973, by specifying the uses for which the monies appropriated for planning and economic development of Kauai may be used. It further amends the section by stating that the Kauai Task

Force Loan Specialist shall be exempt from Chapters 76 and 77, Hawaii Revised Statutes.

Since the inception of the Kauai Task Force in 1973, all administrative costs such as travel and per diem, printing, and personnel, has been borne by the Departments' regular appropriations, thereby causing severe hardships to other on-going programs. Due to the complexity of Task Force programs as well as the need to continually monitor approved projects, early last year a Loan Specialist was hired to perform these tasks. The cost of this position was also borne by other Department of Agriculture on-going programs.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 572 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee. Senator Soares did not concur.

SCRep. 112 Economic Development on S.B. No. 650

The purpose of this bill is to appropriate the following sums, to be expended by the Department of Water Supply, County of Hawaii, for Water Development Projects in Hawaii County.

1.	Puna Water Development	\$900,000
2.	South Hilo Water Development	\$850,000
3.	North Hilo Water Development	\$250,000
4.	Hamakua Water Development	\$360,000
5.	North Kohala Water Development	\$200,000
6.	South Kohala Water Development	\$350,000
7.	Kona Water Development	\$840,000
8.	Ka'u Water System Development	\$120,000

Your Committee finds that these water projects are vitally needed to keep pace with the growth of the Big Island to enable the Department to provide water at adequate pressure and volume, to provide adequate fire protection and to assure water quality in compliance with the Safe Drinking Water Act.

An additional water source is needed in the Hamakua district to relieve the load on expanding South Kohala Water System. Many requests are made for resort development in the Kohala district which must be denied because of the limited supply of water. Many residents in the Kona and Puna districts are still dependent on individual roof catchment and frequently suffer during drought conditions. A public water system needs to be extended in these areas.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 650 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 113 Economic Development on S.B. No. 665

The purpose of this bill is to appropriate a sum of money, to be expended by the Department of Agriculture, to provide interim aid to independent sugar growers amounting to a net return of \$80 per ton of sugar after deducting all harvesting, transportation, processing and marketing costs.

Your Committee finds that the intention of this bill is to give assistance, especially to the independent cane growers on the Big Island hardest hit in Puna and along the Hilo coast. The sugar crisis is a clear and present danger to the welfare of all the people of Hawaii. With the price of sugar being at an all time low, this would give a boost to those growers in need of help during this critical period. The independent grower today faces a choice of abandoning his farm and somehow paying off his accumulated debt or gambling on another crop that will be harvested in about two years with the very real possibility that he may go further in debt.

Your Committee finds that S.B. No. 665 does not assure any grower a profit on his crop, but it does protect him from a disastrous loss. A substantial liability for the State is created if Federal support is not forthcoming, but this must be evaluated against the potential long term loss to the State in taxes and the costs, both social and economic, of the loss of a large segment of our economy.

Your Committee finds that there are several amendments to be made to S.B. No. 665:

1. The definition of raw sugar is amended to "raw sugar testing 96 sugar degrees by the polariscope, determined in accordance with regulations of the U.S. Department of Agriculture";
2. That no such payments of the Act shall be made on production per individual grower per calendar year which is in excess of 3,000 tons;
3. That there is appropriated the sum of \$3,000,000, to be expended by the Department of Agriculture, for the purpose of the Act.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 665, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 665, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 114 Economic Development on S.B. No. 688

The purpose of this bill is to stimulate the State's economy with an incentive for business investment. It would amend Chapter 237, Hawaii Revised Statutes, to allow a tax credit for the purchase or construction of equipment and other business property, including manufacturing, production, and transportation of equipment. The tax credit allowed by this bill can be used to offset general excise taxes, public service company taxes, and use taxes, but not more than \$200,000 a year for each tax.

Your Committee finds that such a tax credit at the State level could stimulate additional investments in business property and equipment, resulting in permanent growth in Hawaii's economy. Small businesses will receive the greatest initial benefit because these businesses will receive the full tax credit immediately and, thus, will be stimulated to purchase additional equipment through dealers in the State. Further, new businesses and industries will have an incentive to invest and locate in Hawaii thus encouraging more employment.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 688, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator King.

SCRep. 115 Economic Development on S.B. No. 707

The purpose of this bill is to appropriate \$1,000,000, to be expended by the department of agriculture, for the support of research programs of the Experiment Station of the Hawaii Sugar Planters' Association for a period of two years.

The sugar producers of Hawaii are now in an extremely difficult situation resulting primarily from termination of the Federal Sugar Act on December 31, 1974. For eighty-two years, Hawaii Sugar Producers have supported their own research program at the Experiment Station of the Hawaiian Sugar Planters' Association. The budget for research has been reduced about twenty per cent for 1977 and a sound program can be continued only if additional funding can be found. The funds requested are \$500,000 for two years; the HSPA Experiment Station is confident that the operation of the Experiment Station could be maintained, the staff and facilities employed to full capacity, and a solid program assured for the future.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 707 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 116 Economic Development on S.B. No. 747

The purpose of this administrative bill is to change the title of Chapter 155, Hawaii Revised Statutes, from "Farm Loans" to "Agricultural Loans".

Your Committee finds that this proposed change is more appropriate to the functions of the chapter.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 747 and recommends that it pass Second Reading and be referred to your Committee

on Ways and Means.

Signed by all members of the Committee except Senator King.

SCRep. 117 Economic Development on S.B. No. 1110

The purpose of this bill is to provide funds to continue to promote visits to the neighbor islands through the Hawaii Visitor's Bureau.

Your Committee finds that there continues to be a great need to promote mass marketing for the neighboring islands. To accomplish this end, S.B. No. 1110 appropriates \$200,000, to be expended by the Department of Planning and Economic Development, provided that the Department shall not engage in such promotion other than by contract or contracts with the Hawaii Visitor's Bureau.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1110, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 118 Economic Development on S.B. No. 96

The purpose of this bill is to amend Section 147-31, Hawaii Revised Statutes, to expand the definition of flowers and foliage to include "plants with roots attached."

Your Committee finds that the intent of this bill is to permit the Department of Agriculture to develop grades and standards and minimum export requirements for rooted nursery products at the request of the nursery industry. Grades and standards facilitate trade by providing a common language to measure quality. Minimum export requirements allow industry to control quality, packing and packaging in order to enhance the development of the export market.

Your Committee finds that the nursery industry has expanded tremendously, it shows great potential for continued growth and becoming a multimillion dollar industry in Hawaii. This bill would provide a means to foster this growth.

Your Committee finds that this bill allows certification and inspection of "plants with roots attached" on a fee for service basis. This permits the additional workload of the Department of Agriculture to be self-sustaining without draining unnecessarily on departmental funds in order to accomplish the purposes of this bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 96 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 119 Economic Development on S.B. No. 159

The purpose of this bill is to extend the provisions of Section 171-52(c), Hawaii Revised Statutes, such that in the event one abutting landowner lacks access to a street, and such access can be secured by disposition of the remnants, such remnant shall be first offered for sale to such abutting owner, or subdivided so as to protect the access of all abutting land owners.

Your Committee finds that situations can arise where it is not possible to subdivide a remnant in a manner acceptable to the county concerned and the remnant must be offered at sealed bid. If one of the abutters needs the remnant for access purposes, but his bid is not the highest, he cannot be accommodated. This bill will take care of that kind of situation.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 159 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 120 Economic Development on S.B. No. 745

The purpose of this administrative proposal is to repeal Chapter 516, Hawaii Revised

Statutes, which authorized the establishment of the Farm Advisory Board.

Your Committee finds that the Board was initially established in 1949, but has not been active for many years. The powers, duties and functions of the Farm Advisory Board are presently performed by either the Board of Agriculture, itself, or the Governor's Agriculture Coordinating Committee.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 745 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 121 Human Resources on S.B. No. 544

The purpose of this bill is to amend Section 8876, Hawaii Revised Statutes, by increasing the retirement allowance to one and three-fourths per cent of a public employee's (who retires on ordinary disability retirement) average final compensation for each full year of credited service and a minimum retirement allowance of thirty per cent of the member's average final compensation.

Your Committee finds that normal retirement allowance at age 55 is based on two per cent of the average final compensation. When benefits were changed to normal retirement age 55, corresponding changes were not made in the formula for ordinary disability retirement benefits. The increase to one and three-fourths per cent of a public employee's average final compensation for each full year credited service for ordinary disability compensation retirement would be more comparable to that for service retirement at age 55.

Your Committee further finds that any public employee who retires on ordinary disability is a hardship case. To qualify, an employee must be totally disabled from illness or injury not related to his work.

Testimony received from the Retirement System estimated the actuarial cost to be \$850,000 per year of which the State's share is \$629,000 and the Counties' \$221,000.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 544 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 122 Human Resources on S.B. No. 564

The purpose of this bill is to provide health benefits within the scope of the State's health benefit plan to salaried and full-time members of a board or commission which is appointed by the governor, and to those employees whose duration of employment is more than three months and more than twenty hours a week.

Your Committee finds that the Board of Trustees of the Hawaii Public Employees Health Fund concurs with the intent of this bill. Your Committee recognizes that the work performed by these excluded employees, board members and commissioners is valuable and critical to the entire operations of State government. The State of Hawaii SCET and the Federal CETA programs grant health fund benefits to approximately 2,900 short-term employees either by legislation or by rule interpretation, and your Committee feels that there should be a consistency of policy in this particular area of health benefits.

Your Committee further finds that some of the benefit costs embodied in this bill may be recoverable by the public employer if the employees involved are hired by special or federally-funded projects. The State Health Fund Administrator estimates that the cost to the State over the 77-79 biennium will be approximately \$531,000.

Testimony by the State Health Fund Administrator indicates that the exclusion phrase "whose duration of employment is less than three months and whose employment is part-time or is less than twenty hours a week", beginning on line 18, page 3 may be difficult to administer from a program standpoint. This is because a part-time job for a specific occupation may be less than twenty hours or may be specifically defined in a collective bargaining contract. Your Committee recommends that the phrase "employed for less than three months and whose employment is less than one-half of a full time equivalent position", be added in line 18, page 3 in place of the original exclusion phrase.

Your Committee on Human Resources is in accord with the intent and purpose of S.B.

No. 564 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 564, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 123 Human Resources on S.B. No. 794

The purposes of this bill are to appropriate or to authorize specific sums of monies, or so much thereof as may be necessary, to fund for fiscal year 1976-1977 all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1, and to fund salary increases and other adjustments for employees who are excluded from the foregoing bargaining unit; to appropriate or to authorize specific sums of monies, or so much thereof as may be necessary, to maintain for the fiscal biennium 1977-1979 the level of increases approved or covered in Section 1 of this bill. In addition, this bill provides for the utilization, allotment and lapsing of these funds.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 794, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 124 Human Resources on S.B. No. 795

The purposes of this bill are to appropriate or to authorize sums of monies, or so much thereof as may be necessary, to fund for the fiscal biennium 1977-1979 all collective bargaining cost items in the agreements negotiated with the exclusive bargaining representatives of certain collective bargaining units and to fund salary increases and other adjustments for officers and employees who are excluded from the foregoing bargaining units; to provide for the utilization, allotment and lapsing of these funds.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 795, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 125 Human Resources on S.B. No. 239

The purpose of this bill is to make the professional and research staff of the Hawaii Public Employees Relations Board removable only for cause.

Your Committee finds that the 1970 Legislature recognized the value of experience and continuity of service in the field of public sector collective bargaining when it adopted Chapter 89, Hawaii Revised Statutes. Therein it exempted the Board members from the twotermed limitations contained in Section 26-34, Hawaii Revised Statutes, it stated:

"Because cumulative experience and continuity in office are essential to the proper administration of this chapter, it is declared to be in the public interest to continue board members in office as long as efficiency is demonstrated,"

Your Committee finds that it is desirable to provide another form of tenure other than Civil Service in order to foster the development of professional expertise at the staff level to assure the continuity of employment of competent staff experts.

Your Committee is in accord with the intent and purpose of S.B. No. 239 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 126 Human Resources on S.B. No. 352

The purpose of this bill is to amend Section 354-34, Hawaii Revised Statutes, by changing the penalty clause to a class C felony to be consistent with the need for a harsher penalty for fraudulent cases.

Your Committee finds that the present penalty clause is too loose and a harsher one is needed to combat fraudulent cases and to act as a deterrent in the future. The Department of Social Services and Housing has been encountering a large number of fraud situations

involving amounts of over \$200 and one over \$10,000; the class C felony will involve these sums. However, there are also situations involving sums of less than \$200 which may need legal action.

Your Committee recommends that a revision be made to the penalty clause in which any person convicted under the fraud, penalties section of the State Statute shall be guilty of a misdemeanor instead of a class C felony, provided that provisions of this section shall neither prevent prosecution under other provisions of the Hawaii Penal Code nor shall it prevent any other remedies the DSSH has for recovery. This change will enable the Department to utilize other provisions of the penal code, as appropriate, for situations involving sums of \$200 and over.

Your Committee further recommends an addition of the term "Food Stamps" to this section to accommodate the Food Stamp Program that has been included in the DSSH. It is also recommended that an amendment be made to clarify that the term "recipients" will also include vendors who receive payment from the Department.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. 352, as amended in the form attached hereto as S.B. 352, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 127 Education on S.B. No. 45

S.B. No. 45, referred to your Committee, was in short form.

The purpose of this bill is to provide for the expansion of the counseling program in the schools. Your Committee heard testimony from the Department of Education, the Hawaii State Teachers Association, the Hawaii Federation of Teachers, and from one of the counselors presently working in an elementary school. It was the unanimous consent that this was an area which needed expansion, and all parties agreed that the first priority should be the conversion of the 35 counselor positions currently established at a temporary level, to permanent status.

Your Committee is in agreement with the testimony presented and has amended this bill to reflect the creation of 35 permanent counseling positions in the elementary schools.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 45, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 45, S.D. 1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 128 Education on S.B. No. 290

This Bill provides for capital improvement projects in Honolulu schools. Your Committee has reviewed the proposed projects relating to school facilities and finds each to be of merit.

Your Committee on Education has considered said Bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 290, S.D.1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 129 Education on S.B. No. 291

This Bill provides for capital improvement projects on the island of Maui. Your Committee has reviewed the proposed projects relating to school facilities and finds each to be of merit.

Your Committee on Education has considered said Bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 291, S.D.1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 130 Education on S.B. No. 292

This Bill provides for capital improvement projects in the leeward Oahu area. Your

Committee has reviewed the proposed projects relating to school facilities and finds each to be of merit.

Your Committee on Education has considered said Bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 292, S.D.1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 131 Education on S.B. No. 298

This Bill provides for capital improvement projects for windward Oahu. Your Committee has reviewed the proposed projects relating to school facilities and finds each to be of merit.

Your Committee on Education has considered said Bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 298, S.D.1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 132 Education on S.B. No. 299

S.B. No. 299, referred to your Committee, was in short form.

The purpose of this bill, as amended is to provide for capital improvements at two Honolulu schools. Your Committee has reviewed the proposals and finds that these projects are in the best educational interests of the schools. One project would provide for a comprehensive complex development of Washington Intermediate School and the other provides for various improvements at Maemae Elementary School.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 299, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 299, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 133 Education on S.B. No. 300

This Bill provides for capital improvement projects for the island of Hawaii. Your Committee has reviewed the proposed projects relating to school facilities and finds each to be of merit.

Your Committee on Education has considered said Bill and recommends that it pass First Reading in the amended form attached hereto as S.B. No. 300, S.D.1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 134 Education on S.B. No. 113

The purpose of this bill is to amend the statutes relating to expenses to be paid to members of the Board of Education while attending meetings on outer islands or while traveling abroad on official business. The rate was last set in 1970 and is not in line with the most recent provision for state officials generally, which is contained in Section 78-15, Hawaii Revised Statutes. The amendment would relate the Board of Education expense rate to Section 78-15.

The bill would further amend the statutes to allow for the payment of expenses to board members for trips involving official business other than board meetings.

The bill would also correct the inequity that now exists, in some cases, for those board members representing the neighbor islands who are not receiving payments for expenses while on board business that is off of their island of residence.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 113, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 113, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 135 Education on S.B. No. 115

The purpose of this bill is to amend the current statutes pertaining to exemptions from chapter 77's civil service provisions. The department of education is proposing that two classes of employees be added to the exempt categories; lunch-hour supervisors and classroom cleaners, both of whom are on a less than half-time basis. The present statute requires the department to regularly seek exemptions from the department of personnel service, which they have been receiving. The department of education seeks a statutory exemption in order to remove the need to obtain permission, every year, from the department of personnel services for such hiring and to obtain maximum flexibility in high turnover, usually temporary job positions.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 115 and recommends that it pass Second Reading and be referred to the Committee on Human Resources.

Signed by all members of the Committee.

SCRep. 136 Higher Education on S.B. Nos. 809, 812, 816, 962, 963, 964, 965, 1016 and 1286

These bills appropriate funds out of the general revenues of the State of Hawaii for various capital improvement projects for the University of Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of these bills and recommends that they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 137 Higher Education on S.B. No. 47

The purpose of this bill is to give the State Postsecondary Education Commission the authority to promulgate rules and regulations as may be required from time to time to enable the State to participate in certain federally funded programs available to postsecondary institutions. A specific example of such a program is the 50% federally funded State Student Incentive Grant program, designed to help needy postsecondary education students meet the cost of attending school. The State of Hawaii through the University of Hawaii has participated in this program for the past two years. Recent changes in the federal statute affecting this program now require that the Commission assume responsibility for the administration of the program. While the University had the authority to adopt rules and regulations in order to implement the program, the Commission currently does not. Should the Legislature fail to grant the Commission such authority, the State will be unable to participate in the State Student Incentive Grant program and needy students attending colleges in Hawaii will not be able to receive the approximately \$250,000 in federal funds available to them to help them meet the cost of obtaining higher education.

Your Committee also intends that the Commission, in adopting rules and regulations to continue participation in the State Student Incentive Grant program, be guided by the following preferences of your Committee.

1. That the schedule of awards be established such that the maximum award each semester shall not exceed the tuition charged by the school at which the student enrolls, and that no award shall exceed \$750 in any academic year.
2. That the recommendation that no award be greater than 50% of the tuition charged at the institution in which the student enrolls will be difficult to explain to recipients of awards, due to the varying tuition charges of schools in our State, and unnecessarily cumbersome in packaging individual student's financial aid awards. Your Committee prefers that this provision be eliminated when the Commission adopts the schedule of awards.

Your Committee was advised by Dr. Matsuda that the anticipated federal allocation for the State Student Incentive Grant program for Hawaii for fiscal year 1977-78 is approximately \$250,000. Therefore, S.B. No. 47 has been amended to include this amount in matching funds per annum. In addition, the permanent position was replaced with \$10,000 for temporary help.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 47 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 47, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 138 Higher Education on S.B. No. 860

The purpose of this bill is to relocate the Center for Labor Education and Research in the Office of the President of the University of Hawaii.

In addition, the bill establishes a revolving fund and appropriates monies for the Center.

Testimony presented before the Committee by the University President and representatives of labor agree that such a move is not desirable. Therefore, the bill has been amended to delete all references to the relocation of the Center and the establishment of the revolving fund.

The appropriation section has been amended to include \$500,000 for the biennium 1977-79 (\$250,000 per annum).

All sections have been appropriately renumbered.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 860, S.D. 1 and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 139 Higher Education on S.B. No. 1165

The purpose of this Act is to enable the University of Hawaii to provide suitable transportation services to and from its campuses to any eligible handicapped student, who without such transportation services would be unable to attend a campus of the University.

Your Committee finds that there is a definite need for such services. Your Committee also finds that the "K-thru-12" transportation program for which the Department of Education and the Department of Accounting and General Services share responsibility, could be expanded to include postsecondary students attending the campuses of the University of Hawaii. Using existing equipment, mid-day and late-day runs could be added to supplement those currently scheduled.

Your Committee has amended section 2 of the bill to include the sum of \$200,000 for the biennium of 1977-79 and specified that the sum shall be for contractual services. Further, section 3 of the bill has been amended to designate the department of accounting and general services as the expending agency.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1165, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 140 Higher Education on S.B. No. 1300

The purpose of this bill is to appropriate funds for the operations of the Pacific and Asian Affairs Council (PAAC).

Your Committee has amended the bill to include the sum of \$40,000 for the operations of the PAAC.

Your Committee strongly recommends that future appropriations for this program be channeled through the department of education because the programs sponsored by the PAAC are directed at elementary and secondary education students.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1300, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 141 Higher Education on S.B. No. 1324

The purpose of this bill is to appropriate \$350,000 for the completion of construction of facilities for the Center for Korean Studies. The monies will be expended by the University of Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1324, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 142 Energy/Natural Resources on S.B. No. 49

The purpose of this bill is to provide a tax incentive for the purchase and installation of a timing device which is designed to reduce energy consumption by electric hot water heaters.

Your Committee adopted the recommendation of the Department of Taxation and has amended section 1 of the bill by changing the effective date to be made applicable to taxable years beginning after December 31, 1976.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 49, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 49, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 143 Energy/Natural Resources on S.B. No. 50

The purpose of this bill is to insure that energy conservation practices are employed in the design, construction and utilization of public buildings and facilities by taking full advantage of Hawaii's mild climate, natural tradewinds, and abundant solar energy source.

Your Committee adopted the recommendation of the Department of Planning and Economic Development by deleting section 2 of this bill and renumbered the following sections accordingly. The contents of the deleted section will be incorporated into legislation being developed by the Department that will address energy conservation and building codes for both public and private buildings. This legislation is being developed as a part of the State Energy Conservation Plan for submission to the Federal Energy Administration in response to the Energy Policy and Conservation Act, P.L. 94-163.

Your Committee further amends the bill by deleting the word "new" on page 2, line 14, thus allowing energy conservation demonstration projects to be implemented in any state-owned building.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 50, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 50, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 144 Energy/Natural Resources on S.B. No. 53

The purpose of this bill is to encourage the conservation of energy by providing a tax incentive for the use of solar energy devices.

For the purpose of clarification your Committee is amending section 1(a), page 1, line 8, of the bill by adding the words "for the cost of the purchase and installation of"; and by insertion of the word "said" on line 10; and the deletion of the words "of the device" on line 10.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 53, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 53, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 145 Energy/Natural Resources on S.B. No. 1465

The purpose of this Act is to sustain the momentum generated by the aquaculture planning program by insuring that immediate actions will be initiated to encourage and promote commercial development of aquaculture in Hawaii and to undertake the development of species with potential for Hawaii. It is also the purpose of this Act to qualify Hawaii for participation in federally assisted programs and projects in aquaculture by providing funds and in-kind services to match such federal funds as may become available.

The testimony provided this Committee emphasized the great importance to Hawaii to encourage and strongly support the development of the emerging aquaculture industry. Hawaii has so many natural benefits that makes aquaculture an attractive industry especially in light of the plight of sugar and pineapple industries. A reasonable estimated potential for the aquaculture industry in five to ten years is in excess of \$50,000,000 (based on the recent growth patterns in "prawn farming" or a 5,000 acre industry @ \$10,000 an acre annual production). Other species and efforts will also be brought to production, adding to the gross sales.

This projected volume of sales would generate 500 direct jobs and 850 indirect jobs, or a total of 1,350 new jobs.

Further, based on testimony provided, a proposed budget of \$672,228 is recommended to implement a sound aquaculture development program in Hawaii. This entire \$672,228 operating budget would qualify as matching funds for federal support for the aquaculture program in Hawaii and hence could generate as much as \$1,344,456 additional amount in federal funds. The Budget Summary and Budget Details and Justification follows.

BUDGET SUMMARY

Aquaculture Development Program

<u>Project</u>	<u>Participating Funding by:</u>	<u>Operating Funds</u>	<u>Capital Inv. Funds</u>
A. Program Support	---	\$150,650	---
B. Information & Advisory Project	---	86,800	---
C. Fiscal Development	---	36,000	---
D. Site Planning & Selection	---	15,000	---
E. Quarantine & Certification	---	32,000	---
F. Freshwater Prawn Aquaculture Development Program*			
Water Quality Equipment	---	10,000	---
Ponds & Holding Tanks	---	---	\$ 22,000
G. UH Sea Grant Prawn Aquaculture Program*	UH, Sea Grant	150,000	---
H. Baitfish Development	UH, Sea Grant	20,000	---
I. Marine Agronomy	UH, Sea Grant	24,378	---
J. Opihi Development	UH, Sea Grant	20,000	---
K. Marine Shrimp Development	Sea Grant, Private	43,000	87,000
L. Marine Aquarium Fish Development	---	44,400	29,300
M. Moi Development	---	40,000	---
<u>Totals:</u>		<u>\$672,228</u>	<u>\$138,300</u>

*These items are to be made available to the Anuenue Fisheries Research Center of the Department of Land and Natural Resources.

Budget Details and Justification

A. Program Support - Operating Funds: \$150,650

This item provides for a small administrative support staff to provide overall coordination over aquaculture development and to continue studies in aquaculture planning and economic assessments. The temporary staff will consist of the following positions:

Program Coordinator	Programmer
Aquaculture Planner/Economist	Administrative Assistant
Aquaculture Specialist	Secretary

In addition to personal services costs, estimated at \$114,000, the budget provides for other current expenses amounting to \$36,650. The budget total relates to the level of funding

for the current aquaculture planning program.

B. Information & Advisory Project - Operating Funds: \$86,800

Aquaculture activity is taking place in many places in the world. The NOAA aquaculture information program has largely collected information which is relevant to temperate or mainland aquaculture. Although information on species which have potential in the tropics is available, it is not assembled in a manner which is directly useful to Hawaii. This information activity will serve the purpose of gathering information of value to Hawaii and communicating the most up-to-date form of this information to investigators in the Hawaii program. The project will also prepare documents for general public consumption on the species and the activities relevant to the development of industries in the State. Initially, in conjunction with advisory programs in the University, and the Anuenue Fisheries Research Center, this activity will act to increase public awareness of all aspects of aquaculture.

A staff of three persons will be needed: Technical Information Specialist, Data Processing Specialist, and a Clerk Typist. Personal services costs are estimated at \$41,000, other current expenses at \$44,000, and equipment at \$1,800.

C. Fiscal Development - Operating Funds: \$36,000

A specific activity which is oriented toward the development of outside sources of funding for activities in Hawaii is crucial. The intent of the initial program is to get started by initiating activities using existing facilities, manpower, and resources. Ultimately the present capabilities will have to be augmented with new facilities, additional expertise, and other resources that will cost considerably more than is currently available.

The responsibilities of this activity will be to determine what Federal agencies, as well as other sources of support, can provide financial assistance. Individual investigators as well as programs will be made aware of alternative mechanisms for supporting their activities, and be encouraged to develop proposals for outside support. The person responsible for developing Federal funding will spend time in Washington and elsewhere and will interact with various program and policy makers in the State to achieve the most efficient and effective manner of developing aquaculture and aquaculture-related programs.

This activity should be pursued aggressively during this period when both the Congress and a number of Federal agencies are currently developing their aquaculture plans. Funding through the Aquaculture Assistance Act with more than \$42.5 million, USAID Title XII with as much as \$100 million, as well as other programs providing financial assistance suggest high payoffs for this activity.

Two half-time positions are envisioned for this activity at a cost of \$21,000. Other operating expenses and equipment items are estimated at \$15,000.

D. Site Planning and Selection - Operating Funds: \$15,000

At present, a major need for aquaculture development is ponds and facilities as well as the construction of experimental or prototype demonstrations of industry. Without the demonstration of concepts that can lead to aquaculture industry, there is little likelihood that the financial community, lending institutions, or private investors will be stimulated to invest in aquaculture in Hawaii.

As a result, it is crucial at this time not only to determine what facilities are needed to augment the capability in Hawaii but to be able to design those facilities that are required and to select sites where they can be built in the most useful and effective form. It is envisioned that future State resources and Federal funding will be available to support construction of prototype facilities.

The major expenses associated with this item are for the services of a half-time engineer (\$12,000) and intra-state travel expenses (\$3,000).

E. Quarantine and Certification - Operating Funds: \$32,000

At present there are few commercial aquaculture activities in Hawaii. The principal activity is the Hawaiian prawn industry. Some production of catfish and Chinese carps has been demonstrated. As a result, few of the diseases which characterize aquaculture elsewhere in the world exist in Hawaii. There are 32 bacterial diseases of catfish, as well as a number of viral diseases. There are numerous diseases of prawns, trout, and other species that can be grown in Hawaii and in other locations.

Preserving the unique characteristics of the Hawaiian environment as a location relatively

free from diseases of cultured species offers a unique location for aquaculture development. Probably the most immediate concern is the establishment of an effective quarantine and diagnosis program which will allow the certification of new stocks entering the State as free from diseases that are likely to affect the future of the aquaculture industry. It is essential that funds be made available for this objective. In the near future it is not envisioned that there will be large numbers of importations. As a result, existing facilities with certain augmentations of holding space may be used for quarantine and testing. Certification can be accomplished by retaining MD's and veterinarians with specific interests in aquaculture diseases as consultants.

This item of \$32,000 will provide for obtaining such consulting service, on an as-needed basis. As available aquaculture activities expand in the future, it will be essential to develop a facility and staff to carry out this very important function.

- F. Freshwater Prawn Aquaculture Development Program
 Water Quality Equipment - Operating Funds : \$10,000
Ponds and Holding Tanks - CIP Funds : \$22,000

Through the consistent efforts of the Anuenue Fisheries Research Center, an effective freshwater prawn development program has been accomplished. This program provides a demonstration of economically viable aquaculture in Hawaii, and also serves as a model for aquaculture development in the State. The provision of prawn stocks to farmers as well as information and help with all aspects of farming from stocking to harvesting have been responsible for the growth of this industry. At present, the hatchery facilities at the Anuenue Fisheries Research Center are producing at their limit. The hatchery is barely able to supply the needs of existing industry and cannot supply the future needs for prawn larvae.

There is a need to provide the Anuenue Fisheries Research Center with essential water quality equipment to augment present equipment. Other activities will be fostered through the multi-functional use of these facilities. A freshwater carp program will be possible by the addition of certain ponds and holding tanks which are useful in the prawn program. The expansion of facilities will also provide for requirements of a catfish reproduction development program and an eel evaluation program identified in the Aquaculture Planning Program.

- G. The University of Hawaii Sea Grant Prawn Aquaculture Project - Operating Funds: \$150,000

For many years, the UH Sea Grant College Program has acted to provide important input to the development of aquaculture in Hawaii. Key research programs at the University campus and the Hawaii Institute of Marine Biology have produced information important to the understanding of aquaculture development.

A reorganization this year resulted in the focusing of research and development activities on the Hawaii Prawn Program. Activities carried out in the areas of genetics, reproduction, nutrition, behavior, environmental studies, food processing, economics, engineering, and systems analysis relate to the scientific needs affecting the future of aquaculture development. These programs provide \$207,000 of Federal support.

It is essential to recognize that many benefits are achieved in this program. The program effectively serves the needs of development in Hawaii while using Federal funds on a 2 to 1 matching basis to accomplish this program. In order to achieve this level of investment by the Federal Sea Grant Program, matching funds are required, including State funds beyond the level provided by UH. The sum of \$18,563 has been requested by the UH Prawn Program of the Marine Affairs Coordinator's Office.

The expenditure of these funds is consistent with the total activity that is envisioned as the Aquaculture Development Program. Further advantages are to be accrued, for establishing these basic programs in the University under a firm foundation for development will be important for providing the same kinds of services to other aquaculture activities involving other species that will be developing at Oceanic Institute and other locations in the State.

This request amounts to \$150,000 to match \$18,563 in UH funds and \$207,000 in Sea Grant funds, for an aggregate program value of \$375,563.

- H. Baitfish Development - Operating Funds: \$20,000

Production of baitfish for the tuna industry is expected to have considerable importance for the future. Baitfish production will depend on the provision of foods, the maintenance

of water quality and the economical operation of support systems. This item requests \$20,000 for the baitfish program at HIMB, which will match \$34,000 from UH funds and a Sea Grant request for \$22,000. The future development of this program through the provisions of new species of fish for which hatchery techniques are being developed is considered to be an important aspect of the total aquaculture development program.

I. Marine Agronomy - Operating Funds: \$24,378

Marine agronomy program has a long history in the State of Hawaii. Dr. Maxwell Doty of the UH Department of Botany is recognized as the world's expert in marine agronomy. Dr. Doty's efforts during the past years have focused on effectively starting industries in the Philippines, the U.S. Trust Territory and elsewhere in Southeast Asia for the farming of economically important seaweeds. Dr. Doty has also been responsible for identification and development of products which have potential value for pharmaceutical, food and drug industries. During the last year, the UH marine agronomy program has refocused its attention to production in Hawaii.

Funds requested will provide for phases of the developmental work that can lead to Hawaii's becoming an important site for production of marine seaweeds. It is essential to recognize that the availability of technology is only one of the important aspects of program development. The solution of problems in siting and solving problems identified by environmental interests are also part of this program.

The activities during the next year are expected to focus on the development of marine agronomy and the recognition of how some of these programs can be integrated into other activities. Waste products from aquacultural systems as well as nutrients made available through OTEC can provide resources for the expansion of seaweed and plankton aquaculture. This budget item of \$24,378 augments funds for program development and matching funds for Sea Grant. The UH match is \$28,657 and Sea Grant's portion is \$115,130, for a total program value of \$168,165.

J. Opihi Development - Operating Funds: \$20,000

During the last year, funds were provided DPED to continue studies in the biology of opihi. The study, conducted by Dr. Alison Kay of the University of Hawaii, provided valuable insight into some of the aspects of population biology of opihi and indicated that opihi may have aquaculture potential. Information regarding spawning, culture techniques, growth rates, and food requirements must be gathered. These are essential to determine if opihi has aquaculture potential in Hawaii. The funds requested will focus on answering some of these key questions. The potential of combining these studies with other program activities is viewed as having a synergetic effect. For example, success in the marine agronomy program can provide marine algae which may serve as food for opihi.

K. Marine Shrimp Development - Operating Funds: \$43,000; CIP Funds: \$87,000

Aquaculture activities in Hawaii are currently concentrated in the use of fresh water. Catfish and prawn industries are the principal enterprises in the State at this time. High quality warm sea-water is an abundant and unused resource in the State. Attention to potentially high-impact programs such as marine shrimp, which has a market of more than one half billion pounds a day in the U.S. alone, suggests that Hawaii may have the potential for an important new industry. Locations which have limited fresh water and lands of marginal value for other activities can become sites for the culture of marine shrimp and other salt water species.

Until certain key problems such as reproduction in captivity and stock selection are accomplished, shrimp farming in Hawaii will not be possible. The focus of this program is to solve problems of stock selection, grow-out techniques, and to control and manage reproduction of important species to provide stocking material for venture in the State of Hawaii. The orientation and focus of this program will be very much the same as that which was used for the successful development of the Machrobrachium industry.

Consistent with the concept of utilization of existing facilities, discussions have been held at the Oceanic Institute regarding the space and facility requirements of the shrimp program. The marine hatchery program can provide for many of the requirements of a marine shrimp program.

This budget item will provide for the start-up of this program and provide matching funds for Federal support. It is expected that more than half of the funds required for this program will be provided by the Federal government through the Sea Grant program.

L. Marine Aquarium Fish Development - Operating Funds: \$44,400 - CIP Funds: \$29,300

We have almost no marine aquaculture industry in Hawaii. The development of industries for marine finfish farming is important to Hawaii. Success in this field will greatly expand the opportunities to use environments and resources which are currently under utilized, while increasing the supply of fish to the local market. The techniques required for culture of most marine finfish are similar. All species require work on spawning, larval rearing, feeds, and hatchery management. Marine aquarium fish are recognized as an immediate opportunity for the development of a significant industry (more than \$1 billion per year). This program has the associated advantage of taking stress of the local populations of reef fish and providing facilities, personnel, and services that can be related to other marine finfish culture programs, such as moi, mullet, and milkfish.

This is considered to be an extremely effective program since resources of more than \$800,000 in salaries, buildings, equipment, already accumulated at the Oceanic Institute can be reoriented toward the development of new programs with broad impact for the State of Hawaii. The integration of the State and private activities is a major responsibility of the aquaculture development program.

M. Moi Development - Operating Funds: \$40,000

Until this year, the moi aquaculture program has been supported through funds provided by the State, and the University of Hawaii Sea Grant program. Considerable progress has been made, but not enough to reach a decision on the potential of this species for aquaculture. A request from the Federal Sea Grant agency to focus the University program on *Macrobrachium* has resulted in the loss of funds essential to the moi program. Certain questions regarding reproduction, survival, feed requirements, growth rate of moi in captivity must be answered before the potential of moi for an aquaculture industry in Hawaii can be evaluated.

This budget item will enable DPED to contract with Oceanic Institute to provide the hatchery technology as well as a cadre of expertise with marine finfish culture to the moi program. Obtaining the capabilities of the staff at the Oceanic Institute is viewed as being a major step in the integration of programs in this State and the utilization of scarce resources.

CONCLUSION AND SUMMARY

The outlook for aquaculture development in Hawaii is most promising. An aquaculture industry in Hawaii can have a beneficial impact on the economy and on the effective management of the State's natural resources.

The term "aquaculture industry" involves a comprehensive group of activities including research, development, education, training, culturing, production, processing, marketing, distribution, as well as support goods and services.

Although the recommended Aquaculture Development Program is an interim measure, it maximizes the use of existing resources in the State in a network approach. It enables the State to obtain the greatest value from the linkages and interfaces that exist in current aquaculture activities.

Moreover, the recommended program provides the mechanism to coordinate various and diverse aquaculture activities toward identified goals and objectives.

Finally, the recommended program builds upon the present planning effort and provides the State with the opportunity to take immediate actions to develop a viable aquaculture industry.

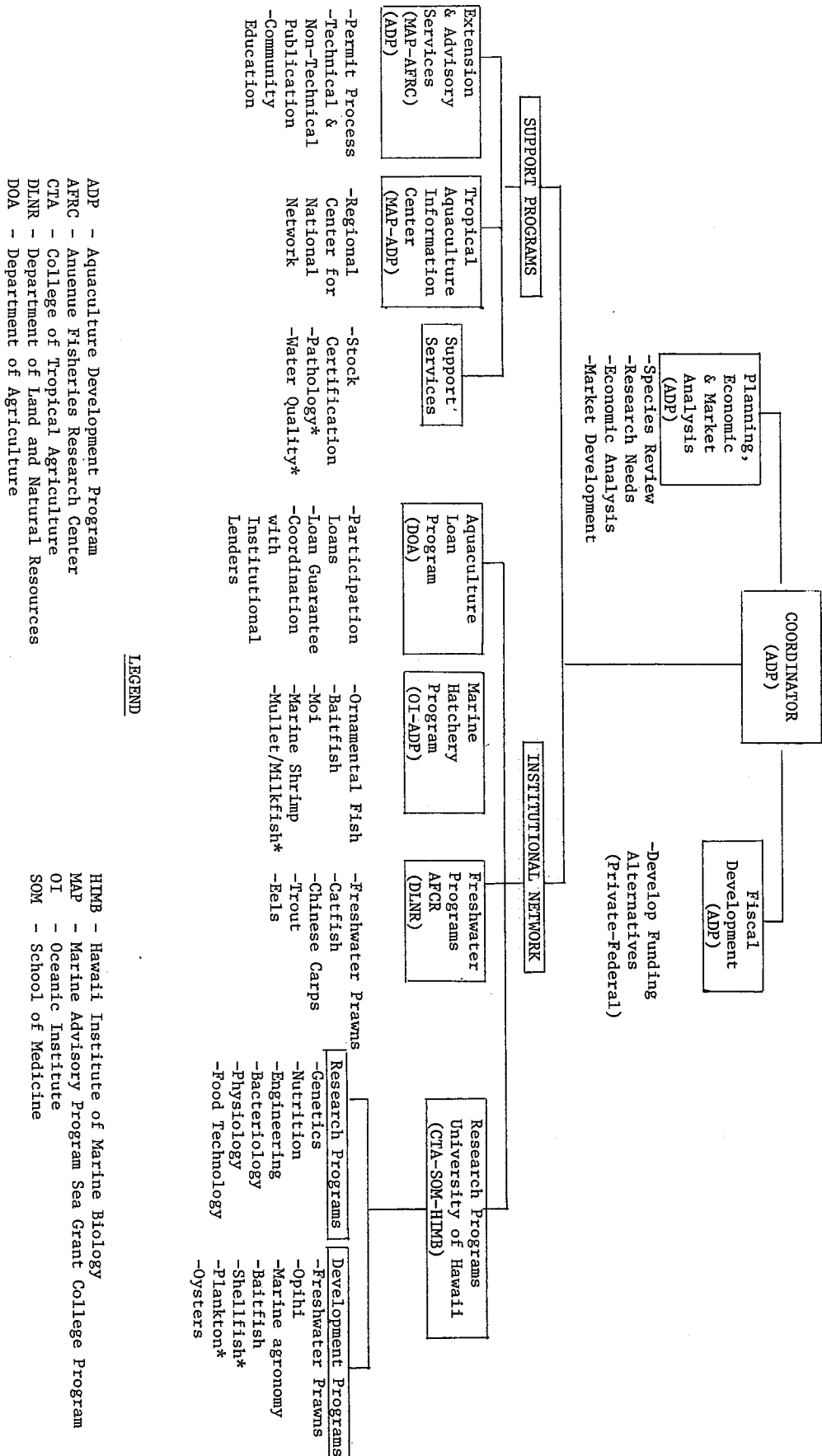
It is recommended that the funds needed to implement the Aquaculture Development Program be made available to ensure that essential actions can be taken beginning in July 1977.

Your Committee amended the Bill to include under Section 4, item (1), Operating cost category, \$672,228. Further, your Committee recommends item (2) Capitol investment cost category, \$138,300.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 1465 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1465, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
(See following page for Exhibit "A")

AQUACULTURE DEVELOPMENT PROGRAM
(NETWORK APPROACH TO FUNDING AND COORDINATION)



NOTE: *Programs not presently funded by the State.

EXHIBIT A

SCRep. 146 Health on S.B. No. 35

The purpose of this bill is to provide for the development of a statewide system to protect and advocate the rights of persons with developmental disabilities by establishing an advocacy and protection agency, independent of any agency providing services to the developmentally disabled, and requiring the establishment of a fair hearing and appeal procedure.

In 1970 Congress enacted the "Developmental Disabilities Services and Facilities Construction Act", P.L. 91-517, which made provision for the creation and operation of Developmental Disabilities Councils on the state level. In accord with the federal law, Act 198, Session Laws of 1975, created a Developmental Disabilities Council for the State of Hawaii with the responsibility to plan, coordinate, and evaluate services for the developmentally disabled.

Act 198 further provides that the Developmental Disabilities Council shall advocate for the needs of the developmentally disabled before the Legislature, public and to the governor, advise the Legislature and all concerned department heads, and serve as a channel for complaints.

Congress found the provisions of the 1970 law providing for the Developmental Disabilities Council to be inadequate in providing advocacy and protective services to this very special group of people for their own needs. Therefore, in 1975, Congress enacted the "Developmentally Disabled Assistance and Bill of Rights Act of 1975," P.L. 94-103, which amended P.L. 91-517. Section 113, of Title II, of that Act, states that the Secretary of the Department of Health, Education and Welfare, "shall require as a condition to a State receiving an allotment under part C for a fiscal year ending before October 1, 1977, that the State provide the Secretary satisfactory assurances that not later than such date (1) the State shall have in effect a system to protect and advocate the rights of persons with developmental disabilities, and (2) such system will (A) have the authority to pursue legal, administrative, and other appropriate remedies to insure the protection of the rights of such persons who are receiving treatment, services, or habilitation within the State, and (B) be independent of any State agency which provides treatment, services, or habilitation to persons with developmental disabilities."

Your Committee on Health finds that the implementation of this bill would meet the requirements of the federal law and, at the same time, provide an important link in the provision of a network of services. Your Committee received testimony that an advocacy system, specifically geared to speak for the individual, is necessary to guarantee that the system functions for the individual by providing linkages where gaps exist, and providing for the most effective utilization of services, by mediating, referring and assisting so that legal action will effectually be a last resort. Your Committee finds this service to be a vital connection in the system of individual program planning, system planning and evaluation of services.

Your Committee further finds that the Developmental Disabilities Council has identified this program as a top priority in needed services. It is envisioned that the goal of the advocacy agency will be to provide information and referral services, act as a receiving and investigating agency in complaints of violations of rights, provide advocacy services through volunteers, conduct advocacy training programs, provide public information, make available legal services by referral to appropriate counsel and provide technical assistance to public and private agencies in developing fair hearing procedures.

Your Committee finds that the Federal Guidelines for the implementation of the system of advocacy provide sufficient guidance in the establishment of priorities so as to provide a determination of the cases and activities of the agency. Your Committee finds that provision of these services must be incremental and must rely heavily upon volunteer manpower.

Your Committee has further amended the bill to clarify the respective responsibilities of the advocacy agency and the department of social services and housing.

Line 5 of page 5 has been amended to read, "Any employee who willfully fails to comply with this requirement shall be guilty of a petty misdemeanor."

Your Committee has amended the bill further to provide for an appropriation of \$140,000 for the biennium.

Finally, your Committee has amended section 7 to provide that any person whose rights are violated under this chapter may bring a civil action in the circuit court against the service agency and the Committee has deleted action against any person employed in the service agency.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 35, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 35, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 147 Health on S.B. No. 360

The purpose of this bill is to create a physicians and surgeons indemnity cooperative that is specifically excluded from the provisions of chapter 431. The cooperative would be an organization owned and governed by member physicians and surgeons who would enter into a trust agreement to protect each other by means of inter-indemnity. It is anticipated that this type of an organization could reduce the costs of present malpractice insurance.

Under the cooperative arrangement a physician or surgeon would initially contribute a lump sum to become a member. The contribution would be held in a trust fund which would be administered by a board of trustees. Medical malpractice judgments, settlements and administrative costs would be paid out of the earnings of the trust corpus. If the trust corpus earnings were insufficient to cover judgments, settlements and administrative costs, each member of the cooperative would be subject to additional assessment.

Your Committee adopted the recommendations submitted by the Hawaii Medical Group Management Association as follows:

Section 1, part 1, sec. -1 is amended by adding to the definition for "physician" or "surgeon" as follows:

"Physician" or "surgeon" means any person licensed under chapter 453; the terms may also mean a professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under chapter 453; and may also include a hospital owned and operated by or affiliated with any of the foregoing."

This amendment will allow legal entities such as partnerships or corporations, with which a physician or surgeon may be affiliated, to be a member of the cooperative corporation. It would also eliminate the necessity of such legal entities having to obtain separate insurance coverage. It would further allow hospitals owned and operated by, or affiliated with, licensees under chapter 453 to become members of the cooperative corporation.

Section 1, part 2, sec. -12 is amended to add the amount of \$5,000,000 in the blank on page 3, line 2.

Section 1, part 2, sec. -12 is amended to add the amount of \$20,000 in the blank on page 3, line 5.

Section 1, part 2, sec. -14 is amended to add the amount of \$100,000 in the blank on page 4, line 9.

Section 1, part 2, sec. -17 is amended to add the amount of \$1,000,000 in the blanks on page 5, lines 16 and 20 and page 6, line 1.

Section 1, part 2, sec. -19 is amended to change the word "ninety" on page 6, line 11, to "one hundred twenty".

Section 1, part 3, sec. -31 is amended to change the word "ninety" on page 14, line 18, to "one hundred twenty".

Section 4 is amended to read, "This Act shall take effect upon its approval." This amendment has been made because the operation of a cooperative would not be contingent upon legislation omitting the mandatory participation in the patients' compensation for licensing a physician or surgeon for practice.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 360 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 360, S.D. 1, and be referred to your Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 148 Health on S.B. No. 475

The purpose of this bill is to amend Act 130, Session Laws of 1976, to allow police officers to take persons who are threatening or attempting suicide to a psychiatric facility for emergency

examination, to allow physicians to arrange transportation for a patient to a psychiatric facility for emergency examination, to further protect a patient's right to privacy and to clarify procedures related to civil commitment to a psychiatric facility, such as service of process and notification of relatives.

In addition, the Office of the Attorney General has submitted two amendments, one, a technical amendment changing the definition of the term "dangerous to property", the other, lengthening the periods of time for which successive involuntary commitments may be made without the necessity of holding judicial hearings on the matter.

Your Committee is in support of this bill, especially the section relating to persons threatening or attempting suicide. Under present law, the police cannot take persons attempting or threatening suicide to a psychiatric facility unless they have already committed or are committing an offense under the criminal law. Your Committee believes that the amendment allowing the police to take such persons to a psychiatric facility is in the best interests of the physical and mental health of the people of Hawaii.

The other amendments would be of benefit to the mental health care providers, who are often overburdened with overly detailed procedural and legal requirements regarding civil commitment. Your Committee on Health has accepted the opinion of the Attorney General that these amendments still conform to the dictates imposed by the Due Process clause but recommends that your Committee on Judiciary examine this matter in greater detail. Your Committee has therefore amended S.B. No. 475 to conform to the suggestions set forth in the Attorney General's testimony.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 475, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 475, S.D. 1, and be referred to the committee on Judiciary.

Signed by all members of the Committee.

SCRep. 149 Human Resources on S.B. No. 237

The purpose of this bill is to provide that any collective bargaining dispute which involves firemen and which continues for a period of fifteen working days after the date that an impasse has been declared shall be referred to final-offer arbitration as provided for in this bill.

Your Committee finds that because of the critical nature of the work in which firemen are involved, it is imperative that the employer and the employee in this instance should strive to resolve an impasse over an initial or renewed agreement within the shortest period of time. Your Committee further finds that the whole-package, final offer arbitration procedure as provided for in this bill embodies the essential elements to facilitate an early resolution of such an impasse.

Testimony by the Business Manager of the Hawaii Fire Fighters Association indicates that the mediation process, as is now provided for in existing law, should be retained as a crucial first step after the declaration of an impasse, with the understanding that such a mediation process may continue in spite of the effectuation of an arbitration process. Your Committee recommends to amend this bill to provide for such a mediation process.

The same testimony indicates that it is desirable that the parties involved in the dispute be accorded a choice in the arbitration procedure to be followed prior to the submittal of the dispute to the whole-package, final offer arbitration procedure as provided for in this bill. Your Committee concurs, and it recommends that this bill be amended to provide for the appointment of an arbitrator by HPERB, within the context of this measure, after twenty-one (instead of eighteen) working days from the date of impasse in order to accommodate this choice of arbitration procedures.

The same testimony indicates that it is not desirable for HPERB to be involved in the submittal of each party's final offer to the arbitrator because of the confidential nature of information which is contained therein which may be crucial to an early settlement. Your Committee recommends to amend this bill to provide for such an exclusion of HPERB.

Your Committee further recommends that page 7, line 19 be amended by deleting the phrase "conduct an informal", and adding the phrase "commence a" in its stead. This would clearly obviate the conclusion of the hearing within 20 days of the arbitrator's appointment, and would leave the formality of the hearing to the arbitrator's discretion.

Your Committee further recommends that the arbitrator be given thirty full calendar days after the conclusion of the hearing as heretofore described within which to submit a final

and binding decision, and recommends that the paragraph beginning in line 4, page 8, be amended to reflect such a provision.

Your Committee further finds that it is necessary to provide for criteria which the arbitrator shall use in arriving at a final and binding decision. Your Committee recommends that this bill be amended to provide for such criteria which shall be in concurrence with the Michigan and Wisconsin arbitration laws as stipulated in the attached amended form of this bill.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 237, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 150 Health on S.B. No. 496

S.B. 496, referred to your Committee, was in short form.

The purpose of this bill is to amend section 378-2 to prohibit employment discrimination against former cancer patients.

It is a common practice for employers on their job applications to inquire about major illnesses applicants may have had in the past. Unfortunately, much misinformation exists in the minds of some employers as to the employability of former cancer patients. As a result, some former cancer patients are not hired or are discriminated against in the work environment. This bill will place Hawaii in the forefront of those states which protect their citizens from such discrimination, by amending section 378-2 by the inclusion of "medical condition" among those items for which discriminatory employment practices are unlawful. Section 378-1 is amended to include a definition of "medical condition" to mean any health impairment related to cancer which has been cured, based on competent medical evidence.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 496, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 496, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 151 Health on S.B. No. 751

The purpose of this bill is to establish a statewide school health services program. There shall be within the department of Health a comprehensive school health services for grades kindergarten through twelve in all public schools of this State. It is in the general welfare of the State to protect, preserve, care for and improve the physical and mental health of Hawaii's children. Services available, at the public schools for this purpose should include first aid and emergency care, and preventive health care services such as health appraisals and follow-ups, immunizations, and vision and hearing screening.

Your Committee finds that the courts have established clearly that the State has the legal responsibility for the health of the child during school hours. This interdepartmental program has been successfully implemented in 134 public schools. It is unanimously supported by both the DOE and DOH. Principals, superintendents, unions, and private agencies have given continuous support for this seven-year pilot project.

Your Committee further finds that there are 90 schools remaining to be served. A uniform complete statewide program can be provided by September, assuming funds are available. Prevention is the critical factor in cutting treatment and remedial costs for medical care in the future. Cost-benefit studies have shown the cost per student is \$12.00 a year. The program is equitable; all children receive equal service. This statewide program, if fully implemented, will provide national leadership in the field of school health.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 751, and recommends that it pass Second Reading and be referred to the Committee on Education.

Signed by all members of the Committee.

SCRep. 152 Health on S.B. No. 124

The purpose of this bill is to clarify section 321-151 to conform to federal regulations relating to emergency medical services and to enable the Department of Health to assess

and collect reasonable fees in carrying out its regulatory functions with respect to ambulances.

Your Committee in adopting the recommendation of the Department of Health as indicated in S.B. No. 124, S.D. 1, deleted many of the earlier proposed changes to section 321-151 such that the only substantial amendment to existing section 321-151 gives the Director of Health the power to assess fees for carrying out regulatory provisions relating to ambulances.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 124, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 124, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 153 Health on S.B. No. 202

The purpose of this bill is to fund continuing private alcohol and drug treatment programs.

Your Committee finds that the continued existence of these programs is vital to the health of the people of Hawaii. In comparison with other components of the health services field, these programs typically make a very efficient use of limited resources, accomplishing the return of large numbers of former alcohol and drug abusers to society each year as productive citizens. Because of the continuing nature of these programs, your Committee strongly recommends that alcohol and drug abuse treatment programs be included in the Executive budget in the future.

Your Committee has decided to continue the funding of these programs at the levels more fully described below and has amended the bill according:

	<u>1977-1978</u>	<u>1978-1979</u>	<u>Total Biennium</u>
Alcohol Programs:	\$735,730	\$772,516	\$1,508,246
Drug Programs:	\$563,389	\$591,558	\$1,154,947

Your Committee on Health is in accord with the intent and purpose of S.B. No. 202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 202, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 154 Health on S.B. No. 203

The purpose of this bill is to provide an emergency cash fund to be used for providing cash advances to hospital personnel accompanying critically ill patients to Oahu at a time beyond the normal business day of state offices.

Testimony taken at the hearing indicates that the Health Department has no clear policy governing such cash advances to hospital personnel after business hours. Accordingly, your Committee supports this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 203, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 155 Health on S.B. No. 270

The purpose of this bill is to appropriate money for the planning, construction, and purchase of equipment for the expansion of facilities at the Children's Hospital.

Your Committee on Health notes that Children's Hospital is already indirectly requesting an additional \$1 million from this Legislature, in that the Rehabilitation Hospital of the Pacific is asking for this sum of money in S.B. NO. 447 and S.B. No. 448, which will be used to pay Children's Hospital for the land which Children's Hospital will be vacating in its proposed move to new facilities at Kapiolani Hospital.

Your Committee recommends that the appropriation be restricted to \$675,000, but otherwise accepts the necessity and propriety of S.B. No. 270. Your Committee suggests, however, that the Committee on Ways and Means more closely examine this situation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 270, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 270, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 156 Health on S.B. No. 423

The purpose of this bill is to ensure the availability of an alternative to hospitalization for socially and emotionally disturbed persons by providing for the continued funding of the community-based residential social rehabilitation program entitled "The House, Inc."

Your Committee finds that this private non-profit corporation is an existing resource which is in accord with the least restrictive alternative policy for the treatment of the mentally disturbed recommended by the Department of Health. The House, Inc. provides a viable and needed alternative for those patients who may have been hospitalized for an acute episode, but whose level of mental illness is less severe than those requiring continual hospitalization. A further point is that the appropriation for The House, Inc. is contingent upon the receipt of matching federal funds to be expended for the same purpose. Therefore, your Committee finds it reasonable to continue the current level of funding of \$30,000 for the biennium 1977-79.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 423, and recommends that it pass Second Reading and that it be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 157 Health on S.B. No. 447

The purpose of the bill is to appropriate money to aid in the acquisition of certain lands for lease to the Rehabilitation Hospital of the Pacific, Oahu.

Your Committee notes that S.B. No. 447 is a companion bill to S.B. No. 448, and that the combined funds will be used to purchase the property presently occupied by Children's Hospital to be subsequently leased to the Rehabilitation Hospital of the Pacific. Children's Hospital is relocating to new facilities at Kapiolani Hospital, leaving the Rehabilitation Hospital of the Pacific in the old Children's Hospital facilities.

Your Committee on Health recommends that the appropriation be limited to \$225,000, but otherwise accepts the necessity and propriety of S.B. No. 447. Your Committee suggests, however, that the Committee on Ways and Means more closely examine this situation.

Your Committee on Health is in accord with the intent and purpose of S.B. 447, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 447, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 158 Health on S.B. No. 448

The purpose of this bill is to make an appropriation to the Rehabilitation Hospital of the Pacific, by reappropriating to it certain funds previously appropriated for construction and renovation of existing facilities for the purposes more fully described below.

Your Committee notes that S.B. No. 448 is a companion bill to S.B. No. 447, and that the combined funds to be appropriated will be used to purchase the property now occupied by the Children's Hospital for use by the Rehabilitation Hospital of the Pacific. Children's Hospital is presently relocating to new facilities at Kapiolani Hospital, leaving the Rehabilitation Hospital of the Pacific (a former division of Children's Hospital) in the old Children's Hospital facilities.

Your Committee further notes that Children's Hospital, in S.B. No. 270, is requesting of this Legislature an additional \$750,000 to facilitate the relocation.

Your Committee on Health recommends that the appropriation be limited by authorizing only \$675,000 of the unexpended previous appropriations to be used for purposes set out above, but otherwise accepts the necessity and propriety of S.B. No. 448. Your Committee, however, suggests that the Committee on Ways and Means more closely examine this situation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 448, as amended, herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 448, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 159 Health on S.B. No. 541

The purpose of this appropriation from the general revenues of the State of Hawaii is to provide a grant-in-aid to St. Francis Hospital, Oahu, for the planning, construction, and modernization of patient units and other related facilities.

Your Committee has found that these funds will be used to help complete a new wing with improved facilities for emergency care, surgery, specialty care and in-patient care with an emphasis on the treatment of cancer patients. In addition, this appropriation will help complete interior construction in the basement of the new wing, expansion of renal dialysis facilities to the Leeward area and continued renovation and maintenance of existing facilities. It is the recommendation of your Committee that the bill be amended to appropriate \$450,000 for this purpose.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 541, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 160 Health on S.B. No. 585

The purpose of this bill is to appropriate money for the hiring of an additional Medical Records Technician II and an X-ray Technician II at Honokaa Hospital, Hawaii.

The Department of Health has indicated that the position for the Medical Records Technician II is already in the Governor's budget, and the X-ray Technician II would be better based at Kohala Hospital, where his presence could be used to remedy Medicare/Medicaid waivers existing there. The technician, however, would be shared with Honokaa Hospital. Accordingly, your Committee on Health has amended S.B. No. 585 to that effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 585, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 585, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 161 Health on S.B. No. 663

The purpose of this bill is to appropriate money for the construction of a jogging course at Hilo, Hawaii.

Your Committee on Health finds that a jogging course will be of great benefit to the health and well-being of the people of Hilo and will, by providing them with needed exercise, help to conserve funds by reducing the risks of costly future illnesses which are more likely to occur to people who do not exercise regularly. Your Committee thus recommends the appropriation of the full \$30,000 requested in the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 663, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 162 Health on S.B. No. 670

The purpose of this bill is to appropriate money for the funding of the Special Olympics Program for retarded citizens. The appropriation is \$18,000, to be used to fund a full-time position as a program coordinator for the Special Olympics program.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 670, and recommends that S.B. No. 670, pass Second Reading and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 163 Health on S.B. No. 683

The purpose of this bill is to continue the present operations of the Poison Information Center, located in the Kauaikeolani Children's Hospital. There is appropriated from the general revenues the amount of \$79,800 to cover the continued operations of the Poison Information Center. Your Committee believes this appropriation will be adequate to effectuate the purposes of this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 683, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 164 Health on S.B. No. 724

The purpose of this appropriation from the general revenues of the State of Hawaii is to provide a grant-in-aid to Kuakini Medical Center, Oahu, for the planning, construction and equipping of the proposed Progressive Health Care Building which will house a 150-bed care-home for elderly people, a day-care center for 100 elderly people and a 100-bed intermediate-care-facility.

Your Committee finds that this building will be the primary component for providing progressive health care to patients, once they fall below the acute hospital and skilled nursing level of care. The proposal is part of Kuakini Medical Center's orderly growth pattern planned to meet the increasing health needs of its patients. Your Committee further finds that the State Health Planning and Development Agency granted Kuakini a 3-year certificate of need which demonstrates that it has met all federal and state requirements in justifying the need for projects prescribed in their master plan, and that it has the ability to make these plans a reality. Your Committee has amended the bill to provide for an appropriation of \$450,000 for this purpose.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 724, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 724, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 165 Health on S.B. No. 737

The purpose of this bill is to provide a grant-in-aid to the volunteer information and referral service for suicide and crisis prevention services.

Your Committee has found that the Suicide and Crisis Center provides an essential service to the community that is not being provided directly through the mental health division of the Department of Health, since 24-hour crisis intervention services are made available by the Center. Your Committee is impressed with the need for around-the-clock crisis intervention with out-reach teams as an integral part of a continuum of mental health services for mentally and emotionally disordered persons. These services are essential and should be made part of the executive budget.

Your Committee is in agreement as to the necessity of this bill, but restricts the appropriation to \$71,997 for the fiscal biennium, which it believes will be adequate to fund the program so as to effectuate the intent of this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 737, as amended herein, and recommends that it pass Second Reading in the Form attached hereto as S.B. No. 737, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 166 Health on S.B. No. 770

The purpose of this bill is to appropriate money for a grant-in-aid to the Hawaii Medical Library. The Hawaii Medical Library is the only major facility of its kind in the State, and is in constant use by the health care practitioners residing in Hawaii. Your Committee on Health amends the bill to provide an appropriation of \$153,000, which it believes is adequate for the purposes to be served by this bill.

Your Committee is in accord with the intent and purpose of S.B. No. 770, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B.

No. 770, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 167 Health on S.B. No. 787

The purpose of this bill is to provide a State-employed physician for the North Kohala district by extending the Community Physician Program thereto.

Because of the shortage of physicians in the North Kohala District, your Committee is in support of the bill, and recommends the appropriation listed therein.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 787, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 168 Health on S.B. No. 937

The purpose of this bill is to make an appropriation to provide a grant-in-aid to Kahuku Hospital under contractual/agreement (SUB 601), for fiscal year 1977-78 and for fiscal year 1978-79.

Your Committee finds that to meet the health care needs of the Koolauloa community, Kahuku Hospital would like to remain a community operated facility, but be held accountable for prudent expenditure of funds and management. It is for that reason that any monies appropriated be monitored and expended by the Department of Health under contractual agreement. It is the recommendation of your Committee that \$405,000 for fiscal year 1977-78, and \$405,000 for fiscal year 1978-79 be appropriated for this purpose. The bill has been amended accordingly.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 937, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 937, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 169 Health on S.B. No. 1025

The purpose of this bill is to provide for an appropriation from the general revenues of the State of Hawaii for a grant-in-aid for construction of additional facilities at Wahiawa General Hospital to improve services for the Central Oahu area.

Your Committee finds that with the closing of Waialua Hospital, Wahiawa General Hospital is the only major hospital in the Central Oahu area. Therefore, an expansion of Wahiawa General Hospital's outpatient facilities will enable them to provide patients from largely rural areas with the best possible medical care at the lowest possible cost to them. It is the recommendation of your Committee that the bill be amended to appropriate \$270,000 for this purpose.

Your Committee on Health is in accord with the intent and purpose of S.B. 1025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1025, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 170 Health on S.B. No. 1045

The purpose of this bill is to appropriate funds to finance the renovation and modernization of Leahi Hospital to meet applicable State and Federal standards and regulations.

At the present time, virtually all of Leahi Hospital's revenues are derived from Medicare and Medicaid reimbursements for skilled nursing and intermediate care costs, the average annual reimbursements being estimated at \$3.0 million. Leahi Hospital is presently operating on Federal waivers under the Medicare/Medicaid program, relating to the sizes of wards, deficiencies in the toilets and internal plumbing, and other life safety code facilities. There is no guarantee as to how long the Federal government will continue to allow Leahi Hospital to operate under waivers of these deficiencies, but a revocation of the present waivers would mean a loss of practically all of Leahi Hospital's revenues.

Your Committee thus finds that this appropriation is necessary and justified, and appro-

priates the amount specified in S.B. 1045 for the purposes therein specified.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1045, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 171 Health on S.B. No. 1046

The purpose of this bill is to appropriate funds to the Department of Health for the development of a facilities master plan for Leahi Hospital, Oahu.

Your Committee finds that the recent acquisition of Leahi Hospital by the Department of Health provides the opportunity for insuring the orderly growth and appropriate utilization of this hospital. A facilities master plan will provide guidelines for this purpose. It is the recommendation of your Committee, therefore, that \$180,000 be appropriated for the development of this plan. The bill has been amended accordingly.

Your Committee on Health is in accord with the intent and the purpose of S.B. No. 1046, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1046, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 172 (Majority) Health on S.B. No. 1079

The purpose of this bill is to appropriate funds providing for a short-term placement facility for the treatment of the mentally disturbed. Such a facility would provide for acute crisis intervention and stabilization for mentally or emotionally disturbed person on a 24-hour basis.

Your committee finds that such a facility is presently not in existence anywhere in the State of Hawaii, although the Department of Health recognizes a current need of six crisis/ diagnostic treatment facilities. Persons now requiring immediate and intensive psychiatric treatment are admitted to private and state hospitals. It is estimated that 30 percent of all hospitalizations for short-term psychiatric services could be prevented by such a facility, at a cost one-third to one-half less than that presently incurred.

Your Committee has amended the bill in section 2 to read, "There is appropriated out of the general revenues of the State of Hawaii, the sum of \$190,000, or so much thereof as may be necessary, to be expended by the department of health, either through direct delivery of services or by contract, for the purpose of developing a diagnostic and crisis intervention program for mentally disturbed persons. The funds appropriated shall be expended by the department of health for the purposes of this Act."

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1090, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1079, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.
Senator Ching did not concur.

SCRep. 173 Health on S.B. No. 1080

The purpose of this bill is to appropriate funds for the expansion and improvement of Po'ailani Halfway House, located on the grounds of Maluhia Hospital, to include a free standing addition to accommodate six additional residents. The funds appropriated shall be expended by the Department of Health for the purpose of this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1080 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 174 Health on S.B. No. 1082

The purpose of this bill is to appropriate from the general revenues of the State of Hawaii the sum of \$225,000, or so much thereof as may be necessary, for the grant-in-aid for the planning and construction of a five-bed surgical intensive care unit at the Queen's Medical Center, Oahu.

Your Committee finds that Queen's Medical Center has often had to divert patients to other facilities because all its intensive care beds were filled. It is the recommendation of your Committee that the bill be amended so that \$225,000 be appropriated for the purpose of planning and constructing a five-bed surgical intensive care unit at the Queen's Medical Center, Oahu. Your Committee further finds that a certificate of need has been granted for this project by the State Health Planning and Development Agency.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1082, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1082, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 175 Health on S.B. No. 1186

The purpose of this bill is to appropriate funds to continue the programs of the Sex Abuse Treatment Center at Kapiolani Hospital. It is the recommendation of your Committee that the bill be amended to provide for an appropriation of \$404,762 for the biennium 1977-79 for this purpose.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1186, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Henderson.

SCRep. 176 Housing and Hawaiian Homes on S.B. No. 70

The purpose of this bill as amended herein is to appropriate \$150,000 for the planning and development of the housing information system of the Hawaii Housing Authority.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 70, as amended herein, and recommends that it pass First Reading by title in the form attached hereto as S.B. No. 70, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 177 Housing and Hawaiian Homes on S.B. No. 74

The purpose of this bill is to exempt from income taxation sales of developed single-family residential land, where such sales are made by organizations exempt under section 501(c) (3) or treated as an estate or trust under Subchapter J of the Internal Revenue Code, and where sales are made to lessees of such residential lands.

Your Committee finds that such sales should be treated as involuntary conversion of property, and not as sales of property in the ordinary course of business, since such sales generally take place only pursuant to the threat or exercise of eminent domain by the Hawaii Housing Authority under Chapter 516, Hawaii Revised Statutes. Due to the important public purposes served by Chapter 516, your Committee determines that taxation should not be a barrier to increasing fee simple home ownership in the State.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 74 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 178 Housing and Hawaiian Homes on S.B. No. 222

The purpose of this bill is to provide economic incentives for construction of housing affordable by persons of low and moderate income.

Your Committee has heard from many persons active in housing development, from public agency representatives and others on the need for broadened means to encourage development of affordable housing. A recent consultant study commissioned by the Department of Planning and Economic Development and the Hawaii Housing Authority, reported as "Housing for Hawaii's People", recommends selective reduction of general excise taxes to reduce housing costs.

Your Committee has found that waiver of general excise taxes would make a marginal

but significant contribution to lowering housing costs. Senate Bill No. 222, as amended herein, would provide for a waiver of the 4 per cent general excise tax in the sale of housing units priced at below \$45,000. This would amount to a saving of between \$1,000 and \$1,800, which would hopefully be passed on to housing consumers.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 222, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 222, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 179 Housing and Hawaiian Homes on S.B. No. 223

The purpose of this bill is to amend the State mortgage guarantee program, provide for a mortgage-backed securities program, provide amendments to Hawaii's usury law, and require that commitments made by the Hawaii Housing Authority be approved by the Legislature.

To date the mortgage guarantee program has not been utilized, and the amendments proposed hopefully will provide for implementation. The mortgage-backed securities program has been utilized by the Federal government very successfully, and extension of this program for State application has been favorably received by many local lenders. The amendments to the State usury law would exempt loans made by Federal government agencies under the innovative graduated mortgage payment programs. The final amendment, requiring commitments to be approved by the Legislature are desirable in view of the State's current fiscal situation.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 223, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 180 Housing and Hawaiian Homes on S.B. No. 651

The purpose of this bill is to make an appropriation of \$500,000 for improvements for the Komohana houselots subdivision.

Your Committee finds that the continued absence of available low and medium income housing within the county of Hawaii justifies appropriations such as these which contribute to the alleviation of the existing housing shortage.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. 651, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 181 Housing and Hawaiian Homes on S.B. No. 783

The purpose of this bill is to allow a resident individual to establish an individual housing account towards the purchasing of a home for the individual, his spouse, or the individual's children. Contributions to the account and interest earned on the account would be exempt from State income taxation.

The accounts may be established in any financial institution. Contributions cannot exceed the lesser of \$7,500 or 15% of earned income per year; cannot exceed 10 years in duration and cannot total more than \$75,000. Persons with real property home exemptions cannot establish a housing account for themselves.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No 783 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 182 Housing and Hawaiian Homes on S.B. No. 785

The purpose of this bill is to appropriate moneys to carry out the purpose of Act 166,

Session Laws of Hawaii 1976, including the hiring of necessary staff.

The Council of Housing and Construction Industry was established to do research on the short and long range solutions for some of the known causes for the high cost of construction. The problems of the housing and construction industry and the governmental agencies that regulate the industry have to undergo a realistic reappraisal to assume that future generations may be able to buy homes that are reasonably priced. Otherwise, homes may be priced out of the market place for all but a few consumers.

Your Committee has amended the bill to include the engagement of consultants as among the purposes for which this appropriation may be expanded.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 785, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 183 Housing and Hawaiian Homes on S.B. No. 826

The purpose of this bill is to appropriate \$250,000 for the planning of incremental development and improvement, and of a master plan, for the Kawaihae area on the island of Hawaii.

Your Committee finds that the continued absence of available low and medium income housing within the county of Hawaii justifies appropriations such as these which contribute to the alleviation of the existing housing shortage.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 826, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 184 Housing and Hawaiian Homes on S.B. No. 1149

The purpose of this bill is to appropriate the sum of \$200,000 to Alu Like, Inc. as State matching funds with federal financial assistance for Native American Programs.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1149 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 185 Housing and Hawaiian Homes on S.B. No. 1206

The purpose of this bill is to reallocate \$50,000 appropriated in 1975 for an elderly housing development in Waiialua to a similar development in Manana, Oahu.

The elderly housing project for which the money was originally appropriated has been recently completed by the Hawaii housing authority without the necessity of expending these appropriated moneys. Your Committee therefore finds that the reallocation of this money to an elderly housing project in Manana would be advisable.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1206, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 186 Housing and Hawaiian Homes on S.B. No. 1305

The purpose of this bill is to provide low and medium income renters with a State income tax credit of \$30 multiplied by the number of exemptions to which he is entitled.

The tax credit would apply to any renter whose adjusted income was \$20,000 a year or less and who paid more than \$1,000 in rent for the taxable year. Persons sixty-five years of age or older would be able to claim a double tax credit.

Your Committee finds that a renter's tax credit would contribute to the offsetting of the spiraling cost of housing for many of the more than 120,000 renters in the State. Such

a measure is therefore desirable in that it reinforces and advances the State's commitment to adequate and affordable shelter for its people.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1305, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 187 Housing and Hawaiian Homes on S.B. Nos. 825, 827, 839, 978, 1068 and 1288

The purpose of these bills is to appropriate moneys for the planning and development of various Hawaiian Home land projects throughout the State.

Your Committee finds that the continued development of available Hawaiian Home lands is desirable and that the appropriations for the above mentioned areas are consistent with the commitment of the State of the successful implementation of the Hawaii Homes Commission Act of 1920, as amended.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of the above listed appropriation bills and recommends that they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 188 Housing and Hawaiian Homes on S.B. No. 673

The purpose of this bill is to amend section 519-2, Hawaii Revised Statutes, which sets out how maximum lease rent can be calculated at the time of residential lease renegotiation. This bill would tie changes in lease rent at renegotiation to changes in the consumer price index. The existing maximum lease rent, established as 4 per cent of the owner's basis, would continue to be a maximum in application of the consumer price index.

Your Committee has studied the problems faced by many lessees who are assessed for drastically increased lease rent at the time of lease renegotiation. Current methods for establishing renegotiated lease rents fail to reflect the fact that the lessee has little or no alternative in a renegotiation situation but to pay the new lease rent or sell the improvements located on leased property. The concept of "fair market rent", where lessees and lessors search for available land based on rent, location, and other factors, is clearly inapplicable to Hawaii's residential leasehold system.

Your Committee finds that section 519-2, Hawaii Revised Statutes, as currently written, affords some protection to the parties to a renegotiation but does not prevent soaring lease rents which far outpace the ability of lessees to pay. A fairer means of ensuring equitable renegotiations must be found. Your Committee finds that the consumer price index, as calculated by the United States Department of Labor, is a well validated measure of price trends which are linked to the ability to pay for housing and leased land. Under S.B. No. 673, renegotiated lease rents would be tied to change in the consumer price index measured from the date of the most recent prior renegotiation.

Using the consumer price index will still ensure that lessors can obtain a proper return for land leased so long as the price index reflects increases in value of other commodities. The Honolulu metropolitan area index, for example, has risen more than 65 per cent above the levels established in 1967. If this trend continues to hold, lessors could expect to obtain increases in lease rent averaging 6.5 per cent a year since 1967; yet this would still represent an improvement over tripling and quadrupling of lease rents, as has occurred in many leasehold situations renegotiated since 1973.

Your Committee has made several minor amendments to S.B. No. 673, primarily to clarify the applicability of the bill.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 673, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 673, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 189 Housing and Hawaiian Homes on S.B. No. 1231

The purpose of this bill is to clarify the rights of lessors and lessees involved in the long-term lease of land for nonresidential purposes.

Your Committee on Housing and Hawaiian Homes has been reviewing Hawaii's leasehold land tenure system for some time. The respective rights of residential lessees and lessors have been enumerated in chapter 516, Hawaii Revised Statutes, and in section 519-2, Hawaii Revised Statutes, with regard to lease rent renegotiation. Your Committee finds that closer attention must be paid to inequitable aspects of the leasehold system, as applied to other types of land leases.

Your Committee finds that many of the unfortunate events cited in section 1 of this bill are indeed widespread. Hawaii residents must pay higher costs for manufactured and imported goods, due in part to relatively high land costs of local businesses. The high cost and low availability of nonresidential land contributes to lagging job formation, a lack of competition and obstacles to entrepreneurship.

Your Committee notes the urgency of establishing standards to govern nonresidential lease issuance. Fee simple land is simply not available for many nonresidential purposes. For example, more than 90 per cent of Oahu's 2,000 acres developed in industrial use is available only under leasehold. More than 60 per cent of the total industrial land inventory is leased by one major landowner.

In view of a limited market for nonresidential land and concentrated ownership of available land by major landowners, your Committee on Housing and Hawaiian Homes finds that public intervention to determine the rights of lessors and lessees is appropriate and necessary.

S.B. No. 1231 would establish the following:

(1) That, where leases provide for rent renegotiation based on land value, the rent is to be calculated for the land value and the use to which the land is to be restricted under the lease document. Further, the highest and best use shall be taken as the use to which the subject land is actually devoted, as financeable under existing lease encumbrances.

(2) That, where off-site and on-site improvements have not been constructed or paid for by the lessor, the value of such improvements shall be deducted from the land value used in lease rent calculation.

(3) That leases must state all terms and covenants applicable for the first 30 years of the lease with specificity.

(4) That all leases confer to the lessee a right to extend the lease term during the first 25 years of the lease.

(5) That all leases confer to the lessee the right to be compensated for the value of improvements taken pursuant to condemnation of land leased.

(6) That all leases confer to the lessee the right to remove leasehold improvements from the land at lease termination, or to be compensated at his option for the value of such improvements.

Your Committee has further found that, in order for the purposes of this bill to be effectuated, the rights enumerated in the bill must be made applicable to all existing leases of nonresidential land. This has been accomplished by providing that contrary lease provisions shall not be enforceable by any court of the State.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1231, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 190 Health on S.B. No. 1083

The purpose of this bill is to make an appropriation for the continuation of the State's Vision and Hearing Screening Program.

Your Committee finds that this bill will benefit the health of the people of Hawaii through the early identification, referral for treatment, and followup of sensory deficiencies. The program has been in effect for almost 20 years, and has helped to identify large numbers of children at early stages of vision and hearing loss when their deficiencies were still treatable. Out of the total number of children screened, a ration of 1 in 20 children have been found with medically referable vision and hearing defects.

Your Committee thus supports the intent of this bill, and appropriates \$320,601, which it feels is adequate to assure the continuation of this valuable and worthy program.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1083, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1083, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 191 Health on S.B. No. 1085

The purpose of this bill is to continue the funding of an experimental program in cancer therapy call immunotherapy. Because of the experimental nature of this program, which is being conducted at Kuakini Hospital by the Cancer Center of Hawaii, the patients cannot recover the costs of treatment from third party carriers.

Your Committee is satisfied as to the value of this program, and recommends that those funds which are mentioned in the bill be appropriated.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1085, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 192 Health on S.B. No. 1086

The purpose of this bill is to appropriate money for the breast cancer detection project of the Pacific Health Research Institute.

Your Committee finds that, because breast cancer is the most common form of cancer prevalent in this State, the appropriation is justified. However, your Committee has amended the bill to include an appropriation of \$27,000 for the fiscal year 1977-1978 and \$27,000 for the fiscal year 1978-1979.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1086, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1086, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 193 Health on S.B. No. 1089

The purpose of this bill is to provide funding support for genetic diagnosis, counseling, treatment and management for families identified as high-risk.

Your Committee on Health commends this program in its quality and its service to the community as a positive approach toward the prevention of birth defects and mental retardation. It is difficult for a population the size of the State of Hawaii to maintain such a service, and yet, because of the sensitive nature of the laboratory work and counseling, it is essential to provide it within the State. Your Committee on Health finds that the allocation of public resources to such services is a matter of compelling State interest.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1089, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 194 Health on S.B. No. 1090

The purpose of this bill is to appropriate initial funding for a demonstration project in training members of the general public in cardio-pulmonary resuscitation.

Testimony presented before your Committee indicated that a significant percentage of heart attack and drowning victims can be saved if cardio-pulmonary resuscitation is immediately applied following the cessation of the heartbeat and breathing. Your Committee is therefore in agreement with this bill, subject to the following amendments:

The bill originally provided money in the form of a grant-in-aid to two specified non-profit organizations. Your Committee has amended the bill so as to appropriate the money to the Department of Health, who will then contract out the program on a competitive bid

basis.

The bill originally provided that police and fire department personnel, as well as members of the general public, were to be trained in cardio-pulmonary resuscitation. Testimony presented at the hearing indicated that police and firefighters are already trained in cardio-pulmonary resuscitation by the Emergency Medical Services program of the Hawaii Medical Association. Your Committee has accordingly amended the bill to delete references to police and fire department personnel.

The bill originally did not specify that any report be made to the Legislature as to the results that the envisioned demonstration program in cardio-pulmonary resuscitation may have. Your Committee has amended the bill so as to specifically require that the Department of Health and the agency to whom the contract is awarded shall report to the 1979 Session of the Legislature as to the effectiveness of the demonstration program.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1090, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1090, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 195 Health on S.B. No. 1277

The purpose of this bill is to appropriate a grant-in-aid for the planning, construction, and provision of equipment for the extension of facilities at Kapiolani Hospital, Oahu.

Your Committee finds that the incorporation of Kauikeolani Children's Hospital and Kapiolani Maternity Hospital into the Kapiolani-Children's Medical Center joined two organizations that have served the needs of the people of this State for a combined total of 155 years. The continual expansion of services to provide for the needs of a growing population necessitated a construction program that has severely strained the financial reserves of Kapiolani Hospital. Financial support from the current Legislature would help to reduce the hospital's mortgage commitment. Therefore, it is the recommendation of your Committee that \$675,000 be appropriated for this purpose. The bill has been amended accordingly.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1277, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1277, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 196 Health on S.B. No. 1287

The purpose of this bill is to appropriate funds for the modernization of facilities at the Kula Sanatorium, Maui, to conform to public health standards.

Your Committee finds that to implement the two-phase Kula Sanatorium modernization plan, funds are presently required for only the first year's design increment. It is the recommendation of your Committee that the bill be amended to provide an appropriation of \$225,000 for this purpose.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1287, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 197 Health on S.B. No. 1483

The purpose of this bill is to provide an appropriation to the Central Oahu Mental Health Center and the Pearl City Counselling Service for purposes of funding two clerical positions.

Your Committee on Health is in accord with the intent and purpose of this bill, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 198 Public Utilities on S.B. No. 1158

The purpose of this legislation is to provide the Public Utilities Commission with the power to approve the purchase or acquisition of more than 10% of the stock of a public

utility corporation, whether a) the stock is directly purchased or acquired by a non-utility corporation or b) the stock is indirectly purchased or acquired through the purchase or acquisition of the stock of the parent of a public utility, except as provided in the legislation.

Testimonies presented indicate that public utility corporations operating in Hawaii if acquired by non-utility corporations or corporations outside the State of Hawaii may cause the Hawaii utility customer to suffer from poor customer service, possible inadequate utility service capacity and lack of infusion of new money for capital construction and updating of utility equipment.

Your Committee finds that this bill is not an absolute prohibition against acquisition but does permit the Public Utilities Commission to review the direct or indirect acquisition of more than 10% of the stock of a Hawaii public utility, and unless the transaction is exempt, protect public interests.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 1158 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Leopold.

SCRep. 199 Government Operations and Efficiency on S.B. No. 1251

The purpose of the bill is to allow a closed hearing where a board is conducting an investigation and where the privacy or civil rights of individuals may be affected.

This bill will encourage the free flow of information from witnesses and parties called to testify on various matters by legislative investigative bodies.

Individuals have been requested to testify in instances where the board was engaged in the investigation of the operation and function of a governmental unit, e.g. Kohala Task Force and Kukui Plaza development. There may or may not have been matters pertaining to criminal misconduct in such hearings but the subject matter and the testimony may affect the privacy and civil rights of individuals. Under those circumstances a closed meeting would be more conducive to the eliciting of information and without prejudice to the rights of individuals.

Your Committee is in accord with the intent and purpose of S.B. No. 1251 and recommends that it pass Second Reading and be referred to your Committee on Judiciary.

Signed by all members of the Committee except Senator Leopold.

SCRep. 200 Health on S.B. No. 1424

The purpose of this bill is to make a technical amendment to section 461-19. The intent of section 461-12 and the amended version proposed by this bill is to exempt physicians, medical practitioners, and podiatrists from the necessity of complying with the licensing and other requirements imposed upon pharmacists by chapter 461 when they personally dispense drugs to patients. The amendment clarifies this intent by restricting this exemption to situations in which a physician personally dispenses a drug or medicine to a patient.

In addition, by making chapter 461 applicable to physicians and other medical practitioners and then providing them with a specific exemption when they personally dispense drugs to their patients, this bill avoids the interpretation that a physician might escape compliance with the permit system established by section 461-15 for acts such as auctioning of drugs, which do not fall within the "personally dispensing" exemption.

A grammatical change was made in line 10, deleting the word "desire" and inserting the word "desired".

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1424, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1424, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 201 Education on S.B. No. 461

The purpose of the Bill is to provide funds for the operation of Maui Hui Malama, Inc. Among other activities, this program works with young people seeking high school equivalency diplomas, as well as tutoring and counseling those still in school. As such it is a valuable

resource which is able to reach young people in a way that others are unable to.

Your Committee on Education is in accord with the intent and purpose of S.B. 461 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 202 Education on S.B. No. 588

The purpose of this bill is to provide funds to the department of education for the purchase of the services of the Outdoor Education Center. This Center provides a unique combination of a natural environment with trained personnel to guide students through the area. It has been a valuable resource for schools because it provides a natural exhibit of Hawaii's environment.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 588 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 203 Education on S.B. No. 726

The purpose of this Bill is to provide for the construction of a 300-seat auditorium at the Honolulu Zoo. Present facilities are not adequate for the educational uses which the Zoo as a "living laboratory" might be put to. This center would allow for maximum utilization of the Zoo's resources.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 726 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 204 Education on S.B. No. 788

The purpose of this Bill is to provide funds for the Honokaa-Kohala Alternative Program. The intent of that program is to provide counseling and related services for students alienated by the regular school process, and to facilitate their completing their high school education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 788 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 205 Education on S.B. No. 896

The purpose of this bill is to provide partial funding for the Alternatives for Youth Project. This program, which has substantial community and professional support, is a street-based outreach program attempting to reach young people with a variety of problems and who are not accessible to more traditional sources of counseling. It is therefore a valuable aid to state agency efforts in reaching these young people.

Your Committee is in accord with the intent and purpose of S.B. No. 896 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 206 Education on S.B. No. 922

The purpose of this bill is to provide for the expansion the Student Activities Program by providing for a Student Activities Coordinator in the schools. Your Committee heard testimony from a teacher who served in this capacity, from the HSTA and from a number of students, all of whom supports this bill. Student Activities provide essential training for leadership, for involvement in community affairs and for the development of attitudes necessary for participation in a democratic society. Your Committee strongly supports this bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 922

and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 207 Education on S.B. No. 1050

The purpose of this Bill is to appropriate funds for a study of the issues and needs in relation to "parent education". The Hawaii Congress of Parents and Teachers will conduct the study. Among those supporting this Bill was HSTA and they volunteered their assistance. Your Committee feels that such a study is long overdue and can only lead to a better understanding of the role that parents play in the education process. We leave the amount blank for determination, based on the availability of funds, by the Committee on Ways and Means.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1050 and recommends that it pass Second Reading, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 208 Education on S.B. No. 1053

The purpose of this Bill is to provide for a continuing program of neighbor island and rural Oahu touring by the Hawaii Performing Arts Company, the Honolulu Theater for Youth and the Hawaii Chamber Orchestra. The response to these tours in the past has been overwhelmingly positive and all three groups are enthusiastic about continuing this program. Limited support by the state is the only way that these tours are feasible and we strongly urge the passage of this Bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1053 and recommends that it pass Second Reading, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 209 Education on S.B. No. 1128

The purpose of this Bill is to provide the funding to have Hokule'a taken to the schools as a cultural and historical learning experience. Involved will be such topics as canoe building, food preservation, sailing of double hulled canoes, survival at sea, astronomy and navigation and oceanographic principles as related to Hokule'a. The Hokule'a would become a floating classroom, a unique and appealing forum for education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1128 and recommends that it pass Second Reading, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 210 Education on S.B. No. 1214

The purpose of this Bill is to provide funds to the Lieutenant Governor's Office to continue their voter education program. This program has received considerable and favorable attention and is one we should encourage. A concerned and motivated electorate is essential to a democracy and the formation of the necessary attitudes begins in the schools with the next generation of voters. We support this bill strongly.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1214 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 211 Consumer Protection on S.B. No. 854

The purpose of this bill is to amend section 481B-5 to permit the retailer to retain shipping and postage charges on goods ordered for a customer if the goods are returned for a refund. It also will allow the retailer to exclude certain categories of goods from his regular refund policy. Thirdly, the amended section would allow refund policy statements to be printed on sales receipts in lieu of posting of placards in a prominent location in the retailer's

place of business.

The testimony presented supported the proposal to permit the merchant to retain postage and shipping charges and the exclusion of certain categories of goods from the retailers refund policy. Mr. Douglas Ige, an attorney with the Office of Consumer Protection, objected to the wording relating to retention of shipping and postage charges by the merchant as being too broad and vague. He also objected to the imprinting of warnings on sales receipts in lieu of posting of signs.

Your Committee has, in light of the testimony of Mr. Ige, amended section 1 of the bill, deleting the proposed amendment to paragraph 481B-5(a) and deleting the second sentence of paragraph 481B-5(e).

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 854, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 854, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Leopold.

SCRep. 212 (Majority) Housing and Hawaiian Homes on S.B. No. 1120

The purpose of this bill is to establish guidelines for the use of variable interest rate home mortgage instruments.

Most homebuyers in Hawaii, as elsewhere, cannot afford to pay the full price of their homes in cash. A market for long-term home financing, in the form of home mortgages, is essential to meeting our peoples' housing needs.

Your Committee on Housing and Hawaiian Homes has been very concerned about the strength of Hawaii's mortgage market, and in particular as to how market peculiarities affect homebuyers. A perennial problem is that of disintermediation, a phenomenon of rising short-term interest rates tying up investment funds which would otherwise be committed to long-term, lower return investment in such instruments as home mortgages. Disintermediation occurs sporadically, and its incidence (as in 1970 and 1974-75) effectively ends the availability of mortgage funds at interest rates affordable by most homebuyers.

It is clear to your Committee that disintermediation cannot be completely eliminated. A major cause for its occurrence, however, rests with the nature of the home mortgage instrument. Home mortgages, as commonly issued by Hawaii lenders, contains a fixed interest rate with a long (25 to 30 year) amortization period. Since the lender is "locked" into a set level of return, rising short-term interest rates cause the mortgage investment to be disadvantageous.

One solution recommended for this has been the "variable rate mortgage" (VRM), an instrument similar to the conventional home mortgage but containing an interest rate which moves in relation to more general indicators of the cost of money. It has been suggested that widespread use of the VRM should result in initial interest rates (and monthly payments) for homebuyers lower than when lenders must speculate as to the generally obtainable return for the life of the mortgage.

A number of state-chartered savings and loan associations in California have been actively issuing VRM loans. It is anticipated that Hawaii lenders may also soon begin to issue VRMs, particularly if Federal Home Loan Bank board restrictions are eased. A form of variable interest rate, in the form of escalator clauses, already exists in many locally originated mortgages.

Your Committee on Housing and Hawaiian Homes is encouraged to note that many lenders may be willing to experiment with the mortgage instrument in order to reduce homebuyer costs, particularly in the early years of homeownership. Your Committee notes, however, that the conventional home mortgage, even with its weaknesses, contains important protection to the consumer that newer mortgage instruments lack.

This bill would create limitations on the use of the variable interest rate feature in home mortgages. Your Committee feels that reasonable guidelines are necessary, particularly since lenders tend to uniformly adopt loan practices which may not prove beneficial to the interest of housing consumers.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 1120, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee. Senator Kuroda did not concur.

SCRep. 213 Military and Civil Defense on S.B. No. 182

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$10,000, to be expended by the Department of Defense, assisting construction of the U.S. Army Museum at Battery Randolph in Ft. DeRussy, Oahu.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 182 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 214 Military and Civil Defense on S.B. No. 528

The purpose of this bill is to appropriate \$600,000 for the construction of headquarters facilities for the Hawaii Wing of the Civil Air Patrol.

Your Committee finds that the Civil Air Patrol has a long and distinguished record of service to the State of Hawaii, and that there is a need to provide a headquarters building.

Your Committee also finds that the State Department of Transportation has offered to lease at no charge an acre of ground on Kawela Street for a headquarters building.

Your Committee further finds that the sum of \$600,000 is necessary for the construction and furnishing of the headquarters.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 528 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 215 Military and Civil Defense on S.B. No. 549

The purpose of the Bill is to provide a tuition credit of fifty percent at any University of Hawaii Campus including any community college, in order to encourage men and women to join and remain members of the reserve components of the Army, Navy, Air Force, Marine Corps and Coast Guard of the United States, and the Hawaii National Guard.

Since the advent of the all-volunteer military service concept it has been difficult for the reserve units and the national guard to maintain required manpower. A tuition credit would help to solve this problem by providing an incentive to enlist. A failure to maintain necessary manpower levels would result in an inability to provide services and also cause a loss of the considerable revenues the federal government contributes to the support of these units.

Your Committee recommends, for the purpose of specificity, the amendment of Section 2 of the Bill by the deletion, in lines 11, 12 and 13, of the words "state-supported university, college, or vocational or technical training school" and the insertion of the words "University of Hawaii campus including the community colleges".

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 549, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 549, S.D. 1, and be referred to the Committee on Higher Education.

Signed by all members of the Committee except Senator Leopold.

SCRep. 216 Higher Education on S.B. No. 1108

The purpose of this bill is to provide funding for the hiring of a greenhouse vegetable researcher, to be attached to the Horticulture Department of the College of Tropical Agriculture.

Your Committee finds that many vegetable growers around the State are modifying their growing environment with various types of greenhouses and are experiencing many problems with this expansion. The College of Tropical Agriculture is not adequately staffed in vegetable physiology, especially greenhouse vegetable physiology. The intent of this bill is to provide funds for hiring and supporting a new greenhouse vegetable researcher position to account for this gap in meeting the needs of the produce growers of our State.

Your Committee on Higher Education is in accord with the intent and purpose of S.B.

No. 1108 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Leopold.

SCRep. 217 Higher Education on S.B. No. 1472

The purpose of this bill is to redress an unintentional injury to two senior citizen program aides at Honolulu Community College, whose positions were abolished as a result in the change of the status of the position from exempt to classified. Your Committee is of the opinion that the two incumbents should have been "grandfathered" in their positions. This bill in effect provides the "grandfather" protection to the two employees in question.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1472 and recommends that it pass Second Reading and be referred to the Committee on Human Resources.

Signed by all members of the Committee except Senator Leopold.

SCRep. 218 Judiciary on S.B. No. 529

The purpose of this bill is to provide funds for the continuation of the Hawaii Legal Services Project of the Legal Aid Society of Hawaii.

Your Committee finds that the Legal Aid Society of Hawaii provides needed legal services to a substantial number of people in this State who could not otherwise obtain such legal services. Therefore, your Committee supports the continuation of the Hawaii Legal Service Project of the Legal Aid Society of Hawaii.

However, due to the fiscal situation of the State of Hawaii, your Committee recommends that this bill be amended by reducing the amount of the appropriation from \$708,750 to \$687,487.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 529, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Kawasaki, Takitani and Leopold.

SCRep. 219 Judiciary on S.B. No. 546

The purpose of this bill is to establish a demonstration project for inmates at the Hawaii state prison for a two-year period beginning on July 1, 1977 and ending on June 30, 1979, utilizing the People Synergistically Involved programs, and to make an appropriation therefor.

Your Committee finds that the rehabilitation of persons convicted of crimes and the reintegration of inmates at the state prison back into the community is of primary importance to the State. Too often prison serves only as punishment and isolation of convicted offenders, and as a result many offenders become hardened and hostile toward the community and commit other crimes upon release.

People Synergistically Involved (PSI) programs have been offered at the Hawaii state prison. There has been a significant change in the attitudes and behavior of inmates who took part in the program. Interest in the program among inmates has increased to the extent that many more are waiting to sign up.

Your Committee finds that the PSI program has helped to change the confrontation attitude of inmates toward the prison staff, and has helped the inmates adjust to prison life and to work toward readjustment to a law-abiding role in society upon release. The feasibility and need for PSI programs at the state prison have been demonstrated by the success of the program in the past months.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 546 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Leopold.

SCRep. 220 Judiciary on S.B. No. 691

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii, the sum of \$50,000 or so much thereof as may be necessary to provide a grant-in-aid to the Boys Club of Honolulu for operational purposes.

Your Committee finds that the Boys Club of Honolulu provides a valuable service to the people of this State.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 691 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Leopold.

SCRep. 221 (Majority) Judiciary on S.B. No. 700

The purpose of this bill is to amend Act 219, SLH 1976, to provide that members of the medical claim conciliation panel be paid by the Department of Regulatory Agencies at a rate of \$100 a day together with reasonable travel and living expenses.

Under present law, members of the panel serve without compensation but are paid by the department for travel and living expenses incurred as a result of their service on the panel.

Your Committee finds that a \$100 day allowance together with reasonable travel and living expenses is justified in view of services provided by the members of the panel.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 700 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Leopold.
Senator Kawasaki did not concur.

SCRep. 222 Judiciary on S.B. No. 1346

The purpose of this bill is to establish the means of financing witness expenses required by county prosecutors and the public defender.

This bill amends existing law by providing that duly certified witness certificates for witnesses subpoenaed on behalf of the State by the public prosecutor, and on behalf of a defendant by the public defender shall be paid upon vouchers approved by the State director of finance and warrants drawn by the State comptroller.

This bill also provides that each public prosecutor or county attorney and the public defender shall submit to the department of budget and finance of the State of Hawaii for inclusion in the department's budget request for each fiscal biennium the amount required for each fiscal year for expenses for witnesses subpoenaed by him.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1346 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Leopold.

SCRep. 223 Judiciary on S.B. No. 1453

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$40,000, or so much thereof as may be necessary, for the purchase of subscriptions to the Hawaii Legal Reporter.

Your Committee finds that the Hawaii Legal Reporter is used extensively by the legislative, executive and judicial branches of government.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1453 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani and Leopold.

SCRep. 224 Public Utilities on S.B. No. 988

The purpose of this bill is to place exclusively in the office of the State Highway Safety Coordinator such powers and duties as are necessary to regulate motor carrier safety.

Your Committee feels that the concentration of all responsibility concerning the overseeing of safety of Safety Coordinator will result in uniform and consistent objectives relating to motor vehicle safety.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 988 and recommends that it pass Second Reading and be referred to the Committee on Transportation.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 225 Public Utilities on S.B. No. 995

The purpose of this bill is to encourage the use of non-fossil fuel for the generation of energy which will help to reduce the dependence upon imported fossil fuels and create additional jobs in the State by encouraging development of non-fossil fuel power production industry.

Testimonies presented indicate that non-fossil fuel in the form of baggasse has been utilized to generate steam and electricity and excess electricity so generated has been sold to existing electric companies.

Your Committee finds that those who testified are in general accord with the intent and purposes of S.B. No. 995, but the concensus of opinions expressed indicate that a more objective method of rate setting is essential and necessary.

Your Committee has amended S.B. No. 995, by amending subsection (c) on page 7. This amendment clarifies the position of the Public Utilities Commission in its role to assist in setting just the reasonable rates for the non-fossil fuel generated electricity supplied to the public utility by the private producer.

Your Committee on Public Utilities is in accord with the intent and purposes of this bill as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 995, S.D. 1, and be referred to the Committee on Energy/Natural Resources.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 226 Transportation on S.B. No. 244

The purpose of this bill is to remove the requirement that motorcycle and motor scooter drivers and passengers wear a safety helmet when operating these vehicles on a public highway.

The use of a safety helmet became a requirement of law in 1967 (Act 214-67) with the intent of reducing fatalities. Testimony presented to your Committee by Street Bikers United, supplied by the American Motorcycle Association, indicates that the fatality rate nationwide has remained constant with the accident rate, both before and after the introduction of helmet laws.

Additional data supplied to your Committee, originating from the National Transportation Safety Board indicated that although the safety helmets have reduced severe injuries to the head and face, there is evidence that fatal neck injuries have increased among riders wearing helmets.

Your Committee concludes that the effectiveness of the safety helmet in the reduction of fatalities has not been demonstrated.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 244 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 227 Transportation on S.B. No. 246

The purpose of this bill is to impose a tax on motor vehicles which have a city-driving operating efficiency of less than 20 miles per gallon of fuel.

Your Committee finds that the present law does not provide adequate revenues for the state highway fund to meet required expenditures of the land transportation facilities and services program. An additional source of revenue is needed.

Section 1 of S.B. No. 246 proposes a tax to replace Act 188, Session Laws of Hawaii 1976. Your Committee proposes that this section be deleted. Although the proposed tax may generate additional revenues for the state highway fund, such revenues will decline annually when the currently registered vehicles are replaced by more efficient automobiles. In addition, the Committee finds that there are no mileage ratings assigned to vehicles produced prior to 1969. It is estimated that there are 200,000 out of a total 480,000 vehicles registered in this State, produced prior to 1969.

Your Committee feels that a broader based funding structure for the state highway fund, using less variables than proposed section 1 is desirable. It is the Committee's recommendation that S.B. No. 246 be amended by deleting section 1 and section 2 and adding instead a motor vehicle weight tax based on the net weight of every motor vehicle, taxed at the rate of 0.45 cents per pound. In addition it is proposed that the present 3-1/2 cent temporary increase in state gasoline and fuel tax be made permanent to account for the difference in revenue of the weight tax and the mileage. An additional proposal is to repeal section 249- of section 3, Act 188, Session Laws of Hawaii 1976, relative to the state vehicle engine displacement tax. Your Committee feels that this combination of revenue raising methods would produce revenues sufficient for the construction, operation, and maintenance of the state highways.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 246, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 246, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 228 Transportation on S.B. No. 247

The purpose of this bill is to provide that the revenues derived from the disposition of abandoned vessels be deposited into the boating special fund.

Currently, although the disposition of abandoned vessels is an activity of the boating program and the expenses of the activity are paid from the boating special fund, the net revenues derived from the activity are paid into the general fund, as provided under section 267A-7, Hawaii Revised Statutes. This is felt by your Committee to be an awkward arrangement.

Your Committee has adopted the recommendation of the department of transportation by amending section 1, line 18, page 2, to read:

"If the proceeds of the sale are insufficient to cover the mooring fees, other harbor fees and the expense of the auction and other expenses of the department in disposing of the vessel the department shall have a lien for the deficiency against the registered owner and against any other person who may have had an ownership interest in the vessel."

Certain other technical amendments have also been made.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 247, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 247, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 229 Transportation on S.B. No. 251

The purpose of this bill is to exempt the payment of taxes on stored vehicles.

Your Committee is in agreement with the recommendation of the city and county of Honolulu. The period following the word "treasurer" on line 10 is dropped and the following phrase restored immediately following: "and shall surrender the current license plates and tags for such vehicle not later than December 31 of the current year." In addition, technical errors were corrected.

The purpose of this amendment is to insure that the license plates of stored vehicles are not used by other than the owner during the period in which the vehicle is in storage.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 251, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 251, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 230 Transportation on S.B. No. 257

The purpose of this bill is to permit the use of fuel tax revenues for the acquisition, design, construction, improvement, repair, and maintenance of bikeways.

This measure provides that county fuel taxes may be used for bikeways as is already the existing practice, and ensures that highway funds will continue to be available in the future to supplement funds already available for bikeways under section 249-17.5, Hawaii Revised Statutes.

This measure also provides that no person shall drive upon any bicycle lane or bicycle path except under certain circumstances.

Your Committee has amended the bill by amending its title to read:

"A BILL FOR AN ACT RELATING TO BIKEWAYS, BICYCLE LANES, AND BICYCLE PATHS."

The purpose of this amendment is to conform the title with the subject matter of the bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 257, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 257, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 231 Transportation on S.B. No. 258

The purpose of this bill is to clarify the rights of a bicyclist proceeding in a designated bicycle lane.

In view of the increased popularity of bicycling, both for recreation and as a means of transportation, your Committee finds it necessary to clarify the rights of a bicyclist on roads to be shared with cars, for the continued safety of the bicycling community and the improved flow of traffic.

Your Committee has adopted the recommendations of the State Highway Safety Coordinator by deleting SECTION 2, amending Section 291C-61, Hawaii Revised Statutes. This proposal requires motorists to yield the right-of-way at all times, to any rider of a bicycle proceeding in a designated bicycle lane.

The purpose of this amendment is to conform with Section 291C-42, Hawaii Revised Statutes, which states that every person riding a bicycle shall be subject to all of the duties applicable to the driver of a vehicle. Your Committee feels that if a bicyclist is going to use the road with other traffic, it is not unreasonable to expect him to abide by the same rules as all the other highway users.

Sections 3 through 11 of the bill have been renumbered sections 2 through 10.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 258, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 258, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 232 Transportation on S.B. No. 260

The purpose of this bill is to provide for uniform language and markings in relation to bicycles and their operation, and to establish certain bicyclists rights on roadways shared with other traffic.

Your Committee finds that section 291C-1, Hawaii Revised Statutes, lacks any clear definitions for the terms used to indicate the different bicycle rights-of-way. In view of their increased popularity, both for recreational uses and as a means of transportation, these definitions are thought to be necessary.

Your Committee has adopted the recommendation of the Honolulu police department and the state highway safety coordinator in deleting section 2, the use of the color green with relation to bike lanes, as this is in conflict with the national standard. In its latest user manual, "Safety and Locational Criteria for Bicycle Facilities", the federal Highway Administration notes, "The standard color for bike lane related pavement is white."

Section 3 has been deleted by your Committee because it was felt to be unnecessary.

Section 4, relating to section 291C-145, entitling a bicyclist to use the entire lane on roadways designated as bikeways has been struck from the bill, as this could create a hazard on congested two-lane streets where motorists would either be held up by slow bicyclists or attempt to pass under dangerous circumstances. If bicycles are allowed to use both sides of a one-way street as proposed in this section, traffic will be burdened in two ways: (1) it will take more road away from cars; (2) it will place an obstacle in what is generally regarded as an express lane.

The purpose of this amendment is to insure the safe and continual flow of both bicycle and motor vehicle traffic.

Section 5, amending section 291C-147(e) has been deleted as it is felt that bicyclists should be responsible for giving adequate warnings.

Sections 6 and 7 of the bill have been renumbered sections 2 and 3 respectively.

Your Committee on Transportation is in accord with the intent and purpose of S.B. 260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 260, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 233 (Majority) Intergovernmental Relations on S.B. No. 515

The purpose of this bill is to establish an agency in Hawaii to pursue all available federal aid for the State through systematic, coordinated efforts. The bill amends chapter 29, Hawaii Revised Statutes, to delete reference to establishment of the coordinator's office in Washington, D.C., and substitute establishment in Hawaii. The bill also provides that the salary of the coordinator be not more than that of a department head effective July 1, 1977, and that the coordinator's term of office be established for a six-year period. The bill also expands the powers, functions, and duties of the coordinator.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 515, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator Yee did not concur.

SCRep. 234 Intergovernmental Relations on S.B. No. 910

The purpose of this bill is to amend chapter 46, Hawaii Revised Statutes, to allow the mayor of each county to designate areas of land for housing projects only after holding a public hearing and receiving the approval of the county council. Presently, the law does not explicitly require public hearing before designation of specific sites for housing projects.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 910, and recommends that it pass Second Reading and be referred to the Committee on Housing and Hawaiian Homes.

Signed by all members of the Committee.

SCRep. 235 Intergovernmental Relations on S.B. No. 982

The purpose of this bill is to amend chapter 46, Hawaii Revised Statutes, to allow the director of finance of each county that does not have centralized purchasing provisions in its Charter to adopt rules governing the procurement and purchase of materials, supplies, equipment, and services, subject to chapter 103, Hawaii Revised Statutes.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 982, and recommends that it pass Second Reading and be recommitted to the Committee on Intergovernmental Relations.

Signed by all members of the Committee.

SCRep. 236 Intergovernmental Relations on S.B. No. 1248

The purpose of this bill is to amend chapter 47, Hawaii Revised Statutes, to provide a new part authorizing the counties to issue tax anticipation notes, not to exceed twenty-five per cent of the amount of levied and uncollected taxes. The notes must be authorized by the council of the county by ordinance or resolution.

Your Committee received testimony from the City and County of Honolulu in favor of the bill.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 1248, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 237 Intergovernmental Relations on S.B. No. 1302

The purpose of this bill is to amend part III, chapter 76, Hawaii Revised Statutes, to update various sections to present conditions. The bill deletes reference to the board of supervisors, and substitutes reference to the mayor or council. The bill also deletes the restriction providing commissioners \$10 per day compensation, not to exceed an aggregate of \$70 in one month, and by providing that reasonable traveling expenses shall be allowed. The bill also deletes the requirement that the personnel director's position be a classified position. Additionally, the bill deletes the requirement that the deputy personnel director be an employee of the department of civil service. The bill also provides that various positions be deleted or added to the list of civil service exempt positions.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 1302, and recommends that it pass Second Reading and be referred to the Committee on Human Resources.

Signed by all members of the Committee.

SCRep. 238 Ecology, Environment and Recreation on S.B. Nos. 762, 1000, 1010, 1038 and 1291

The above-listed bills all appropriate funds for water capital improvement projects.

Your Committee on Ecology, Environment and Recreation is in accord with the intents and purposes of these bills and recommends they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 239 Ecology, Environment and Recreation on S.B. No. 855

The purpose of this bill is to amend Section 188-25, Hawaii Revised Statutes, by allowing the sale of speared fish with the exception of any fish which is smaller than the minimum size for the fish as specified in Section 188-40, Hawaii Revised Statutes.

Your Committee is in accord with the intent and purpose of S.B. No. 855 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 240 Ecology, Environment and Recreation on S.B. No. 1273

The purpose of this bill is to appropriate funds out of the general revenues of the State of Hawaii to be expended by the Office of the Governor for a commission to develop plans in accordance with which the State of Hawaii can by June 11, 1978 construct and maintain forever a fitting memorial to mark the birth site of Kamehameha the Great.

Your Committee heard supporting testimony from the State Association of Hawaiian Civic Clubs, Richard Lyman, a Trustee of Kamehameha Schools/Bernice Pauahi Bishop Estate, and Russell Apple, Pacific Historial of the National Park Service, U. S. Department of the Interior, Hawaii Group.

Your Committee finds that an appropriation will be needed to accomplish the purpose of this bill, and has amended the bill to include an appropriation of \$100,000 or so much thereof as may be necessary.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1273, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 241 Ecology, Environment and Recreation on S.B. No. 801

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii funds as may be necessary for research, and plans and construction of artificial habitats for reef fish for the benefit of recreational shoreline fishing throughout the State.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 801 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 242 Ecology, Environment and Recreation on S.B. No. 765

The purpose of this bill is to appropriate funds for studies necessary to make detailed plans for the conversion and maintenance of Matson Point and Heeia Fishpond as a park.

Your Committee finds that to accomplish this purpose an appropriation of \$210,000 to the Department of Land and Natural Resources will be needed and the bill has been so amended.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 765, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 243 Ecology, Environment and Recreation on S.B. No. 1274

The purpose of this bill is to amend Section 342-32, Hawaii Revised Statutes to require the director to publish an annual report on the quality of State waters, which shall include but not be limited to a description of sampling programs and quality control methods procedures; statistical analysis and interpretation of the data on a monthly basis by monitoring stations; discussion of the results of these analyses and recommendations for the modification of the water quality monitoring program to enhance its effectiveness for maintaining high standards of water quality in the State and to note any significant changes in the quality of State waters.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. 1274 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 244 Ecology, Environment and Recreation on S.B. No. 1298

The purpose of this bill is to require the Department of Land and Natural Resources to plan for, train for service and establish a uniformed state park ranger corps.

Your Committee finds that park rangers so trained could protect and interpret, for the pleasure and education of the public, natural, recreational, historical, archaeological, scientific and related values; apply safety precautions and first aid; conduct search, rescue, fire suppression, and other appropriate measures in emergencies; protect private property; and engage in related skills.

Your Committee has adopted the recommendation of the Department of Land and Natural Resources to delete enforcement functions as these will be performed by the proposed State Ranger Division. Your Committee has therefore deleted 184-(4), line 14, page 1 of S.B. No. 1298.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1298, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1298, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 245 Ecology, Environment and Recreation on S.B. No. 1342

The purpose of this bill is to amend Chapter 39, Hawaii Revised Statutes, to enable the issuance of revenue bonds excludable from the State debt for the purpose of encouraging, assisting, and financing anti-pollution measures.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1342 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 246 Ecology, Environment and Recreation on S.B. No. 1377

The purpose of this bill is to make available recreational use within the confines of Pearl Harbor such as boating, sailing and fishing for the civilian population.

Your Committee finds that the Commandant of the Fourteenth Naval District can make certain areas available with the condition that there is direct control and regulation of the activities of civilians while within the bounds of the harbor and that the director of the Department of Land and Natural Resources shall adopt such rules and procedures as may be necessary for purposes of this bill.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1377 and recommends it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 247 Ecology, Environment and Recreation on S.B. No. 1428

The purpose of this bill is to appropriate funds for the plans and construction of a caretaker's resident at the Waahila Ridge State Park and the hiring of any necessary personnel.

Your Committee heard testimony from the St. Louis Heights Community Association and the Department of Land and Natural Resources. Your Committee finds that the park serves as an important trail hub and access point for hikers and sightseers as well as those who go to enjoy the views of the valleys or to picnic. The rest rooms have been vandalized, holes shot in the water tank, tables fire-scarred, deserted fires left burning by persons using the park after closing time, beer bottles scattered about and dogs allowed to run loose although there is a sign prohibiting dogs. On weekends and holidays, the park is opened only by volunteer residents living nearby and there is no one responsible to look out for infractions that might cause harm to the park and to the enjoyment of those using it. The Department of Land and Natural Resources testified that with a resident caretaker such dependence on volunteers would no longer be necessary, and the resulting better management should ease the concerns of the neighboring property owners.

Your Committee finds that to accomplish the purpose of this bill, an appropriation of \$65,000 to be expended by the Department of Accounting and General Services will be needed and the bill has been so amended.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1428, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 248 Ecology, Environment and Recreation on S.B. No. 1216

The purpose of this bill is to appropriate funds for the development of an overnight camping facility and motorcycle rider's training and recreation area to be maintained and operated by the Big Island Motorcycle Association.

Your Committee is in agreement with the desirability for a motorcycle rider's training and recreation area but finds that the need for an overnight camping facility is minimal, as the proposed site is but a short distance from the existing overnight camping facility at Pohakuloa. Your Committee has also been informed by the Department of Land and Natural Resources that it has reached an agreement with the Big Island Motorcycle Association

to delete overnight camping at the motorcycle training and recreation area, and the bill has been so amended to reflect this deletion.

Your Committee further finds that the development of a training and recreational area to include fencing, lavatory facilities, a water supply for these facilities, and the necessary clearing for fire protection would require an appropriation of \$150,000 to be expended by the Department of Land and Natural Resources and has so amended the bill.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1216, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 249 Human Resources on S.B. No. 882

The purpose of this short form bill is to update and streamline the programs and policies of the State relating to the support of the operation of community action agencies.

Your Committee finds that the low income elderly residing in each of the three neighbor islands have been experiencing a great hardship in meeting their needs due to the lack of adequate transportation. It is necessary that the transportation services be improved to ensure that the needs of these people will be met in an effective manner.

Your Committee recommends that a total of \$508,000 be appropriated and be expended by the office of the governor to improve and expand land surface transportation programs and services for the low income elderly residing in each of the three neighbor islands. This total will be appropriated in the following manner: \$110,000 to Kauai, \$160,000 to Maui, and \$238,000 for Hawaii.

Your Committee has amended the bill to provide sufficient monies to provide for the transportation program.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 882, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 882, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 250 Human Resources on S.B. No. 21

The purpose of this bill is to alleviate the serious unemployment problem in this state by providing a tax credit against the imposition of general excise taxes to private employers who hire unemployed persons on a full-time basis.

Your Committee finds that this bill, as amended herein, may provide an attractive incentive to private employers to hire the unemployed, and thereby reduce the costs of unemployment and public assistance to the State.

Your Committee has amended the bill by re-arranging several of the provisions so that they will be contained in Chapter 237, relating to the general excise tax law. We have also clarified the bill to insure that the hiring must be on a full-time basis; that the employer must hire through referrals submitted by the Department of Labor and Industrial Relations; and that the tax credit shall be available only for a period of three years per unemployed person. Other language changes of a technical nature were made.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 21, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 21, S.D. 1 and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 251 (Majority) Human Resources on S.B. No. 183

The purpose of this bill is to convert eight positions in the Election Division of the Office of the Lieutenant Governor from exempt to Civil Service status positions.

Your Committee finds that elections is a permanent activity of government and one that has become increasingly technical and specialized. Not only must it be run impartially and efficiently but the results must be accurate and obtainable quickly. In this respect

Hawaii has earned a most enviable reputation in the nation and is the only State with a Statewide Computerized system.

Your Committee further finds that in conducting an election, we have been fortunate to have the resources of certain key personnel who have remained through several administrations. During their tenure they have gained valuable knowledge and expertise in elections.

Your Committee has amended the bill by bracketing "... and eight employees in the office of the lieutenant governor;" in Section 76-16(5) to conform with the Ramseyer method. Also we have deleted Section 2 of the bill.

Your Committee has further amended the bill by adding to Section 3 the following positions:

- a) Elections Logistics Coordinator
- b) Assistant Election Logistics Coordinator
- c) Election Accounts Clerk
- d) Election Secretary I

As a result of the above amendments and to preserve consistency, we have renumbered the sections as a result of the deletion of Section 2 to be in accord with the Ramseyer Method.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 183, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 183, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee. Senators Henderson and Soares did not concur.

SCRep. 252 Human Resources on S.B. No. 378

The purpose of this bill is to release and abandon any claim that the State may have against any employee of the Kauai Veterans Memorial Hospital for any past overpayment of standby pay over the past several years.

During the period from August 1973 to October 1974, certain employees of the Kauai Veterans Memorial Hospital received overpayments of standby pay. These overpayments were caused by a mutual error of interpretation of the applications of the provisions of the theretofore early collective bargaining agreements. Your Committee believes that the State has a moral obligation not to cause undue hardships to the affected employees in consideration of the mutual error of interpretation, the morale of the hospital staff, and the fact that the circumstances were not of the employees' making.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 378 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 253 Human Resources on S.B. No. 380

The purposes of this bill are to provide sewer workers with a service retirement benefit of two and one-half per cent of average final compensation for each year of service; to provide sewer workers with the opportunity to retire with twenty-five years of service at any age without reduction of benefits; to require sewer workers to contribute a total of twelve and two-tenths per cent of their gross salaries to the annuity savings and to the post retirement funds.

Under present law, policemen, firemen and corrections officers regardless of age are entitled to full retirement benefits after twenty-five years of service without penalty because of the hazardous nature of their work.

Your Committee finds that sewer workers' jobs are equally hazardous due to the frequent exposure of the workers to toxic gases and to various deadly diseases.

Your Committee after due consideration has made the following amendments to the bill:

(1) The provision for a service retirement benefit of two and one-half per cent of average final compensation for each year of service as a sewer worker has been eliminated. Accordingly, the requirement for a total contribution of twelve and two-tenths per cent of sewer workers' gross salaries to the annuity savings and to the post retirement funds has also been eliminated. The reason for this is that unlike policemen, firemen and corrections officers, the sewer workers are required to contribute toward social security, and will

receive these benefits upon their retirement.

(2) Eligibility for early retirement has been made applicable only to those classifications of sewer workers who are most frequently exposed to toxic gases and deadly diseases. Only sewer workers in the following classifications are provided this benefit: (1) sewer maintenance helper, (2) sewer maintenance repairer, (3) sewer maintenance supervisor, (4) gas detector, (5) gas detector helper, (6) gas detector supervisor, (7) cesspool worker, (8) cesspool pumping equipment operator I, and (9) cesspool pumping equipment operator II, or in any combination of those classifications. These classifications would cover only those persons that actually work inside our sewer system and those exposed to toxic gases and deadly disease.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 380, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 380, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 254 Human Resources on S.B. No. 381

The purpose of this bill is to provide a \$300.00 funeral benefit to certain retired public employees.

Your Committee finds that there is no provision for funeral benefits for retirees under the Employees' Retirement System or the county pension plans. With many retirees and pensioners barely subsisting on their retirement income, it is difficult for them to save sufficient money to cover funeral expenses. A \$300.00 funeral benefit would supplement the \$250.00 social security allowance and ease the strain on the family when a retired employee passes away.

Your Committee has amended this bill to include burial expenses in applying the benefit as set forth in this bill. Your Committee has further amended this bill to include all retired and pensioned public employees by changing its applicability from Chapter 88, Part V, Other County Pensions, to Chapter 88, Part II, Retirement for Public Officers and Employees, Hawaii Revised Statutes, in order to maintain equity of benefits among all public employees.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 381, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 255 Human Resources on S.B. No. 463

The purpose of this bill is to make an appropriation for the plans and construction of an Elderly Day Care Center on Maui.

Your Committee finds that Maui presently has one day care center for the elderly and disabled which is operating with a maximum population and generally has six to eight people on the waiting list. This center provides an alternative to institutionalization by providing a supervised and therapeutic environment. It is necessary that another day care center be built to accommodate Maui's ongoing demand for day care services and it's increasing elderly population.

Your Committee recommends that a total of \$350,000 be appropriated and be expended by the County of Maui for planning and developing an additional day care center for the elderly in Maui County.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 463 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 256 Human Resources on S.B. No. 535

The purpose of this bill is to make an appropriation to continue the operation of the Hilo Interim Home.

The Hilo Interim Home, a shelter facility for troubled youths, was established as an

alternative to detention lock-up for Hawaii County youth offenders. This Home provides an in-community, home-like atmosphere where youths can sort out their feelings and consider their alternatives as they attempt to re-enter and become responsible members of the community.

Your Committee finds that the Hilo Interim Home has filled a viable need of the youth on the island of Hawaii and its services must be continued to effectively serve the youth referred by the DSSH, the police, and the Family Court.

Your Committee recommends that a total of \$57,998 be appropriated to the Hilo Interim Home and be expended by the department of social services and housing to continue the operation of a shelter facility for the youths in the County of Hawaii.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 535, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 535, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 257 Human Resources on S.B. No. 568

The purpose of this bill is to provide that service previously rendered at Haliimaile Dispensary and Paia Hospital on Maui and service previously rendered as a full time sheriff or deputy sheriff in the Office of the Sheriff may be purchased as membership service in the Employees' Retirement System.

Act 151, Session Laws of Hawaii, 1976 provided that service rendered at Puunene Hospital on Maui and Waimea Hospital on Kauai may be purchased as membership service by eligible employees in the Employees' Retirement System. Your Committee finds that former employees of Haliimaile Dispensary and Paia Hospital are also eligible to purchase membership service under Act 151. Testimony by the Executive Secretary of the Employees' Retirement System indicates that there would be no actuarial cost to the system.

Your Committee further finds that there are employees in the Office of the Sheriff who rendered prior service in the Office of the Sheriff prior to its transfer to the Judiciary in 1975. Permitting these employees to purchase prior service under this bill would result in no actuarial cost to the system.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 568 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 258 Human Resources on S.B. No. 569

The purpose of this bill is to amend Section 79-13, Hawaii Revised Statutes, to include "grandchildren" in the definition of "immediate family" for the purpose of determining funeral leave eligibility for public officers and employees.

Your Committee finds that the majority of public officers and employees covered under collective bargaining contracts are eligible for funeral leave upon death of their grandchildren. Presently the law does not provide excluded public employees that same privilege.

Your Committee believes that to achieve equity and uniformity, the inclusion of grandchildren into Section 79-13, Hawaii Revised Statutes, is desirable.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 569 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 259 (Majority) Human Resources on S.B. No. 570

The purpose of this bill is to reduce the maximum age of employment by the State or any county from seventy to sixtyfive.

Under this bill the mandatory retirement age for state and county employees will be reduced from seventy to sixty-five years. Employment may be extended beyond age seventy

on a year-to-year basis under certain conditions. It also provides that the age sixty-five limitation would not be applicable to all present employees who may continue until age seventy, but would apply to all new employees.

Your Committee finds that the general employees of the State and county are the only group of employees whose mandatory retirement age remains at age seventy. The Department of Education and University of Hawaii have mandatory retirement at age sixty-five. Therefore, uniformity is desirable.

Your Committee further finds that the bill would make available more employment opportunities for our young people without unduly penalizing the employee approaching retirement. At age sixty-five an employee is entitled to receive Social Security and state employees retirement benefits.

Testimony given by Kim Tet Lee, Executive Secretary of the Employees' Retirement System, indicates that because of the exceptions provided by the proposed bill, the increase in actuarial cost would most likely be very small; perhaps, in the order of \$200,000 a year.

Your Committee upon consideration has made the following amendments to S.B. No. 570:

(1) Upon the recommendation of the Department of Social Services and Housing, the existing provision exempting foster grandparent positions and certain temporary positions for senior citizens from the application of the age limitation set forth in section 78-3, Hawaii Revised Statutes, is to be retained because of the special nature of the programs utilizing those positions.

(2) Upon the recommendation of the Attorney General's office, the reference in section 1, lines 14 and 15, to read, "the appropriate civil service commission", is amended to read, "the appropriate county civil service commission", because of the non-administrative nature of the state civil service commission.

(3) Also upon the recommendation of the Attorney General's office, section 88-73(2) in section 2 of the bill is amended to provide for the retirement of instructional personnel of the Department of Education and the University of Hawaii at the end of the academic semester in which such personnel attain age sixty-five, instead of the first day of the next calendar month succeeding the one in which age sixty-five is attained, in order to provide classroom continuity within an academic semester.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 570, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 570, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.
Senator Chong did not concur.

SCRep. 260 Human Resources on S.B. No. 573

The purpose of this bill is to make an appropriation to support the operations of the four Community Action Agencies in the State of Hawaii.

The Hawaii Community Action Agencies are private non-profit organizations established to help alleviate the problem of poverty in Hawaii by coordinating services for the poor to attain skills, knowledge, and opportunities for self-help in improving their quality of life. The funding for these agencies was established through a partnership between federal, state and local governments.

Your Committee finds that the mandated increase in non-federal matching requirement and increasing cost of operations due to the increase in cost of living have caused the Community Action Agencies to reach a difficult point in operating capacity. Although certain methods, like reductions in staffing, have been tried in the past in dealing with this problem, it has now reached a point where the effectiveness and the efficiency of the agencies are diminishing. There is a need to support the CAA's in the maintenance of a sufficient level of effectiveness in their operations.

Your Committee recommends that a total of \$430,000 be appropriated and expended by the Hawaii Community Action Agencies to support the operations of the agencies. The total shall be appropriated out in the following manner: \$98,000 to Hawaii County Economic Opportunity, \$184,000 to Honolulu Community Action Program, \$10,000 to Honolulu Community Action Program Director's Association, \$46,000 to Kauai Economic Opportunity, and \$92,000

to Maui Economic Opportunity. The amount appropriated shall be reduced by the amount of federal monies available.

Your Committee has amended the bill to provide for the sum sufficient for the agencies.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 573, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 573, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 261 Human Resources on S.B. No. 596

The purpose of this bill is to establish a deferred compensation plan for those public employees who desire to defer a portion or all of their compensation to a future period in time primarily for income tax purposes.

Your Committee has amended the bill by reducing the members of the board from seven to three and deleting the director of personnel services as an ex-officio member and the board's chairman. Your Committee has rewritten the provisions relating to "investments of deferred compensation" to clearly set forth the types of investments permitted under the plan.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 596, S.D. 1 and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 262 Human Resources on S.B. No. 597

The purpose of this bill is to permit the purchase of membership service not to exceed four years for time spent in military service. The bill limits purchase to four years of military service; two years if the member has at least 15 years; three years if the member has at least 20 years; and four years if the member has at least 25 years of service.

Under present statutes, certain military service is recognized as membership service. (1) military service, when an employee inducted into the Armed Forces, while a member of the system in which event the government employer contributes to the account if the member during his leave of absence; and (2) military service during the period of 1941-1949 if the person, although an employee of the State or county government, was not a member of the system at the time of his induction into the Armed Forces. Such service must be purchased by the member and is restricted to four years.

Your Committee finds that some recognition should be given to employees who have rendered honorable military service in behalf of our county. This recognition should be in the form of a credit for military service in our retirement system.

Your Committee has amended the bill to limit such purchase of membership service credit not to exceed two years. Two years would represent the involuntary service time spent in the military. Persons drafted into service of our country served two years whereas voluntary service time was three years.

Your Committee further finds that the actuarial estimates at today's salaries, the additional employee contribution requirement would amount to \$200,000-\$250,000, of which the state's share will be about \$150,000.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 597, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 597, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 263 Human Resources on S.B. No. 693

The purpose of this bill is to provide funds for the Center for Labor Education and Research at the University of Hawaii as created by Act 202, Session Laws of Hawaii.

The 1976 Legislature, in response to the need of providing education in the spectrum of

labor, created a center, to be administered by the University of Hawaii, to provide such education. However in the light of the fact that funds were appropriated in 1976, but never released, your Committee believes that such a center must receive adequate funding in order to carry out its purpose.

Your Committee has amended the bill to appropriate \$500,000 for the bienium FY 1977-78 and FY 1978-79. The appropriations is broken down as follows:

	<u>FY 1977-78</u> (7.00)		<u>FY 1978-79</u> (7.00)
(A)	\$145,028	(A)	\$145,028
(B)	97,992	(B)	97,992
(C)	6,980	(C)	6,980

Your Committee is in accord with the intent and purpose of S.B. No. 693, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 693, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 264 Human Resources on S.B. No. 797

The purpose of this bill is to provide an adequate financing method which is designed to restore solvency to the Unemployment Trust Fund.

After hearing testimonies on various schemes for financing the Unemployment Insurance program, your Committee finds that the two dominant systems of financing the program are the reserve ratio system and the benefit ratio system. Both systems are based on the concept of a graduated taxing method with the least incident of unemployment among their work force and the higher tax rates to those employers with the higher incident of unemployment. In the present fiscal condition of the Unemployment Trust Fund, which has a deficit of \$13.8 million as of January 31, 1977, both systems would require a maximum tax rate of 5.0% to 5.5% to provide a sufficiently graduated tax rate schedule to benefit the employers with the least incident of unemployment and at the same time to bring in Unemployment Trust Fund adequate money to finance the payments of benefits.

The Department of Labor and Industrial Relations estimates indicates that \$59.0 million in benefits will be paid out in 1977 and \$65.0 million will be collected. The 1976 session of the Legislature amended the Employment Security Law to provide a flat 3.5% tax rate for all employers during calendar year 1977. The Department also estimates that a flat rate 3.5% tax rate, if continued in calendar year 1978, will bring in \$75.0 million in tax collection. During the same calendar year \$62.0 million in benefits is expected to be paid.

Your Committee has expressed the concern and believes that to establish a tax schedule with the maximum rate of 5.0% or 5.5% would severely affect employers in industries which are depressed under present economic conditions exemplified by the construction industry. The construction industry has experienced an unemployment rate of over 30% of their workforce.

Your Committee on Human Resources also believes that to increase the unemployment tax rate at this time would dampen the expressed policy of the Legislature to shape up the economy and thereby provide employment for the unemployed workers.

Although your Committee believes that the graduated tax - more commonly known as experience rating - would be a more equitable and fair taxing method, it finds that to continue the 3.5% tax rate for calendar year 1978 would be the most feasible solution under the present economic condition.

Your Committee, therefore, has amended S.B. No. 797 by providing for the continuation of the 3.5% tax rate for calendar year 1978.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 797, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 265 Human Resources on S.B. No. 861

The purpose of this bill is to grant to the participants of the State Comprehensive Employment and Training (SCET) all of the benefits enjoyed by State employees except tenure and collective bargaining.

Your Committee finds that under the existing law, SCET participants are entitled to workers' compensation and public health fund coverage. However, they are not entitled to the provision of the law relating to public employment, hours of work, rates of compensation, leave, employment compensation, collective bargaining and other employee benefits.

Your Committee further finds that the SCET participants are laboring alongside state employees doing equal work. Also, participants in the federal Comprehensive Employment and Training Act (CETA), who are similarly employed, are receiving benefits currently withheld from SCET participants. Your Committee believes that comparable employee benefits should be granted. However, the philosophy of Act 151, Session Laws of Hawaii, 1975, intends that the program be temporary and be funded as revenues are realized basis. Therefore, your Committee has retained the exclusive provision of Act 151, which excludes SCET participants from tenure and collective bargaining.

Your Committee has amended that bill to conform to the Ramseyer method and clarified the ambiguities by restating the bill's amendment as proposed, to be clear and concise.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 861, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 861, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 266 Human Resources on S.B. No. 991

The purpose of this bill is to conform the personnel laws of the State of Hawaii to the Hawaii State Constitution concept that the judiciary is a separate branch of State government.

Act 159, Session Laws of Hawaii, 1974 was adopted to amend those portions of the Hawaii Revised Statutes which were not in conformance with the constitutional principles of separation of powers and co-equal status of the Executive, Judicial and Legislative branches of State government. Your Committee finds, however, that the Act 159 amendments to Title 7, Public Officers and Employees, Hawaii Revised Statutes did not entirely bring those statutes relating to personnel matters into conformance with these constitutional principles.

Your Committee further finds that the relationship of the Judiciary to the Legislature is not affected by this bill. It establishes a separate and independent personnel system for the Judiciary, thereby creating two parts under the State Civil Service System: the Executive Civil Service System and the Judicial Civil Service System. Both civil service systems shall use the State Civil Service Commission as the appellate authority. The existing collective bargaining relationship is not disturbed. The governor remains as the employer, in the case of the Judiciary for the purposes of collective bargaining.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 991 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Anderson.

SCRep. 267 Human Resources on S.B. No. 1156

The purpose of this bill is to make an appropriation for continuation of child care and development services being provided by the Kauai Easter Seals Society through purchase of service contracts with the department of social services and housing and the department of health.

Your Committee finds that the services with the DSSH and DOH are to fulfill the needs of the family and child which otherwise would not be available to the residents of the County of Kauai. The Kauai Easter Seals programs compliments these public agencies' efforts in the rehabilitation and development of handicapped children to reach higher potential levels of capacities.

Your Committee recommends that a total of \$20,000 be appropriated and be expended by

DSSH to continue and support the child care and development programs of the Kauai Easter Seals Society.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1156 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator R. Wong.

SCRep. 268 Human Resources on S.B. No. 1355

The purpose of this bill is to amend Section 346-37, Hawaii Revised Statutes, to provide for the recovery of public assistance fraudulently received, from the estate of a deceased recipient and to subrogate the Department of Social Services and Housing to claim against a third party to recover medical payments made by the Department.

Your Committee finds that the Department of Social Services and Housing have been discovering in certain instances upon a recipient's death that he had been receiving public assistance to which he was not entitled to. The proposed amendment will also have a deterring effect on recipients from withholding information on income and resources.

Your Committee further finds that the DSSH have often, in providing medical assistance payment, not been made aware of third party liability such as accident insurance to which a recipient may refuse to file a claim or permit the Department to claim for medical expenses that were paid for through its Medicaid Program. The amendment will provide statutory authority for the Department to require recipients to file a claim against the third party in order to recover public funds expended.

Your Committee recommends that further amendments be made to facilitate recovery of reimbursement for medical payments made by the Department where a third party liability exists. This will increase the amount recovered by the Department.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1355, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1355, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Anderson.

SCRep. 269 Human Resources on S.B. No. 1469

The purpose of this bill is to amend Section 346-53, Hawaii Revised Statutes, by having the cost of living increase in welfare standard be subject to legislative appropriation.

Your Committee finds that the current statute requires that an automatic cost of living increase be made based on increase in average weekly wage.

The increase in average weekly wage (7.6%) was higher than the increase in the Consumer Price Index (3.5%) therefore in July 1976 the welfare recipients' basic grant was increased 7.6%. Hawaii is one of the few states with an automatic built in cost of living increase in their statutes. Because of the current statutes, Hawaii has ranked number one in the nation for AFDC standards of assistance for a family of four.

<u>State</u>	<u>Monthly Benefit</u>
1) Hawaii	\$ 497.00
2) Oregon	413.00
3) Connecticut	403.00
4) Wisconsin	403.00
5) Alaska	400.00
6) New York	400.00
7) Michigan	399.00
8) Massachusetts	394.00
9) Washington	370.00
10) Vermont	367.00

In a comparison of Hawaii's welfare average payment for AFDC with those of other states as shown in order of rank for August, 1976, it shows Hawaii as number two. The National Average Payment for a AFDC family was \$230.42 as compared to Hawaii's AFDC per family benefits at \$358.07.

State	Monthly Budget Per Family
1) New York	\$ 382.40
2) Hawaii	358.07
3) Wisconsin	302.93
4) Pennsylvania	286.91
5) Alaska	286.35
6) California	282.10
7) Michigan	277.32
8) Connecticut	272.34
9) Massachusetts	266.34
10) New Jersey	264.61

The State's revenues situation and the deficit of \$13.2 million projected in the money payments program for FY 1977 compels deletion of the automatic cost of living increase.

Your Committee further finds that the proposed bill doesn't completely eliminate the cost of living increase but provides for the exercise of legislative authority and approval of a proposed amount of increase which will be based on the result of two methods of approach: 1) amount based on increase in average weekly wage, 2) amount based in increase in the Consumer Price; whichever amount is lower will be proposed. The proposed amendment, therefore, will clearly allow for increases in welfare payments contingent on availability of public funds.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1469 and recommends that it purpose of S.B. No. 1469 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRRep. 270 Housing and Hawaiian Homes on S.B. No. 329

The purpose of this bill is to require the developer to provide a one-year warranty on the condominium project and all individual units. The bill also requires the notice of expiration of the warranty to include a list of all items to be remedied, and how and when it will be done, copies of notice to be provided to the board and general contractor. The bill requires that release from the warranty must be obtained by the developer from the president of the board and individual owners, such release to be retained on file for one year. The bill also includes sales in violation of disclosure requirements under Act 239, SLH 1976, Section 1, as being voidable at election of purchaser for a three year period from the date of sale. The bill requires that any contract for sale shall be voidable for a period of not less than three days after the execution of the contract.

Your Committee is in accord with the intent and purpose of S.B. 329 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Anderson.

SCRRep. 271 Housing and Hawaiian Homes on S.B. No. 330

The purpose of this bill is to restate, without substantive change, the Horizontal Property Regime Act.

Your Committee upon careful consideration of the myriad of bills and testimony presented on the problems of condominium ownership has amended the bill to incorporate various substantive changes directed at assuring equitable condominium management and governance. In addition, the bill has been further amended in order to achieve greater clarity, consistency, and conformity with the drafting style recommended in the Hawaii legislative drafting manual, third edition.

Your Committee has reorganized the Horizontal Property Regime Law as follows:

New Section Numbering	Existing Section (Source)	Section Title
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PART I. GENERAL PROVISIONS AND DEFINITIONS

514-1	514-1	Title.
514-2	514-55	Chapter not exclusive.
514-3	514-2	Definitions.

<u>New Section Numbering</u>	<u>Existing Section (Source)</u>	<u>Section Title</u>
514-4	514-4	Status of apartments.
514-5	514-5	Ownership of apartments.
514-6	514-23	Separate taxation.

PART II. CREATION, ALTERATION, AND TERMINATION OF CONDOMINIUMS

514-11	514-3	Horizontal Property Regimes.
514-12	514-11	Recordation and contents of declaration.
514-13	514-13	Copy of floor plans to be filed.
514-14	514-6	Common elements.
514-15	514-	Parking stalls. (Act 239 of 1976)
514-16	514-10	Common profits and expenses.
514-17	514-9	Liens against apartments; removal from lien; effect of part payment.
514-18	514-12	Contents of deeds or leases of apartments.
514-19	514-16	Blanket mortgages and other blanket liens affecting an apartment at time of first conveyance or lease.
514-20	514-13.5	Merger of increments.
514-21	514-17	Removal from provisions of this chapter.
514-22	514-18	Removal no bar to subsequent resubmission.

PART III. REGISTRATION AND ADMINISTRATION

514-31	514-29	Notification of intention.
514-32	514-30	Questionnaire and filing fee. (New title: Documents, fees; required)
514-33	514-31	Inspection.
514-	514-32	Inspection expenses.
514-	514-33	Waiver of inspection.
514-34	514-34	Public reports and issuance fees.
514-35	514-35	Preliminary public report.
514-36	514-44	Request for public report or hearing by developer.
514-37	514-36	Filing with commission required.
514-38	514-15	Issuance of final reports prior to completion of construction.
514-39	514-42	Supplementary public report.
514-40	514-43	True copies of public report.
514-41	514-54	Automatic expiration of public reports.
514-42	514-51	Deposit of fees.
514-43	514-52	Supplementary regulations governing a horizontal property regime.
514-44	514-48	Investigatory powers.
514-45	514-49	Cease and desist orders.
514-46	514-50	Power to enjoin.
514-47	514-46	Penalties.
514-48	514-53	Limitation of action.

PART IV. PROTECTION OF PURCHASERS

514-61	514-	Disclosure requirements. (Act 239 of 1976)
514-62	514-41	Copy of public report to be given to prospective purchaser.
514-63	514-38	Enforceability of sales.
514-64	514-37	Changes in building plans.
514-65	514-40	Escrow requirement.
514-66	514-39	One-year limit.
514-67	514-14	Financing construction.
514-68	514-45	Misleading statements and omissions.
514-69	514-47	Remedies; sales voidable when and by whom.
514-70	514-26.5	Warranty against structural and appliance defects; notice of expiration required.

PART V. CONDOMINIUM MANAGEMENT

514-81	514-19	Bylaws.
514-82	514-20	Contents of bylaws.
514-83	514-28.5	Purchaser's right to vote.
514-84	new	Proxy forms.
514-85	514-20.5	Management contracts; developer and its affiliates.

<u>New Section Numbering</u>	<u>Existing Section (Source)</u>	<u>Section Title</u>
514-86	514-21	Books of receipts and expenditures; availability for examination.
514-87	514-26	Insurance.
514-88	514-28	Personal application.
514-89	514-7	Compliance with covenants, bylaws and administrative provisions.
514-90	514-8	Certain work prohibited.
514-91	514-24	Priority of lien.
514-92	514-25	Joint and several liability of grantor and grantee for unpaid common expenses.
514-93	514-22	Waiver of use of common elements; abandonment of apartment; conveyance to board [of directors.]
514-94	514-27	Actions.
514-95	514-	Attorney's fees and expenses of enforcement. (Act 239 of 1976)
514-96	new	Complaints and subsequent proceedings.
514-97	new	Hearing.
514-98	new	Dismissed after hearing.
514-99	new	Determinations of violations; relief.
514-100	new	Judicial review.
514-101	new	Subpoenas; witnesses.
514-102	new	Conciliation agreements.
514-103	new	Rights enforceable through action.

Substantive amendments to exiting law made by your Committee include:

Section 514-3(14) amended to include a definition of "managing agent";

Section 514-12, Recordation and contents of declaration, amended to require that the developer include in the declaration the assignment of parking stalls to individual apartments, if any;

Section 514-16, Common profits and expenses, (a) amended to require that all costs and expenses be apportioned in a fair and equitable manner for mixed use developments and that charges to limited common elements be charged to the apartment to which the element is appurtenant, and (b) provides a mechanism for the assumption of common expenses by the developer which requires that each owner affected be notified through the disclosure abstract;

Section 514-32, Documents, fees; required, previously entitled Questionnaire and filing fee, amended to include among the documents required to be submitted with the questionnaire accompanying notice of intention, 1) the declaration, 2) bylaws, 3) floor plans, 4) house rules, 5) executed escrow agreement, 6) specimen sales contract, 7) specimen apartment deed or apartment lease, and other documents requested by the real estate commission;

Section 514-33, Inspection, amended to raise expenses for inspection to \$40 per day;

Section 514-44 Investigatory powers, expands the investigatory powers of the commission to include any violation of the chapter;

Section 514-46 Power to enjoin, expands the powers of the commission to bring action to enjoin a person when it believes it has satisfactory evidence that the law has been violated, to cover any violation of the chapter;

Section 514-47 Penalties, extends the criminal penalties provision to include any violation of the chapter;

Section 514-61 Disclosure requirements, expands disclosure requirements to include the commitment of the developer to assume the common expenses of the apartments, if he assumes that option, further requires that he specifically state the time period for which he will assume the expenses;

Section 514-62 Copy of public report to be given to prospective purchaser, amends this section to provide that public reports may be delivered by certified or registered mail to prospective purchasers who upon delivery shall have 45 days to receipt for the report;

Section 514-66 One year limit, amended to provide a purchaser 45 days from the delivery of a public report to exercise his option to cancel the sale if the final report is issued later

than one year after the preliminary report;

Section 514-69 Remedies; sales voidable when and by whom, amends this section to 1) extend to three years the period within which action might be brought against a developer under this section, 2) extend to forty-five days the period within which an owner could not accept an offer from the developer to repurchase an apartment the sale of which was made in violation of this section, and 3) provide that initial sales contracts shall be voidable within three days of execution of the contract;

Section 514-81 Bylaws, amends this section to delete the requirement that the bylaws must be a part of the declaration;

Section 514-82 Contents of bylaws, extensive amendments to this section include, (12) that the first association meeting be held one hundred and eighty days from the first recordation of conveyance, (13) that a nominee of a corporation may serve on the board but that no one apartment shall be represented by more than one board member, (16) require that the board shall meet at least twice a year, (17) require the use of standard proxy forms as established by the commission, (19) require that board members be indemnified if feasible and available, (20) require, whenever possible that the board solicit bids on expenditures over \$2,500;

Section 514-85 Proxies, requires commission to establish a standard proxy form;

Section 514-85 Management contracts; developer managing agent and their affiliates, requires that if a developer hires an affiliate as the first managing agent the contract shall be approved at the first association meeting, further provides that managing agents shall be bonded;

Section 514-87 Insurance, adds vents, ducts and plumbing system as items to be covered under required fire insurance, deletes exterior glass and other such hazards, states that summary provided shall be explanatory only;

The inclusion of seven new section 514-96-103, establishing procedures by which the commission shall have hearings regarding complaints alleging violation of the chapter, and providing the commission with extensive powers in correction of demonstrated violations.

Your Committee has also made extensive, nonsubstantive changes in numeration, in changing plurals to singulars and other deletions, additions, substitutions and punctuation to correct disjointed or run-on construction.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. 330, as amended herein, and recommends that it pass second reading in the form hereto attached as S.B. No. 330, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Anderson.

SCRep. 272 Economic Development on S.B. No. 66

The purpose of this bill is to ensure the optimal development and marketability of fish processing for Hawaii's fishery. This would be accomplished through the appropriation of a sum of money for the department of agriculture, in cooperation with the College of Tropical Agriculture of the University of Hawaii, to conduct a study on the feasibility of an automatic fillet and flash freeze process, and plant construction, to be located at each of the fishing ports designated in the Hawaii archipelago.

Your Committee finds that the technology exists to accomplish the goals of flash freezing Hawaii's fish species under our decentralized port system, the task is to find which process is the most cost efficient for our local conditions and the desired end of quality of product. This can be done by contracting with the proper agency such as the Food Science and Technology Department of the University of Hawaii.

A further and as important consideration will be an evaluation of the potential supply of product needing such processing, both in total and by season, and the effect that a smoothed market at higher unit cost will have on producers returns.

In reviewing the bill, your Committee has amended the bill to include an appropriation of \$54,000 for the purposes of this bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 66, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 66, S.D. 1, and be referred to your Committee on Ways and

Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 273 Economic Development on S.B. No. 784

The purpose of this bill is to authorize and fund the Department of Planning and Economic Development to pick up the research project at the end of this fiscal year and make the transition of the model from research to operational status, so that decision-making in government will have a working tool for making forecasts of construction activities, resources and manpower needs.

Your Committee finds there is considerable checking and "debugging" in addition to some restructuring to meet the needs of the program if any such project is to make a successful transition from research to operations. Evaluation of the model and data bank have to be made; refinements and additional test runs have to be made; and a system needs to be developed for continuous updating of supportive data. Further, the time frame of the current University model needs to be extended so that long-range forecasting will be feasible. Your Committee finds that, upon allocation of the funds requested in this bill, it is anticipated that the above remaining tasks will be undertaken thus permitting the Department to pick up the construction industry model and data bank as developed by the Center for Futures Study at the University of Hawaii.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 784 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 274 Economic Development on S.B. No. 786

The purpose of this bill is to provide \$200,000 each year of the next biennium for the continuation of the College of Tropical Agriculture research program on Feed and Forage, initiated with funds provided through the Kohala Task Force and conducted in the North Kohala area of Hawaii County.

Your Committee finds that because of the high priority and urgency placed on increasing the locally-grown feed and forage to support the beef, dairy and other livestock industries in the State, the College of Tropical Agriculture, in close consultation with the Department of Agriculture, is proposing to implement a comprehensive, statewide, research and development program on feed and forage production for beef and dairy cattle. It has determined by an internal review committee of the College of Tropical Agriculture that, in order to insure the most rapid development of the State's needs, the CTA should establish a coordinated research and extension center for beef and dairy feed and forage on Oahu.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 786 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 275 Economic Development on S.B. No. 899

The purpose of this bill is to provide an appropriation to support the research and development of seed corn varieties suitable for cultivation in Hawaii.

Your Committee finds the attainment of a viable livestock industry in Hawaii to supply needed animal products for the consumer is dependent on the development of a local feed and forage crop program. Basic, however, to such a program, is the research and development of hybrid corn and other seed varieties adaptable to our subtropical climate. Continuing seed research development and establishment of a high quality seed inventory are considered essential.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 899 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 276 Economic Development on S.B. No. 923

The purpose of this bill is to provide for a vegetable production research program at

the Maui Agricultural Research Station, Kula, Maui, of the College of Tropical Agriculture, University of Hawaii. The program is in support of a 2-1/2 million dollar vegetable industry of Maui to move Hawaii toward self-sufficiency in vegetable production.

Your Committee finds that many vegetable growers around the State are modifying their growing environment with various types of greenhouses and are experiencing many problems. The College of Tropical Agriculture is not adequately staffed in vegetable physiology, and especially greenhouse vegetable physiology. The intent of this bill is to provide funds for hiring and supporting a new greenhouse vegetable researcher position at the College of Tropical Agriculture.

Your Committee recommends that this bill be amended to include an appropriation of \$30,000 for the purposes of the bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 923, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 923, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 277 Economic Development on S.B. No. 924

The purpose of this bill is to provide funding for research leading to blanket EPA crop approval of those pesticides found to be effective on the papaya crop.

Your Committee finds there are many unregistered chemicals proven effective in combatting insects, diseases and fungus problems plaguing our papaya crops. The College of Tropical Agriculture has identified many insecticides and fungicides which would aid in increased papaya production. Unfortunately, very few of these chemicals are cleared for use. The funds appropriated in this bill would go to the College of Tropical Agriculture's Department of Plant Pathology for the purpose of securing EPA crop approval of those pesticides found to be effective on papaya crops.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 924 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 278 Economic Development on S.B. No. 925

The purpose of this bill is to provide additional funds to support the papaya research project of the College of Tropical Agriculture, University of Hawaii.

Your Committee finds that, as a consequence of recent events concerning priorities for State inputs to agricultural industries, the College of Tropical Agriculture agreed to take the first step in a comprehensive analysis of the papaya industry. This analysis was to include: an assessment of its potentials, the bottlenecks causing difficulties in reaching the potentials, current inputs being made by government agencies to open the bottlenecks, and further actions and financial inputs required for the industry to reach its potential.

A consensus of those involved in this research is that the papaya industry will continue to grow and could double in size in the foreseeable future. Subsequent assessments of the bottlenecks in the papaya industry were made with this potential in mind. The College of Tropical Agriculture is now in the process of soliciting inputs from other State departments. In 1976, through Act 198, the Legislature appropriated \$545,000 for papaya research, but, as yet, none of this amount has been released. Your Committee finds the intent of this bill is to fund those efforts being made to resolve the assessed high priority bottlenecks so as to expedite the development of the papaya industry's potential. The sum appropriated would be particularly earmarked for transportation and marketing problems.

Your Committee recommends that S.B. 925 be amended to include:

(a) the sum of \$106,000 be appropriated for the purposes of this bill;

(b) Section 2 be amended to read: "The sum appropriated shall be expended by the department of agriculture, provided the department may contract with the College of Tropical Agriculture for conducting research."

Your Committee on Economic Development is in accord with the intent and purpose of

S.B. No. 925, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 925, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 279 Economic Development on S.B. No. 926

The purpose of this bill is to provide funds for the expansion of the Maui Branch Station of the Hawaii Agricultural Experiment Station at Kula to allow maximum utilization of personnel and equipment to resolve agricultural problems facing producers on Maui.

Your Committee finds that the agricultural research facility at Kula is both part of a statewide research program and a resource facility for the farming community. The facility conducts research on problems relevant to farmers, ranchers, nurserymen and homeowners on Maui. It has been recently expanded to include research on the diseases of pineapple, vegetables and ornamentals by the addition of a Plant Pathologist and the purchase of necessary equipment.

Your Committee finds the existing facility is not adequate to house both continuing programs and the new pathology program, which has seriously reduced the efficiency of the research effort. The intent of this bill is to correct this problem and to allow maximum use of the personnel and equipment to resolve the agricultural problems facing Maui and throughout the State.

Your Committee recommends that this bill be amended to include an appropriation of \$300,000 for the purposes of the bill.

Your Committee on Economic Development is in accord with the intent and purposes of S.B. No. 926, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 926, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 280 Economic Development on S.B. No. 927

The purpose of this bill is to provide funding for hiring one additional truck-crop agent for the West Oahu (Waialeale to Makaha) area.

Your Committee finds that the Oahu truck crop industry is one of the largest and most complicated in the State of Hawaii. There are presently about 250 producers of truck crops marketing \$3,900,000 worth of fresh vegetables and melons per year. This is approximately one-third of all the fresh produce grown in the State. There are at least 26 major crop items ranging from watercress and leaf lettuce, to sweet corn and taro, each crop having its own unique problems of disease control, field management and marketing.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 927 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 281 Economic Development on S.B. No. 930

The purpose of this bill is to provide funding for the hiring of one additional crop agent for the Kona Extension Office of the College of Tropical Agriculture.

Your Committee finds that the Kona agricultural scene has been changing recently with more farmers moving into the production of flowers and vegetables. As the price of coffee has suddenly skyrocketed, the coffee farmers will most likely increase their demands for help in coffee production. It also appears there is considerable room for expansion for vegetable and ornamental (particularly orchids) production and that support of these crops will be a good investment for the State. The potential for avocados and macadamias also appears great. In light of these anticipated gains in the agricultural industry in Kona, the area is in need of an additional crop agent to provide the needed assistance in agricultural production and marketing.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 930 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 282 Economic Development on S.B. No. 931

The purpose of this bill is to provide funds to prepare, display and coordinate agricultural exhibits at State and county fairs throughout the State to promote education and awareness of Hawaii's farm products.

Your Committee finds that in order to preserve, promote and expand our diversified agricultural industry, we must devote a great deal of our time and energy in presenting all facets of the industry to our young people and those who spend their time in our urban centers. There are a great many things taking place in our diversified agricultural industry which is little known by the people of our State. We remain an agricultural State and it seems that we should expend efforts to educate residents of Hawaii to the many expansions and changes taking place in the industry by presenting them with attractive, appealing and informative fairs highlighting all the components of the industry. Another end in this activity is to encourage many of the young people of our State to consider a career in diversified agriculture.

Your Committee would like to amend S. B. No. 931 by making an appropriation of \$50,000 for the purposes of the bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 931, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 931, S.D. 1, and be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 283 Economic Development on S.B. No. 932

The purpose of this bill is to provide funding for a project which would analyze and submit data to the Environmental Protection Agency on the use of pesticides for minor crops.

Your Committee finds that Hawaii is unique in that there are many special minor crops, such as bittermelon, hechima and luau leaf grown commercially. Our agricultural industry needs assistance in obtaining pesticide products that are EPA-registered but cannot be used on minor crops, such as the ones mentioned, because these pesticides have not been registered or cleared for use on such crops. The appropriated funds will be utilized by the College of Tropical Agriculture to obtain supplemental registration data in support of a requested State registration on pesticide product for minor crop. Your Committee finds that the intent of this bill is similar to S.B. No. 924 entitled "MAKING AN APPROPRIATION FOR PESTICIDE APPROVAL FOR PAPAYA" and can be part of the program proposed by this bill.

Your Committee would like to amend S.B. No. 932 in the following manner:

(a) there is appropriated the sum of \$20,000 for the purposes of this bill; and

(b) Section 2 is further amended to read, "The sum appropriated shall be expended by the Department of Agriculture, provided the department may contract with the College of Tropical Agriculture for performance of the entire study or selected portions thereof."

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 932, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 932, S.D. No. 1, and be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 284 Economic Development on S.B. No. 980

The purpose of this bill is to appropriate sums necessary for the plans and construction for incremental development and improvements, including preparation of a master plan, for the Panaewa Subdivision.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 980 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 285 Economic Development on S.B. No. 1070

The purpose of this bill is to appropriate funds, to be expended by the department of agriculture, to carry on a research project for edible ginger root.

Your Committee finds that ginger root is the essence of all Oriental cooking and represents a part of the heritage of this cultural group. Ginger root does not represent a major portion of the agricultural industry and, as a result, in the past there has not been appropriated sums of money for this agricultural product. The ginger root, however, will remain an important product. The ginger root, however, will remain an important part of the cultural heritage of a large portion of our islands' population and its continuing production is of great importance to them.

Your Committee would like to amend this bill by appropriating \$50,000 for the purposes of the bill.

Your Committee is in accord with the intent and purpose of S.B. No. 1070, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1070, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 286 Economic Development on S.B. No. 1104

The purpose of this bill is to support an extension of the lease of the Waimanalo Experiment Station of the College of Tropical Agriculture and appropriate funds for capital improvements to upgrade the research facilities.

Your Committee finds that the Waimanalo Experiment Station, by virtue of its location, is probably the most valuable plant experiment station in the State. It serves statewide research programs in vegetables, papaya, sweet corn, field corn, macadamia, banana, turf, forestry and assorted crops. It is the Station closest to the concentration of faculty and students on the Manoa campus. A loss of the station would do grave damage to the ability of CTA to serve the agricultural industries of the State. In order for the Waimanalo Station to achieve its goals at optimal effectiveness, capital improvements are greatly needed.

Your Committee recommends amending S.B. No. 1104 to include \$200,000 to be appropriated for the purposes of the bill and to amend Section 2 further to read as follows: "the appropriation shall be expended by the Department of Agriculture; provided the department may contract with the College of Tropical Agriculture to carry out the capital improvements necessary to make the Waimanalo Station effective in serving the research required for Hawaii's agricultural industries."

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1104, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1104, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 287 Economic Development on S.B. No. 1105

The purpose of this bill is to appropriate funds to be expended by the Department of Agriculture, for conducting a feasibility study on the establishment of a hog slaughterhouse on Oahu.

Your Committee finds there is a great need for an adequate, second hog slaughterhouse on Oahu. The present establishment cannot accommodate animals over 450 pounds, and the owner is not interested in enlarging and improving facilities necessary for handling these animals. As a consequence, hog producers cannot send their large-sized swine to an inspected slaughterhouse. This situation has existed for several years, and the only solution appears to be through State intervention.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1105, and recommends that it pass Second Reading, and be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 288 Economic Development on S.B. No. 1106

The purpose of this bill is to provide funds for the acquisition of land in the Kona area for an agricultural park.

Your Committee finds that the Department of Agriculture, with the assistance of the Department of Land and Natural Resources, is in the process of selecting an appraiser for a potential agricultural park site in the South Kona area for vegetable crop production. After obtaining an appraisal, negotiations will proceed with the landowners for acquisition. The Board of Land and Natural Resources has been consulted on this project and is in conceptual agreement.

Your Committee further finds the concept of an agricultural park is a good one, particularly in areas around the State where fee simple land available for agricultural use is in short supply. This happens to be the case in Kona on the Big Island where the land and climate are suitable for vegetable crop production. In order that the vegetable crop production can be expanded, property which has deep soil and is located 1,000 feet south of the Konawaena school intersection, is zoned for agriculture and available for sale needs to be acquired.

Your Committee recommends that the sum of \$2 million be appropriated for a Kona Agricultural Park. Your Committee would like to further amend the bill by recommending the money be placed in the Statewide Agricultural Park Fund thereby allowing the State to retain flexibility, both in negotiations and in the use of the Agricultural Park funds.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. 1106, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1106, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 289 Economic Development on S.B. No. 1107

The purpose of this bill is to seek legislative assistance in funding the Department of Agriculture's papaya certification inspection program.

Your Committee finds that, at the present time, the fee imposed by the Department for papaya certification inspection places a very real hardship on the small papaya farmer. Your Committee especially notes that papaya is probably the most potentially successful of the diversified agricultural projects in our State. As such, the papaya growers need to receive as much support as possible in order to realize this potential. By eliminating the requirement that the grower pay for the inspection fee and by providing the Department with adequate funds to cover this loss of revenue, which is basically designed to cover the expense of personnel needed to carry out the inspection, the papaya grower will be freed from this expense and allowed to invest those dollars to cover rising production costs.

Your Committee recommends amending this bill to provide \$200,000 for the purposes of the bill and would like to further amend the bill by stating that the sum shall be deposited in the State agricultural marketing order revolving fund and shall be earmarked for the use specified by this Act.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1107, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1107, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 290 Military and Civil Defense on S.B. No. 945

The purpose of this bill is to establish a joint civilian-military commission composed of the director of economic development, the state adjutant general, and representatives of the military, the county governments and private industry.

Your Committee finds that the military continues to play a significant role in the economy of our state. This is especially true in light of the difficulties experienced recently by the large agricultural industries in the state. The establishment of this commission is warranted to better cope with the influence of the military and to promote continued cooperation.

Your Committee on Military and Civil Defense is in accord with the intent and purpose

of S.B. No. 945 and recommends that it pass Second Reading and be referred to the Committee on Economic Development.

Signed by all members of the Committee.

SCRep. 291 Education on S.B. No. 43

This bill was introduced to grant permanent status to the school health services pilot project created by Act 130, Session Laws of Hawaii, 1970. After a careful review of the existing situation we have determined that it is not feasible to grant permanent status to the program at this time. We commend the efforts of the school health aides and we are not unsympathetic to their real concerns as to their status. We do, however, need to restructure the current program and then, assuming that our intent in this matter is carried out, we will approach the issue of permanency.

We recommend that the school health aides portion of the project be expanded to cover every school. With the exceptions detailed below, we intend that the services of a nurse for every complex be provided. While we recognize the fiscal constraints that we, as a State, are operating under, we find that full implementation of the pilot project should be a high priority.

We have reviewed the operations of the pilot project, and we feel compelled to state our intent as to the implementation of this project.

We have considered the problem of the range of sizes among complexes and we have determined that any complex with less than eight schools should not be assigned a nurse but rather should look to the nearest health care facility for such support. Particularly on the neighbor islands, the problem of under-utilization of community hospitals is acute, and to allow the pilot project to contract for the complex nurse services would provide for better use of the health care facilities and at the same time provide nurse services for the school complex.

We have noted that Department of Health has already created a position entitled "nursing supervisor". We find that an added level of administration between the complex nurses and the School Health Branch is unnecessary. The combination of the existing District Health Officers and the School Health Branch office provides sufficient administrative and resource support.

We are also concerned with the use of "clerks" at the school level. Record-keeping is one of the principal duties of the health aides and there would seem to be no reason to employ additional personnel to perform such function. We have therefore added a proviso to our appropriation barring the use of such funds for the hiring of clerks in the schools.

We would also ask the Department of Health to do all future hiring at the RPN II level rather than the present RPN IV. Experience has shown that we do not need public health nurses in the school nurse position.

We also need to make clear our intent as to the role of the school health nurse and health aide in the schools. Their functions have to do with school health problems and they are not there for the purposes of general health education. Health education in the schools will remain the responsibility of the Department of Education.

We wish to make clear that our concerns do not reflect an overall dissatisfaction with the school health services project. The project has accomplished a great deal at the school level and we want to see it extended to cover every school. And we feel that the project has to maintain that school level emphasis. Our concerns are with the administration of the program and these we have made clear.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 43, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 43, SD 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 292 Human Resources on S.B. No. 878

The purpose of this bill is to update and to streamline the programs and policies of the State in matters relating to public officers and employees.

Your Committee has amended this short form bill in order to accommodate an amendment to the Hawaii Revised Statutes in a matter relating to salary differentials between first

deputies or first assistants to department heads and their subordinates.

Your Committee finds that the existing limitations of the salaries of subordinate employees as provided for in Section 77-13 (f) and Section 78-18, Hawaii Revised Statutes may result in some inconsistent applications at some future date. There is no inconsistency as long as a first deputy is paid an amount which is 90% of a department head's salary. However, Section 26-53 was amended to provide for a limit of \$40,000 on a first deputy's salary, which is equivalent to 94% of a department head's salary. Therefore, any adjustment in a first deputy's salary in excess of 90% up to the permissible maximum of 94% of a department head's salary would result in statutory inconsistencies with respect to the appropriate limitation on subordinates' salaries.

Your Committee finds that in order to avoid such an inconsistency and in order to establish uniformity in limitations on subordinates' salaries, a singular limitation based on a first deputy's salary is necessary, and this statutory limitation should clearly take precedence over negotiated salary increases. Such a limitation on subordinates' salaries has been included in the Unit 13 collective bargaining contract, but if the statutory intent is clarified as heretofore described, any subsequent need to negotiate such a provision in future contracts for Unit 13 as well as for the other bargaining units would be eliminated.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 878, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 878, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 293 Human Resources on S.B. No. 1219

The purpose of this bill is to amend Section 346-71, Hawaii Revised Statutes, to provide assistance to a person caring for a legal parent and who is, thus, required to remain in the home on a full-time basis.

Your Committee finds that the present statute does not provide for assistance in the problem of home-care for the infirmed. The proposed amendment is intended to provide general assistance for attendant care services thereby avoiding the wasteful cost of institutional care that the department of social services and housing would have to pay.

Your Committee recommends that revisions be made to the bill to provide for the assurance that the parent is in fact, needy and entitled to assistance and also to have the bill adequately address itself to the issue of its intent of having the effect of sustaining the infirmed in the home, encouraging filial responsibility, and averting the cost of institutional care.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1219, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1219, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 294 Human Resources on S.B. No. 1348

The purpose of this bill is to extend the State Program for the Unemployed two years to June 30, 1979, utilizing unspent funds and to make both major and minor changes in the program.

Your Committee finds that the current economic condition of the State warrants continuance of the program for two more years. Your Committee further finds it necessary to eliminate the inherent sex discrimination found in the referral of program applicants by eliminating head of household from the definitions and priority groups. This amendment would facilitate use of federal funds in the program.

Your Committee believes that the training subsidies component of the program should be expanded to more applicants by eliminating the disadvantaged criteria from applicant eligibility criteria, and expanded to more job opportunities by allowing training for public sector employers.

Your Committee further feels that provision of exempt status for needed administrative staff and of program close-out activity beyond June 30, 1979 should be made part of the enabling legislation.

Your Committee on Human Resources concurs with the intent and purpose of S.B. No.

1348 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Anderson.

SCRep. 295 (Joint) Ecology, Environment and Recreation and Consumer Protection on S.B. No. 1464

The purpose of this bill is to add a new Chapter to the Hawaii Revised Statutes which would institute a litter control program for the State of Hawaii.

Your Committee has agreed to amend the measure in two areas:

1. The effective date for complying with the beverage container requirements as described in Section 8 has been set for June 30, 1978. This date would require that the elimination of pop-top containers and the responsibilities of private persons to maintain adjacent private properties in a litter free manner be effected from the date specified.

This added time was shown in testimony to be needed for retooling beverage purchasing equipment and to allow time for the acquisition and placement of trash receptacles.

2. The second change would make it a violation instead of a petty misdemeanor for criminal littering. This change would make it appropriate for citations to be issued to the offender.

Housekeeping measures to remove redundant and unnecessary language are also provided.

Your Committees on Ecology, Environment and Recreation and Consumer Protection are in accord with the intent and purpose of S.B. No. 1464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1464, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 296 (Joint) Ecology, Environment and Recreation and Consumer Protection on S.B. No. 1489

The purpose of this bill is to improve enforcement against littering.

Littering provisions are presently found only in the Hawaii Penal Code, and testimony offered indicates that police officers are reluctant to cite offenders thereof partly because of the lack of specific citation and summons procedures under the Hawaii Penal Code. While this bill proposes to add citation and summons procedures for littering under the Hawaii Penal Code, one problem would arise as to juveniles who are not subject to the Code. A further complication was the lack of an accurate and easy identification mechanism of the offender in cases not involving a vehicle.

Testimony offered by Inspector Edwin E. Ross of the Honolulu Police Department recommended that littering provisions be added to the Hawaii Statewide Traffic Code and thereby make violations thereof subject to existing traffic citation and summons procedures thereunder. Such inclusion would also resolve the juvenile and identification problems in this situation. This bill was amended to be so limited.

Updating enforcement provisions in other situations are being proposed in other measures.

Your Committees on Ecology, Environment and Recreation and Consumer Protection are in accord with the intent and purpose of S.B. No. 1489, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1489, S.D. 1 and be referred to your Committee on Judiciary.

Signed by all members of the Committees.

SCRep. 297 Consumer Protection on S.B. No. 804

The purpose of this bill is to amend Section 294-2 by adding a new definition of a temporary substitute vehicle. A new section to be appropriately titled, "Priority of insurance coverages" is added to Chapter 294 to relieve all registered auto repair shops of insurance liability of a vehicle loan to a customer without charge.

This service is provided to a customer who needs temporary auto vehicle transportation while his own vehicle which is insured under the no-fault law is being repaired.

Your Committee has amended the proposed definition to insure that the vehicle on loan is identified as the one registered with one of two government regulatory boards.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 804, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 804, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 298 Consumer Protection on S.B. No. 1438

The purpose of this bill is to amend certain sections of Chapter 294, Hawaii Revised Statutes, to eliminate the concept of "free" no-fault automobile insurance coverage for public assistance recipients.

When the present no-fault insurance was enacted, the legislature believed that premiums paid into the Hawaii Joint Underwriters Plan by commercial vehicles would adequately fund the cost of the "free" insurance to the Public Assistance Recipients (PAR). However, because of the availability of lower rates for commercial vehicles in the open, competitive insurance market, only eight percent of the total vehicles in the HJUP are commercial vehicles as opposed to seventy seven percent in the HJUP belonging to the PAR. The law also specifies that the automobile insurance companies would be assessed to finance the HJUP if funds were not sufficient.

The Motor Vehicle Insurance Commissioner in detailing cost of providing free insurance to public assistance recipients under the Hawaii Joint Underwriting Plan stated in his annual report to the Legislature that, the amount of premiums not realized from public assistance insureds totals \$3,187,809 as of June 30, 1976. All of the premiums not realized from public assistance insureds are required to maintain liquidity of the Plan, and that as long as such premiums are not realized, insurers will continue to be assessed.

Representatives from Insurance Companies indicated that costs are assessed to the automobile insurance companies in proportion to the amount of auto premiums written by the companies for other than public assistance clients. In turn, the assessments will be reflected in higher insurance premiums for the insurance-buying motoring public, the consumer.

The Department of Social Services and Housing understandably expressed concern with S.B. 1438's intent because their clients must now bear the cost of the insurance.

Your Committee in its judgement feels that the DSSH can appraise its clients on a case by case review and provide additional financial assistance in the payment of auto insurance premiums. Your Committee also feels that the original intent of the law which became effective on September 1, 1974, is and still remains to provide the motoring consumer the best possible benefits with the least expense.

Your Committee has amended the effective date to January 1, 1978.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 1438 as amended and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1438, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 299 Consumer Protection on S.B. No. 1351

The purpose of this bill is to amend Chapter 294, Hawaii Revised Statutes, Hawaii's No-Fault automobile insurance law.

This chapter creates a system of reparations for accidental harm and loss arising from motor vehicle accidents, which compensates these damages without regard to fault, and limits tort liability for these accidents.

While the basic intent and purpose of this chapter remains valid, there is need to make further amendments and modifications in order to refine the motor vehicle reparations system.

These proposals have been submitted by the Motor Vehicle Insurance Division of the Department of Regulatory Agencies, based on their experiences during the implementation and transitional operation period. Input was also requested and obtained from representatives of public interest groups, industry and other governmental agencies. The proposed

amendments range from a housekeeping nature to those which could have a direct impact on improved benefits to the public.

S.B. No. 1351, as amended herein as S.B. No. 1351, S.D. 1, would amend Chapter 294 in the following manner:

1. Section 294-2(10) (D). The definition of "No-fault benefits" is amended to clearly state that substitution services which may be provided through no-fault benefits do not include those to maintain or to generate income but to benefit the insured and his family.

This section is also amended to carry out the original intent of the Legislature in passing the no-fault law; i.e., that a double coverage or recovery not be provided to those public assistance recipients obtaining a no-fault insurance policy at no cost, and further, that the losses incurred by such recipients be primarily borne by available public assistance benefits to minimize the financial burden of the Hawaii Joint Underwriters Plan.

2. Section 294-2. This section is amended by adding a new definition to be read as "Person receiving public assistance benefits". As a result of the amended proposal in Section 1, it is felt that a person receiving public assistance benefits be defined to add greater clarity and to avoid subjective interpretations.

3. Section 294-5. The title is amended to read, "Duplication of benefits not permitted." This amendment is to clarify the primacy of Workers' Compensation and other laws and to require the insured to apply for these primary benefits when the automobile injury was work related.

Additional language has been added to Section 294-5(b) to provide an adequate safeguard for the consumer if this claim is contested. In that case the insurer would immediately step in and pay all no-fault benefits and if the claim was later found compensable under Workers' Compensation, he would be entitled to receive back those primary benefits paid.

4. Section 294-6(b). This section is amended to clarify and to make consistent for all persons sustaining accidental harm from motor vehicle accidents to meet all of the tort threshold requirements before that person can exercise his right to receive benefits under his uninsured motorist bodily injury coverage.

5. Section 294-7. This section is amended to eliminate the no-fault insurers' fifty percent subrogation recovery rights and that there be no subrogation relative to no-fault benefit payments.

The Commissioner of the Motor Vehicle Insurance Division, Department of Regulatory Agencies, has indicated a growing trend among insurers of abusing the present subrogation rights. Additionally, instances have been uncovered where even proper application of the present provision may be inconsistent and to the detriment of certain consumers.

This amendment would further clarify the intent of the Legislature that a person sustaining accidental harm should be provided equitable and adequate reparation.

6. Section 294-11(a) (3). This subsection is amended by adding a clarification to permit the provision of aggregate limits with respect to the optional additional tort liability coverages. Both the statute and the rules are silent as to provision of an aggregate limit per occurrence on the optional limits above \$25,000. All other lines of liability insurance is written with a maximum limit per accident (aggregate limit), as was automobile prior to No-Fault. This bill would permit the use of an aggregate limit but even if the aggregate limit is reached, there would still be \$25,000 per person available regardless of the number of persons injured. This amendment is proposed in S.B. 1432-77 which was heard in the Committee and is included in this bill as an amendment.

7. Section 294-13(j). This subsection is amended to extend the present open-competitive rating system, which expires August 31, 1978, for an additional five years. In his Annual Report to the Legislature, the Commissioner has indicated that the present open-competitive rating system is working to the benefit of the consumers. This appears to be the most workable and effective approach to automobile insurance rate regulation for Hawaii. As such, your Committee is in accord that the present rating system be retained, and that an extension of this system be allowed to give the Commissioner more time to carefully analyze and evaluate the merits of this concept of open-competition.

8. Section 294-23(b). This section is amended to preclude not only the owner or operator

but also any passenger who has reason to believe that the vehicle was an uninsured motor vehicle from collecting no-fault benefits from the Hawaii Joint Underwriting Plan assigned claims plan.

Your Committee believed that through regular review and reevaluation of the Hawaii No-Fault Law, the no-fault system will remain relevant and meaningful in protecting the interests and welfare of Hawaii's consumers.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 1351, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1351, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 300 Ecology, Environment and Recreation on S.B. Nos. 689, 773, 774, 847, 968, 969, 970, 971, 972, 974, 975, 976, 981, 1001, 1003, 1005, 1015, 1023, 1039, 1071, 1152, 1157, 1217, 1285, 1289 and 1530

The above-listed bills all appropriate funds for capital improvement projects involving parks and recreation.

Your Committee on Ecology, Environment and Recreation is in accord with the intents and purposes of these bills and recommends that they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 301 Ecology, Environment and Recreation on S.B. No. 11

The purpose of this bill is to encourage the maintenance and preservation of properties of prehistoric or historic significance within the State.

The bill would enable an owner to dedicate his property as registered historic property, thereby qualifying the land and its improvements to be assessed at their restricted use value.

Your Committee finds that in order to qualify, the property must be listed on the Hawaii or National Register of Historic Places, be open to the public for sight-seeing at least one day of each calendar year, and meet minimum standards of maintenance.

Dedication is for renewable fifteen-year periods, subject to cancellation by the owner or director of taxation upon five year's notice at any time after the fifth year.

The bill provides for the adoption of rules in accordance with chapter 91 by the state historic preservation officer, with the advise of the director of taxation.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. 11 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 302 Ecology, Environment and Recreation on S.B. No. 17

The purpose of this bill is to appropriate out of the general fund of the State of Hawaii monies necessary for the installation, improvement and maintenance of markers along the public rights-of-way and state-maintained trails from established highways to and across the public beaches, game reserves and public forests and forest reserves.

Your Committee heard testimony from the Department of Land and Natural Resources which presently is developing the Statewide Trails and Access Way Plan as mandated under Act 69, Session Laws of Hawaii 1974. The department supports this bill as a means of implementing an element of the statewide trail and access system.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 17 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 303 Ecology, Environment and Recreation on S.B. No. 18

The purpose of this bill is to amend the Hawaii Revised Statutes by adding a new chapter to establish a State Ranger Division within the Department of Land and Natural Resources made up of all enforcement officers presently employed by the department. At present, each division's enforcement officers can only enforce the rules and regulations of that division. This new section would allow them to enforce all rules and regulations for which the department is responsible which fall under this new chapter, Chapter 6, Chapter 134 and Title 12 of the Hawaii Revised Statutes.

The rangers would be provided with suitable uniforms and would have the powers of police officers in matters relating to the enforcement of the above-mentioned rules and regulations.

Your Committee finds that assistant foresters were inadvertently deleted on page 7 of the bill by bracketing out the Board of Land and Natural Resources' power to appoint them, and the bill has been amended to correct this error.

The department testified in support of this bill, but indicated it would need lead time in which to implement the transfer and educate the enforcement officers. Your Committee, therefore, in accordance with the department's suggestion, has amended the bill to allow two years within which to complete the transference.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 18, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 18, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 304 Ecology, Environment and Recreation on S.B. No. 117

The purpose of this administration bill submitted by the department of health is to ensure more efficient management of the department's environmental programs.

The bill redefines the terms "permit" and "variance" for the purposes of clarification. It further amends the definition of "waste" and adds the definition of "pollutant" to enable the department to more effectively comply with the requirements of the Federal Water Pollution Control Act amendments of 1972 (P.L. 92-500), under which the administration of the National Pollutant Discharge Elimination System has been delegated to the State.

Your Committee finds that the bill includes amendments to enhance public participation in the department's environmental programs.

A further significant change is the provision for the delegation to the counties authority to administer their own regulations dealing with private sewerage systems.

Your Committee has incorporated an amendment proposed by the Hawaii Sugar Planters Association to prevent the opportunity for a pocket veto by adding a new sentence to end of Section 342-7 (e) as follows: The director shall act on an application for renewal within 180 days of the receipt of such application.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 117, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 117, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 305 Ecology, Environment and Recreation on S.B. No. 476

The purpose of this bill is to divide Section 183-41 into subsections, with the subsection regarding hearing notices to follow rather than to precede the subsection on the scope of zoning regulations.

The subsection on hearing notices shall require notice by publication at least once in a newspaper of general circulation in the state and in the county in which the property is located. The hearing shall be a full hearing before the Board of Land and Natural Resources, shall be held in the county in which the land is located and may not be delegated to an agent or representative of the board as may otherwise be provided by law.

Your Committee heard supporting testimony from the Chairman of the Board of Land and Natural Resources and from the Environmental Center at the University of Hawaii at Manoa.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 476 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 306 Ecology, Environment and Recreation on S.B. No. 1202

The purpose of this bill is to qualify the State of Hawaii to participate in the benefits of P.L. 93-205 (Endangered Species Act of 1973) and to clarify certain provisions with respect to the taking of endangered or threatened plants.

Your Committee heard testimony from the Department of Land and Natural Resources; the Environmental Center, University of Hawaii; the Hawaii Audubon Society, and Dr. Alan Ziegler, vertebrate zoologist, Bishop Museum. The Department of Land and Natural Resources, which manages the Hawaii natural area reserves system, as provided in Section 195, Hawaii Revised Statutes, testified favorably that the bill would qualify the State to enter into a cooperative agreement with the Federal government and receive grants-in-aid monies.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1202 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 307 Ecology, Environment and Recreation on S.B. No. 1264

The purpose of this bill is to amend Chapter 343, Hawaii Revised Statutes, to make it more effectively serve the purposes of the chapter.

Your Committee heard testimony from Dr. Richard Marland, Director of the Office of Environmental Quality Control; Dr. Doak Cox, Director, Environmental Center, University of Hawaii; the Department of Transportation; Donald Bremner, Acting Chairman, Environmental Quality Commission; the Department of Land Utilization, City and County of Honolulu; and Brian Gray, Chairman of the Environment Committee, Construction Industry Legislative Organization.

Your Committee has decided to delete all the proposed amendments to Chapter 343 at this time and substitute instead an amendment proposed by the Department of Land Utilization, City and County of Honolulu, which would allow the counties greater flexibility. This amendment won the approval of all agencies testifying, including the Office of Environmental Quality Control, the Environmental Quality Commission, the Environmental Center, University of Hawaii; and the Department of Transportation.

Your Committee has, therefore, deleted all proposed amendments in S.B. No. 1264 and adopts the addition of only the following to Chapter 343-4(a):

"(F) All actions proposing any other use within a county which a county council may, by ordinance, designate as being subject to the requirement of this chapter."

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1264, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1264, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 308 Ecology, Environment and Recreation on S.B. No. 1411

The purpose of this bill is to amend Chapter 291C, part XII, Hawaii Revised Statutes with reference to vehicles spilling loads on highways by adding the word "covered" to the requirement for moving a vehicle on any highway in order to prevent any of its load other than clear water or feathers from live birds from dropping, sifting, leaking, blowing, spilling or otherwise escaping therefrom. It would also remove the agricultural exemption for harvest vehicles.

Your Committee heard testimony from the Hawaii Trucking Association, the Hawaii Sugar Planters' Association and the Construction Industry Legislative Organization.

Your Committee finds that application of the provisions of this bill to vehicles carrying agricultural produce would cause great hardship to the agricultural industry, the Hawaii sugar industry in particular. Your Committee, therefore, has amended S.B. No. 1411 by restoring the last sentence in subsection (3) which exempts vehicles carrying agricultural produce from fields during harvesting.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1411, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1411, S.D. 1, and be referred to the Committee on Transportation.

Signed by all members of the Committee.

SCRep. 309 Ecology, Environment and Recreation on S.B. No. 1490

The purpose of this bill is to appropriate funds to assist youth athletic teams in acquiring leis, products and other mementos reflective of our State to distribute while they are participating in out-of-state tournaments, provided such youth athletic teams are members of a league sanctioned by a national agency or association. The sum appropriated by this Act shall be expended by the Office of Children and Youth.

Your Committee, after hearing testimony in support of this bill, has amended the bill to qualify that it shall apply only to championship youth athletic teams who will be participating in out-of-state tournaments.

Your Committee finds that an appropriation of \$6,000 will be needed by the Office of Children and Youth and the bill has been so amended.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1490, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 310 (Joint) Consumer Protection and Judiciary on S.B. No. 156

The purpose of this bill is to provide limited insurance protection for public investors in industrial loan companies. The bill requires the establishment of the "Thrift Guaranty Corporation of Hawaii" a private institution which will guarantee thrift accounts in these companies up to \$10,000. Under the bill all industrial loan companies which have outstanding public thrift accounts are required to become members of the Guaranty Corporation and to pay assessments to a Guaranty Fund. The Guaranty Corporation which is subject to the regulation of the bank examiner is given authority to make payments to thrift account holders and to take other actions necessary to avoid public loss.

Your Committees find that industrial loan companies occupy a significant position in the financial market place. From 1969 through 1974, public investment in these companies quadrupled. They presently have over 130,000 individual accounts. As of June, 1976, outstanding thrift accounts totaled \$450,285,853 or 13 percent of total savings in the State. Despite their size and the fact that they operate basically in the same manner as banks and savings and loan associations, until recently investors in these companies have not been afforded any of the protections long applicable to other financial institutions. Prior to the passage of Act 103 last session, the only substantive statutory requirements were that public investment not exceed ten times capital and that a 4 percent cash or security reserve be maintained. Act 103 instituted badly needed controls by (1) increasing the cash or security reserve; (2) limiting insider transactions; (3) limiting loans and investments involving a single obligor; (4) requiring collateral for certain loans; and (5) placing increased responsibilities on management to protect investors. The Act, however, can only have a prospective effect and cannot solve present problems resulting from loan transactions made over past years. Further measures are necessary for that. Act 103 took a large first step toward protecting public investors. This measure will be a significant second step.

Your Committees further find that industrial loan companies are currently experiencing difficulties brought about at least in substantial part by economic circumstances beyond the control of management. The sharp decline in Hawaii's real estate and construction industries from the boom conditions of the late 1960s and early 1970s has adversely affected

many companies which heavily engaged in real estate development and second mortgage lending. Two receivership proceedings and the necessity of a bank acquisition have undermined public confidence in the industrial loan industry. An overall loss of confidence would result in needless losses and disruption of the State's economy. With such confidence the industry can take steps to minimize or avoid further losses and resolve its current problems. This bill will strengthen and improve public confidence in the industry.

After full consideration, your Committees find that it is an essential public interest that the State assist in avoiding a widespread loss of confidence with its attendant disruption of our economy. Therefore, in order to assist these companies in adjusting to changed economic conditions, the bill authorizes the Director of Finance to issue general obligation bonds not exceeding \$20,000,000, the proceeds of which can be used to make loans to the Guaranty Corporation. These loans, however, are to be repaid with interest over a twenty-year period as members pay assessments to the guaranty fund.

The key substantive provisions of this bill, together with amendments made by your Committees, are as follows:

Sec. 408A-4 mandates the establishment of the "Thrift Guaranty Corporation of Hawaii" as a private non-profit corporation by all industrial loan companies which have issued and outstanding thrift account obligations and which are operating on the effective date of the Act. Your Committees have amended this section to make it clear that "member" shall not include industrial loan companies which prior to the effective date of the Act are the subject of any bankruptcy, insolvency, reorganization or receivership proceedings in any federal or State court. Your Committees have amended this section to make it clear that, once the corporation is established, no industrial loan company may issue thrift accounts unless it is a member.

Sec. 408A-5 was added by your Committees and sets forth the voting rights of members of the Guaranty Corporation. Each member is entitled to one vote plus one vote for each \$1,000 of assessments which it has paid. This gives larger companies a larger voice in the operation of the company. Larger companies are limited, however, to no more votes than 15% of the aggregate assessments would entitle them.

Sec. 408A-6 provides for the control and management of the Corporation by a board of directors. Your Committees have amended this section to make it clear that four affirmative votes are necessary to support any action taken by the board. This section also empowers the board to investigate and inquire into the financial condition of any of its members and to have reasonable access to the books and accounts of its members. With the approval of the bank examiner, the board may impose reasonable restrictions and conditions on the activities of a member. Disputes between a member and the board are to be resolved by an appeal to the bank examiner in accordance with another section of the bill. The board, subject to the prior approval of the bank examiner, is given authority to invest funds held in the guaranty fund and to borrow when necessary to carry out the purposes of the chapter.

Sec. 408A-7 empowers the Guaranty Corporation to act as a receiver whenever the bank examiner has made application for the appointment of a receiver of a member company. In such event the Guaranty Corporation shall have all of the powers of a receiver as set forth in existing laws.

Sec. 408A-8 sets forth the powers of the Guaranty Corporation to purchase the assets of, make investments in, or make loans to a member company. The section further authorizes the Guaranty Corporation to guarantee losses where such action is necessary to facilitate the purchase of a member company by another institution. Finally, this section empowers the board to prospectively suspend the guarantee of thrift accounts in any member company where such action in the judgment of the board will reduce the risk of or avert a threatened loss to the Guaranty Corporation.

Sec. 408A-9 provides for the guarantee of thrift accounts up to \$10,000 and sets forth such guarantee for single ownership accounts, testamentary accounts, accounts held by executors or administrators, corporation or partnership accounts, unincorporated association accounts, trust accounts, and joint accounts.

Sec. 408A-10 provides for the establishment and maintenance of a guarantee fund. Member companies are required to pay assessments to the fund in accordance with an established schedule until the fund equals two percent of the outstanding thrift account obligations of all members. Assessments are made on the members' outstanding thrift account obligations as follows: one-quarter of one percent is to be paid the first year, three-eighths of one percent is to be paid the second year, and one-half of one percent is to be paid each year thereafter. The bank examiner may in addition make special assessments not to

exceed two times the annual assessment. Your Committees have amended this section to delete a provision providing for the refund of amounts held in excess of two percent of the total of all members' thrift account obligations. Your Committees have provided instead that when the total amount in the guaranty fund exceeds such amount the Guaranty Corporation shall not levy the annual assessment. Your Committees have further provided that a member which has not paid two percent of its outstanding thrift account obligations shall continue to pay assessments until it reaches such amount notwithstanding the fact that the fund may exceed two percent of the total of all members' thrift account obligations.

Sec. 408A-11 through 408A-13 provide for notice of assessments, for reports to the bank examiner, and for the taking of appropriate action against members which do not pay an assessment when due.

Sec. 408A-14 provides for payments to thrift account holders of a member in receivership. Under this section if a member is adjudicated bankrupt or is in receivership, the bank examiner may either direct the Guaranty Corporation to pay the member's thrift account holders up to \$10,000, or may withhold such direction until it is determined that the proceeds of the estate are insufficient to pay such amounts. In the latter case, the Guaranty Corporation shall be directed to pay each deficiency. The section further provides that whenever the Guaranty Corporation makes payment, it shall be subrogated to the rights of the thrift account holders up to the amount of the payment. It is the intent of your Committees that the Guaranty Corporation shall be subrogated to all rights of the thrift account holder against the estate of a member up to the full amount of its payment to the thrift account holder. That is, upon distribution of the proceeds of the estate, the Guaranty Corporation shall receive the full amount of its payment to a thrift account holder to whom it has made payment before any distribution is made to such thrift account holder. For example, assume the holder of a thrift account in the amount of \$20,000 received a \$10,000 payment from the guaranty corporation pursuant to section 408A-14, and assume further that the proceeds of the estate of the member are sufficient to pay eighty cents on the dollar, the Guaranty Corporation shall receive the first \$10,000 when the proceeds are distributed and the thrift account holder shall receive the remaining \$6,000.

Sec. 408A-15 provides procedures for the bank examiner to take possession of the Guaranty Corporation whenever it has violated its charter or any law or has neglected or refused to submit its books, papers and affairs for his inspection. Section 408A-16 and 408A-17 provide for judicial review of such action.

Sec. 408A-18 authorizes the Guaranty Corporation to submit reports and make recommendations to the bank examiner and empowers the bank examiner to order their implementation.

Sec. 408A-19 and 408A-20 are essentially housekeeping measures related to the management of the guaranty fund.

Sec. 408A-21 has been amended by your Committees to provide that the board shall not divulge information acquired from the bank examiner pursuant to section 408-27. The bank examiner is authorized to provide information to the board by an amendment to section 408-27 contained in section 3 of the bill.

Sec. 408A-22 provides that the bank examiner shall give the Guaranty Corporation notice whenever he institutes receivership proceedings against a member.

Sec. 408A-23 provides for the non-transferability of membership in the Guaranty Corporation.

Sec. 408A-24 provides that Guaranty Corporation shall at all times be subject to the regulation of the bank examiner.

Sec. 408A-25 provides for appeals by any member aggrieved by an action of the Guaranty Corporation. Such appeals are to be taken to the bank examiner.

Sec. 408A-26 forbids the Guaranty Corporation from advertising without the prior written approval of the bank examiner.

Sec. 408A-27 specifies a statement to be included in all advertising by member companies. Your Committees have amended this statement to make it more plain that the Guaranty Corporation is not to be considered an agency or instrumentality of the State of Hawaii or of the Federal Government.

Sec. 408A-28 is a new section which has been inserted by your Committees to establish a limitation on the interest which industrial loan companies may pay thrift account holders. After careful consideration, and after hearing from the representatives of the Hawaii

League of Savings Associations, the Hawaii Bankers Association and the Hawaii Consumer Finance Association, your Committees believe that industrial loan companies which enjoy insurance should in fairness to competing institutions be subjected to a limitation on the interest which may be paid on such insured accounts. Part of the current difficulties of industrial loan companies are, to some degree at least, related to the high rate of interest paid public investors in the past. Your Committees have provided that no member company may pay interest at a rate in excess of one and one-quarter percent more than the rate permitted under applicable federal laws and regulations to be paid by savings and loan associations. It is the intent of your Committees to limit the interest rate which member companies may charge to such differential, upon the same terms and conditions as are applicable to savings and loan associations under federal laws and regulations. Your Committees have further provided that the differential of one and one-quarter percent may be increased or decreased by the bank examiner whenever he determines that such action is in the public interest and is reasonably necessary to preserve stability among financial institutions so as to protect public investors and and depositors. This section further provides that the limitation on interest shall be effective on January 1, 1978, provided that the bank examiner may establish an earlier effective date by rule. It also provides that no member shall increase its interest rate after the effective date of the Act to a rate which would be prohibited after January 1, 1978. Your Committees have further amended this section to authorize the bank examiner to limit the rate of interest paid by any single member prior to the effective date of the limitation on interest rates. It is the intent of your Committees that the bank examiner should exercise this authority where necessary to prevent any member from engaging in a campaign to substantially increase its thrift account obligations at present higher interest rates in anticipation of the limitation on interest rates to be effective on January 1, 1978.

Sec. 408A-29 establishes a limitation on premiums which industrial companies may give thrift account holders. In general, premiums are to be included within the interest limitation. Premiums, however, are not to be subject to the limitation in the following narrow circumstances: (1) the premium is given only at the time of purchase of a certificate or debenture with a term not exceeding one year; (2) the premium is not given on a reoccurring basis; and (3) the value of the premium or merchandise does not exceed \$10 (\$15 if the face amount of the certificate or debenture exceeds \$5,000).

Sec. 408A-30 provides for an initiation fee to be paid by companies desiring to become members of the Guaranty Corporation. Your Committees have reduced the amount of this fee from \$50,00 to \$15,000, and has provided that the fee shall be applied as a credit to any assessments thereafter levied by the Guaranty Corporation against the new member.

Your Committees have amended Section 4 of the bill which sets forth the general obligation bond authorization to provide that loans to the Guaranty Corporation may not exceed the difference between \$20,000,000 and the amount which has actually been paid into the fund by members. Your Committees have further amended Section 4 to provide the expiration of the bond authorization five years after the effective date of this Act or when the balance of the guaranty fund reaches two per cent of the total outstanding thrift account obligations of all members of the guaranty corporation, whichever occurs first.

Your Joint Committees on Consumer Protection and Judiciary are in accord with the intent and purpose of S.B. No. 156, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 156, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 311 Judiciary on S.B. No. 107

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii monies to compensate certain persons under the Criminal Injuries Compensation Act.

Your Committee received testimony from the Department of Social Services and Housing to the effect that 162 victims, 33 attorneys, 37 doctors, a funeral home and several hospitals would be compensated in the total sum of \$223,847.13 under the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 107 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 312 (Majority) Judiciary on S.B. No. 178

The purpose of this bill is to provide for a constitutional convention as mandated by the people of the State of Hawaii at the last general election and to provide an appropriation therefor.

Your Committee recommends that there shall be a special election for the election of constitutional convention delegates on a non-partisan basis on May 20, 1978. The filing date for the special election shall be on April 20, 1978; 30 days prior to the election. Each delegate candidate shall pay a \$25 filing fee and file nomination papers signed by not less than 15 qualified electors of the representative district or a combination of precincts of which he is a candidate.

The constitutional convention shall convene on July 5, 1978. The convention shall be held in the City and County of Honolulu on July 5, 1978, at a suitable place designated by the Governor.

The current representative district will be the basis on which the delegates will be elected. There shall be a total of 53 delegates from each representative district or combination of precincts within the representative district. Your Committee feels that the islands of Lanai and Molokai should be guaranteed a delegate seat at the constitutional convention.

The salary for each delegate shall be \$3,000. A per diem of \$30 per day and one round-trip air or sea fare shall be allowed each neighbor island delegate. Should any State or county employee be elected as a delegate, he will be allowed to take a leave of absence without pay.

Your Committee recommends that the bill be amended to include a provision whereby a delegate shall, in all cases except felony or breach of the peace, be privileged from arrest during his attendance at any session of the constitutional convention, and in going to and returning from the same.

Your Committee also feels that each delegate shall comply with the provisions of Chapter 11, Part XII B, Hawaii Revised Statutes, relating to campaign contributions and expenditures.

Unless the convention determines otherwise, any constitutional revision or amendment proposed by the convention shall be submitted to the electorate at the general election of 1978.

Your Committee recommends that the sum of \$200,000 be appropriated for the arrangement and purchase of advertising in the general media to cover, on an equal and fair basis, the issues involved or likely to be involved in the convention and in addition thereto to do such things as he may consider necessary to focus the public's attention on the importance of the constitutional convention.

Your Committee also recommends that the sum of \$50,000 be appropriated to defray the expenses of contracting for the services of qualified temporary professional and clerical assistance, who may be appointed without regard to Chapters 76 and 77, Hawaii Revised Statutes, for the purpose of updating the 1968 Hawaii State Constitutional Convention Studies and to prepare necessary reports for the convention.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 178, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 178, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee. Senator Leopold did not concur.

SCRep. 313 Judiciary on S.B. No. 516

The purpose of this bill is to authorize the Insurance Commissioner to consider commissions paid to general agents, subagents, and solicitors in determining the adequacy of insurance rates and at the same time increase the gross premium taxes on the entire insurance industry. This bill further provides the elimination of the general excise taxes of 4 per cent on insurance commissions paid to general agents and subagents and the 2 per cent on solicitors.

Under existing law the basic tax on insurance transaction in Hawaii, as in all other states, is the gross premium tax which is levied "on the gross premiums received from all risks or property resident, situated, or located within this State... less return premiums" in the case of property and casualty insurers and "on all risks resident within this State... less return premiums" in the case of life insurers and on the "gross underwriting profit" in the case of ocean marine insurers.

Your Committee recommends that this bill be amended to increase the insurance premium tax for each authorized insurer, except life insurers and ocean marine insurers, from 2.635 to 2.70 per cent in the case of domestic insurers and from 3.8025 to 3.90 per cent in the case of other insurers on the gross premiums received from all risks or property resident situated or located within the State.

Your Committee recommends no increase in the insurance premium tax on life insurance and ocean marine insurance.

All insurance except life insurance are generally short term contracts, whose term runs for one year, and if longer, the premiums are generally adjustable during the term of the contract. As such, any increase in premium taxes could be reflected rather quickly in increased premium rates to take into account the additional cost of doing business.

Contrast this with life insurance which are relatively long term contracts, running 40 or 50 years or longer without too much adjustment for increased costs. As such, with regard to Sec. 431-318(b), Hawaii Revised Statutes, your Committee feels that it would be highly inequitable to increase life insurance premium taxes where the adjustments in higher premium to take care of increased taxes would not be possible.

Under existing law the Insurance Commissioner is already mandated to take all "expenses" into consideration in acting upon rate filings for those classes of insurance subject to rate regulation. The pertinent provisions are Sections 431-693 (casualty and surety insurance rates) and Section 431-713 (fire insurance rates), Hawaii Revised Statutes. It may be noted that life and disability insurance premium rates are not subject to rate regulation. Because the term "expenses" already includes selling commission, your Committee recommends that Section 2 of this bill be deleted.

Your Committee agrees that the present general excise taxes levied on insurance agent's commission should be abolished. Under existing law insurance agents are unable to "pass on" or "shift" the general excise taxes to the purchasers of insurance because Section 431-424, Hawaii Revised Statutes, prohibits any "agent, solicitor or other representative" from charging or receiving any fee, compensation or consideration not included in the stated premium which has been approved by the Insurance Commissioner. Your Committee feels that this unfair and inequitable practice of imposing general excise taxes on general agents, subagents and solicitors should be corrected as soon as possible.

Your Committee is in accord with the intent and purpose of S. B. No. 516, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 516, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRRep. 314 Judiciary on S.B. No. 1151

The purpose of this bill is to amend the existing law by providing that split commission between a real estate broker or a salesman who is not an employee and the principal broker with whom he is associated shall be taxed to each of the parties only in proportion to his share of the commission. The bill further provides that the real estate company or principal broker shall be responsible for withholding and paying the pro rata excise tax of brokers and salesmen of the company.

Under existing law only a real estate broker may obtain a gross excise license; the broker pays his pro rata tax share directly to the State.

This bill has been proposed by the Hawaii Association of Realtors because the inability of the real estate salesman to obtain his independent business license weakens his position that he is an independent contractor. An important characteristic of being an independent contractor is the payment of costs related to one's own business. This principle was recently restated in Revenue Ruling 76-136 as follows:

"Securities and real estate salespeople, remunerated solely on commission basis, who are provided office facilities and supplies, are required to pay their own expenses, but aren't required to work under supervision, attend meetings, or work specified hours aren't employees." (emphasis added)

Upon audit by the Internal Revenue Service, the real estate salesman in Hawaii may be deemed an employee instead of an independent contractor. This will have severe economic consequences to the salesman and the real estate company.

Your Committee finds that there is no rational reason for the gross income tax law to treat the salesman licensee any differently than the real estate broker, who under existing

law, obtains his own gross excise license and pays his own taxes. The industry wishes to provide the salesman the opportunity to be treated like the broker-independent contractor under Hawaii law.

The Hawaii Association of Realtors is in favor of the concept of this bill, but recommends an amendment as a result of conferences with representatives of the State Tax Office. They have suggested that rather than making the principal broker or real estate firm responsible for withholding and paying the amounts due with respect to the portions of the commissions, the individual salesman or broker should rightfully assume that responsibility. Therefore, the salesman licensee who obtains his own gross excise license shall pay his own taxes in the same manner as a real estate broker is required to do under the existing law.

Your Committee recommends that this bill be amended to reflect the suggestions of the State Tax Department.

Your Committee is cognizant of the fact that this bill is dependent upon the enactment of S.B. No. 1462 or H.B. No. 259, during this session. S.B. No. 1462 or H.B. No. 259 will amend the existing real estate licensing law to conform with the real estate trade practice of engaging licensee as an independent contractor or employee, depending on the needs of the particular business.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1151, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 315 Judiciary on S.B. No. 1308

The purpose of this bill is to establish a crime commission composed of representatives of the population of the State, which will study, review and make recommendations in the crime control area.

Your Committee finds that crime adversely affects virtually every person in the State, in one way or another and is committed to take all necessary steps to prevent crime. Your Committee feels that one step it can take to prevent crime is to secure public input on how to control crime, and therefore feels that the establishment of a crime commission composed of representatives of the population of the State is appropriate.

Your Committee upon further consideration amended this bill by setting the length of time the commission shall remain in existence, namely, three years.

Your Committee further amended the bill by appropriating \$1.00 for the hiring of the necessary staff.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1308, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 316 Judiciary on S.B. No. 1434

The purpose of this bill is to increase the maximum liability of the real estate recovery fund for fraud, misrepresentation or deceit of a real estate licensee from \$20,000 to \$60,000.

The real estate recovery fund has been in existence since 1968. Your Committee recommends that this bill be amended by increasing the maximum liability of the real estate recovery fund to \$40,000 rather than \$60,000 because it feels that a \$20,000 increase from the 1968 limit is sufficient.

Your Committee further recommends that a new section be added increasing the minimum amount required to be in the real estate recovery fund before a real estate broker is required to make additional payments into the fund from \$150,000 to \$300,000. Since the maximum liability of the real estate recovery fund against any one licensee has been increased by this bill, the minimum balance required to be in the fund should likewise be increased to insure solvency of the fund.

Your Committee further recommends that the provisions of this bill shall not be applicable to any claims filed with the Real Estate Commission upon the effective date of this Act.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1434, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1434, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 317 Economic Development on S.B. Nos. 807, 808, 819, 842, 848 and 849

The purpose of these bills is to appropriate sums necessary for capital improvement projects regarding water improvement systems and studies in the areas of Hilo, Kona, and Lalamilo on Hawaii, and in areas on Maui and Molokai.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. Nos. 807, 808, 819, 842, 848 and 849 and recommends that they pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 318 Economic Development on S.B. Nos. 997, 1002, 1004, 1007, 1008, 1012, 1013, 1014, 1017, 1018, 1019, 1026, 1027, 1028, 1029, 1030, 1034, 1035, 1036 and 1037

The purpose of these bills is to appropriate sums necessary for capital improvement projects regarding water systems in the areas of Waipahu, Waiiau, Makaha, Wahiawa, Waianae, Kahuku, Waimalu, Maili, Nanakuli, Aiea, and Pearl City on Oahu.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. Nos. 997, 1002, 1004, 1007, 1008, 1012, 1013, 1014, 1017, 1018, 1019, 1026, 1027, 1028, 1029, 1030, 1034, 1035, 1036 and 1037 and recommends that they pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 319 Economic Development on S.B. No. 75

The purpose of this bill is to amend Section 395G-5, Hawaii Revised Statutes, such that the State housing authority may acquire and develop public lands in conservation districts, subject to prior approval of the board of land and natural resources. The authority shall pay \$1 as the purchase price for such lands and the difference between the payment and fair market price shall be computed as subsidy by the State of the dwelling units constructed thereon. The authority would further be granted sole first option on any such lands for the purpose of developing a dwelling unit project.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 75 and recommends that it pass Second Reading and be referred to your Committee on Housing and Hawaiian Homes.

Signed by all members of the Committee except Senator King.

SCRep. 320 Economic Development on S.B. No. 79

The purpose of this bill is to amend Chapter 171, Hawaii Revised Statutes, by adding a new section relating to reimbursement for undepreciated value of improvements. The new section provides that prior to the expiration of a lease, specified as not more than two years or less than ninety days prior, for intensive agricultural use, special livestock use, pasture use, or commercial timber use, the board of land and natural resources shall establish the undepreciation value of all leasehold improvements. If the lease is not renewed a sum equal to the undepreciated value of all improvements not removed by the current lessee shall be paid to the lessee by the board.

Your Committee finds the intent of the Bill is to encourage lessees to continue to improve their leaseholds even though the end of the lease term might be fast approaching. Your Committee finds, however, that paying the lessee for undepreciated improvements is not the answer, nor does the bill appropriate any money to pay for the improvements. Therefore, your Committee has amended the bill to reflect a change in intention from reimbursement for undepreciated value of improvements to a credit against rental to be incorporated into the lease, the same applicable to the last few years of a lease.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 79, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 79, S.D. 1, and be referred to your Committee on Judiciary.

Signed by all members of the Committee except Senator King.

SCRep. 321 Economic Development on S.B. No. 313

The purpose of this bill is to appropriate funds to provide a subsidy for the transportation of Hawaii grown produce within the State of Hawaii.

Your Committee finds that the local produce growers are facing severe problems in finding economical means of transporting their fresh Hawaii grown produce to the various consumer markets within the State. Your Committee feels it is imperative to maintain programs that will serve to slow the rising costs of living especially in the area of food costs.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B.No. 313, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 322 Economic Development on S.B. No. 315

The purpose of S.B. 315 is to make an appropriation for the development of a master plan for Hawaiian fisheries. The bill would require the Marine Affairs Coordinator to prepare a master plan on Hawaiian fisheries development to ensure the coordinated and affirmative development of Hawaii's commercial fishing capability, with particular emphasis on financing of vessel construction and repair, vessel design, crew training and recruitment, fish processing capability, potentially viable fish stocks, land stocks, land based facilities, appointment of a lead agency and impact of fishery development on the economy and ecosystem.

Your Committee finds that a master plan for Hawaiian fisheries is essential to provide for the orderly development and growth of the fishing industry in Hawaii.

Your Committee further recommends that the Committee on Ways and Means consider making an appropriation of \$150,000.00 to implement this bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 315 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators Saiki, Soares and Yim.

SCRep. 323 Economic Development on S.B. No. 491

The purpose of this bill is to empower the Department of Planning and Economic Development under the terms and conditions of this Act, to provide mortgage insurance for a limited portion of mortgage loans in financing the construction of new hotels, commercial or industrial buildings. The Department may enter into agreements with private commercial loan insurance companies to participate and implement this bill.

Your Committee finds that the visitor industry, in terms of growth planning, is clearly the most important industry in Hawaii. According to the State Plan, the visitor industry, "is the largest contributor to Hawaii's economy, it has by far the strongest growth potential of the major industries, and its rate of growth and location can be more easily influenced than it can be with other major industries."

The visitor industry is the largest generator of civilian jobs in the State. In 1975, the 19,046 hotel jobs accounted for 5.1% of the total number of State civilian jobs. On the neighbor islands, 9.8% of the jobs were in the hotel industry. The hotel industry however, is only part of the visitor industry. The total visitor industry's employment in 1975 was an estimated 65,500 jobs, which was 17.4% of all civilian jobs. For each 100 jobs in the visitor industry, there are about 12 indirectly generated jobs. Consequently, the visitor industry directly and indirectly generated about 73,400 jobs in 1975 or 19.5% of all civilian jobs in Hawaii.

Your Committee finds that the hotel industry is experiencing extreme difficulty in obtaining adequate financing for new projects. Mainland lenders find shopping center loans more desirable because they feel the tourist industry relies on discretionary spending, which is the first to go in any recession. Since there is an urgent need to stimulate a large flow of private investment funds into the State, your Committee is confident that the mortgage insurance program proposal in this bill will stimulate many such investments.

Your Committee has reviewed S.B. No. 491, S.D. 1, and has made several technical and language changes thereto. Your Committee has added several paragraphs to the findings and purpose section, and has clarified the definitions of "mortgage lender" and new commercial mortgage".

Your Committee has inserted a provision that the insurance shall cease after 10 years, and that only loans exceeding \$2.5 million are eligible. Your Committee has also inserted a provision to clearly prohibit refinancing of existing properties since the whole purpose and intent of this bill is to induce new construction.

Your Committee has deleted many of the provisions relating to eligibility and requirements of the borrower. It is your Committee's belief that such restrictions will create an additional layer of bureaucratic red tape which will further delay and inconvenience the financing procedures.

Your Committee has also amended the mechanics of the bill to provide that the amount of the insurance applies only to the top 20% of the mortgage loan and that the insurance proceeds will be paid only after foreclosure proceedings.

Your Committee firmly believes that this bill, as amended, will go a long way towards providing a more attractive investment climate in Hawaii. We feel that it will stimulate the construction industry and will provide sorely needed jobs in the construction, hotel, resort, commercial, and industrial industries.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 491, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 491, S.D. 2, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Saiki, Soares and Yim.

SCRep. 324 Economic Development on S.B. Nos. 648 and 1218.

The purpose of these Bills is to appropriate sums necessary for capital improvement projects regarding water improvement systems in the areas of Kehena, Upper Kalōpa Homesteads and Upper Wainaku Region.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. Nos. 648 and 1218 and recommends that they pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 325 Economic Development on S.B. No. 705

The purpose of this bill is to appropriate \$25,000, to be expended by the Department of Planning and Economic Development, to promote the Captain Cook bicentennial celebration in 1978.

Your Committee finds that Governor Ariyoshi some months ago informally requested the Department to look into these matters with a view toward considering how the State might properly observe this bicentennial. A recommendation was made to the Governor that there be established in his office a coordinating function for the bicentennial. This would not involve any large expenditure and would parallel the function of the Hawaii American Revolution Bicentennial Commission, but without the elaborate and costly work of that commission.

Your Committee finds there are already a number of current or potential events relating to the Cook Bicentennial which have been seeking some sort of governmental endorsement. The Governor's Office would logically be the place for such appropriation. It is estimated that the sum of \$25,000 would enable the hiring of a half-time executive director or secretary to coordinate Cook bicentennial functions, and publication and distribution of a newsletter to keep the public informed of the many events which public and private agencies will be planning for this significant year.

Your Committee has amended the bill to allocate the sum of \$25,000, to be expended by the Governor's office instead of the Department of Planning and Economic Development.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 705, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 705, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 326 Economic Development on S.B. No. 806

The purpose of this bill is to appropriate sums necessary for site selection and design of new facilities for plant industry, farm loan and milk control divisions including demolition of the present facilities.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 806 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 327 (Majority) Economic Development on S.B. No. 1100

The purpose of this bill is to amend Section 246-10, Hawaii Revised Statutes, relating to real property taxation, to remedy an apparent inequity in this statute.

Your Committee finds that the intent of this Section is to have the Tax Director consider several factors in determining the appropriate classification for tax purposes. Among the factors the Tax Director is required to consider are the uses permitted by the General Plan of the State when it is completed, the districting established by a county in its General Plan and zoning ordinances, the districting established by the Land Use Commission pursuant to Chapter 205, and such other factors which influence highest and best use.

In actual practice, some lands have been classified to a use even though the landowner was frustrated from putting the land to that use by government action or inaction. Therefore, your Committee feels that in order to prevent classification of land to a category of use which cannot be achieved, the statute be revised to require the Tax Director to classify as Agriculture, those lands which have been in active cultivation of crops for at least five years prior to any reclassification.

Your Committee also feels that subsection (f)(3) was not intended to convey a penalty on lands which were converted from Agriculture to Urban by the State Land Use Commission and which were not dedicated to Agriculture. Therefore, we recommend the section be amended to penalize only those lands which were dedicated to Agriculture.

Your Committee recognizes that only the government has the power to convert lands from Agriculture to Urban and that this conversion will occur only if the intended use satisfies the needs of the State. It is not logical or in the best interest of the State to impose unnecessary penalties when government has granted redistricting or zoning to satisfy a public need. Your Committee recognizes that these penalties would be passed on to the ultimate consumer and will unnecessarily add to the cost of housing.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1100 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee. Senator King did not concur.

SCRep. 328 Economic Development on S.B. No. 1139

The purpose of this bill is to foster the development of aquaculture by expanding the aquaculture loan program to a level generally comparable to that of the farm loan program. It is intended to stimulate and facilitate the rapidly growing aquaculture industry through loans. Significant provisions of this bill include the raising of loan limit, providing for participation and insured loans, and delineating purposes and terms of loans including the addition of cooperatives.

Financing requirements of aquaculture are generally similar to diversified agriculture. The existing loan ceiling of \$75,000 is too restrictive to meet the capital intensive requirements of starting-up an aquaculture operation. Restructuring the loan program will put the aquaculturist on equal footing with the conventional land farmer. Addition of participation and insured loans will lessen the stress for State funds in anticipation of increased interest by private lenders as progress is made in the development of the aquaculture industry.

Your Committee on Economic Development is in accord with the intent and purpose of Senate Bill No. 1139, as amended herein, and recommends that it pass first reading in the form attached hereto, as S.B. No. 1139, S.D. 1 and be referred to your Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 329 Economic Development on S.B. No. 1192

The purpose of this bill is to encourage broad consumer acceptance of Good and Standard Grade beef by using appropriated funds to promote the consumption and marketing of Hawaiian grown pasture-raised beef.

Your Committee finds that industry sources estimate that range-fed beef accounts for not more than 25 per cent of all the meat consumed in Hawaii, including both imported and locally produced beef. The extent that consumer preferences can be altered is not known; therefore, the amount needed for public relation efforts is difficult to assess. However, it appears that an effort in this direction would be desirable.

To create the necessary consumer and industry awareness in purchasing pasture-fed beef, advertising and promotional campaigns should target both the consumer and institutions that serve food. A "Hawaii Choice" label should be promoted through co-op advertising with supermarket chains and through print/ radio/ TV messages. The Department of Planning and Economic Development, whose responsibility it is for product promotion, can make a joint promotional effort with their current plans for a "Buy Hawaii" campaign which will promote all products made in Hawaii -- fashion, gifts, food, fruits, coffee, etc.

Your Committee would like to make the following amendments to the bill:

1. The sum of \$75,000 be appropriated for the purposes of this bill, \$60,000 of which is for initial consumer campaigns to educate the housewife, and an additional \$15,000 for direct mailings and other efforts to educate buyers of meat in institutions.

2. Sections 3, 4, and 5 be amended to show the Department of Planning and Economic Development as the expending and reporting agency.

3. The bill be amended to broaden the scope of the program to include the identification of Hawaii-grown beef.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1192, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1192, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 330 Economic Development on S.B. No. 1193

The purpose of this bill is to extend the lapsing date on State appropriations for Waikiki improvements and thereby permit the expenditure of the funds through June 31, 1978.

Your Committee finds that the improvement and maintenance of basic public facilities in Waikiki is essential and of immediate importance to the visitor industry and the economy of the State as a whole. Waikiki is the most important tourist destination in the State. Based upon research, 98.6 per cent of the first-time westbound visitors go to Oahu and 94.2 per cent of the repeat visitors do likewise. Projects in the Waikiki area are jeopardized by the lapsing date and a one year extension would allow encumbrance of the balance of funds for implementation of the necessary improvements.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1193 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 331 Economic Development on S.B. No. 1196

The purpose of this bill is to encourage travel between the islands by residents of this State.

Your Committee finds that greater movement by this State's residents between the islands will foster better communications and interrelations between citizens of the various communities in the State; will promote goodwill among the citizens of this State; will lead towards better balanced economic growth throughout the islands; and will stimulate visits by local residents to other parts of the State.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1196 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senator King.

SCRep. 332 Economic Development on S.B. No. 1200

The purpose of this bill is to provide additional funds for the planning and construction of a banana processing plant.

Your Committee finds there are many problems facing the banana industry, especially in the area of marketing. Preliminary research by the College of Tropical Agriculture shows that a centralized banana packing plant will significantly reduce this problem by enabling growers to join together to upgrade the quality of the bananas marketed through improved grading and forced ripening, and to improve the overall marketing distribution system for bananas. Your Committee also finds that a vacuum cooler facility will be a focal point around which farmers can organize and improve many aspects of production and stimulate the industry in a number of ways, such as: improving the quality of marketed fruit through proper treatment, increasing the uniformity of grading bananas, improving marketing stability by controlling a larger supply, improving the bargaining position of producers united in the cooperative, and more.

Your Committee finds that the CTA's Cooperative Extension Service helped to organize the Oahu Banana Growers Association in 1967 and has worked closely with this dedicated group of producers ever since. S.B. 1200 specifically concerns the planning and construction of a banana processing plant. The College of Tropical Agriculture can provide advice during the planning, construction and setting up of a processing plant. It cannot, however, be responsible for the construction and operation of such a plant.

Your Committee on Economic Development has recommended an appropriation of \$31,204 for 1977-78 and \$35,052 for 1978-79 in "Exhibit A" of the Committee's budget report to the Committee on Ways and Means.

Your Committee would like to amend S.B. 1200 to include an appropriation of \$5,000 to retain an emeritus faculty member of the College of Tropical Agriculture, who is the authority on banana processing in Hawaii, as consultant to the planning and construction of a banana processing plant.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1200, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 333 Economic Development on S.B. No. 1266

The purpose of this bill is to amend Section 204-43, Hawaii Revised Statutes, to clarify the language of the bill and to appropriate funds necessary to facilitate the act.

Your Committee finds that Act 103, SLH 1973 (codified as Section 201-41 through 43, HRS) mandated an entry and exit census for planning purposes, as needed to obtain statistics on visitors to Hawaii, in- and out-migrants, and residents traveling outside the State. These data are urgently needed for planning the visitor industry and for population analyses. The data are available from any other sources.

Unfortunately, Act 103 was never implemented, and the Department of Planning and Economic Development has had to rely on the limited statistics available from the Hawaii Visitors Bureau Basic Data Survey and reports of the U.S. Immigration and Naturalization Service.

Although never put into effect, Act 103 clearly contained several defects, which this bill proposes to remedy. The original act failed to clearly define the role of the carriers in conducting the census, and it lacked any provision for reimbursing the carriers for the reasonable costs of distributing, collecting, and forwarding the forms. The proposed amendments would correct these deficiencies.

Your Committee would like to further amend this bill in the following ways:

- (1) There was a typing error in the drafting of the bill and Section 1 should read "Section

201-43, Hawaii Revised Statutes, " instead of Section 204-43, HRS.

(2) The word "confidentiality" should be substituted for "anonymity" in Section 201-43(b). As the section is now worded it makes it impossible to continue using the State Department of Agriculture Declaration Form (which, under Act 69, SLH 1973, requires signatures) as a vehicle for collecting the data.

(3) Amend the wording of the law to specifically state that the participation of passengers is voluntary, thus avoiding any question of constitutionality.

(4) The reimbursement clause under Section 20143(a) is changed to read, "the State shall arrange with the transportation carrier to provide these services at no cost to the State for the return of the completed forms by persons leaving the State; "

Your Committee would also like to further recommend that Chapter 150-A, Section 5(2), Hawaii Revised Statutes, be amended to make completion of the agricultural declaration form mandatory for all passengers and crew, as was the case up to 1970. Then the declaration and census forms combined into one should yield a much higher response rate than is now possible, inasmuch as only persons with contraband to declare are currently required to complete the form.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1266, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1266, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 334 Economic Development on S.B. No. 1275

The purpose of this bill is to appropriate a sum of money, to be expended by the Department of Agriculture, for the control of *Clidemia hirta*, commonly known as Koster's curse, a serious noxious weed on range lands, forest areas and conservation areas.

Your Committee finds that *Clidemia hirta* is known to occur only on the islands of Oahu, Molokai and Hawaii. The infestation is most widespread on Oahu covering approximately 77,500 acres on both Koolau and Waianae Mountain Ranges. On Molokai, *Clidemia* infestation is confined to one or two acres at Wailua Valley and on Hawaii, it is confined to one acre infestation at Puna Forest Reserve.

The Department of Agriculture has been searching for suitable biological control agents for the control of *Clidemia* on Oahu where the widespread infestation has been deemed unfeasible for eradication or control by chemical means. The search has been futile to date.

The Department has taken measures for the eradication of *Clidemia* on Hawaii and Molokai. Appropriations will be used for exploratory investigations in the continuation of efforts to find promising bio-control agents for *Clidemia* control on Oahu and for additional personnel and supplies for chemical/ mechanical eradication projects on Hawaii and Molokai.

Your Committee found the outpouring of testimony and support of this bill to be overwhelming and, at time, moving on the part of hiking and nature enthusiasts of our beautiful State. Their combined testimony dramatically focused the attention of the Committee on this urgent problem which threatens to waste our wild lands and reserves.

Your Committee would like to amend S.B. 1275 to appropriate \$25,000 for the purposes of the bill. The Committee would like to further amend the bill, under Section 2, to state that the funds appropriated should be used by the Department of Agriculture and the U.H. Plant Pathology Department of the College of Tropical Agriculture in cooperation with the Department of Land and Natural Resources for a biological control program.

Your Committee on Economic Development is in accord with the intent and purpose of a S.B. No. 1275, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1275, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 335 Economic Development on S.B. No. 1326

The purpose of this bill is to appropriate funds for the promotion of the Kona Coffee industry.

Your Committee finds that the Kona Coffee industry, at this particular time, faces an opportunity for very good growth and every step should be made to take full advantage of this. The State has an ongoing production promotion program for many agricultural products, and Kona Coffee should be no exception. This bill would represent a positive step in the further development of this potentially successful industry.

Your Committee recommends the sum of \$50,000 for the purpose of this bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1326, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1326, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 336 Economic Development on S.B. No. 1396

The purpose of this bill is to establish an office of the Pacific Basin Business Center in the Department of Planning and Economic Development. It shall be the responsibility of this office to seek out companies which have or will have Asian-Pacific or American-Pacific offices so that such companies locate these offices in Hawaii.

Your Committee finds that Hawaii is ideally suited for the location of regional headquarters of multi-national companies and organizations operating in the Asian-Pacific markets. Hawaii's central location, multi-ethnic population, climate, and advanced infrastructure in communications, education, government, culture and social development make our State a very attractive place for multi-national regional headquarter operations.

The influx of more regional headquarters into Hawaii would provide additional diversity to our economic base which is heavily reliant upon tourism, agriculture and governmental spending. The influx of headquarter operations would contribute considerably to the economy of Hawaii and would generate knowledge-intensive and high-paying jobs. Already, at least thirty firms have Hawaii as their regional headquarters and the potential for this number increasing substantially is very great through the aggressive promotion of our State's advantages to other companies and organizations.

Your Committee is in full agreement with the intention of the bill. One amendment is offered in that the Department of Planning and Economic Development should be identified as the contracting office for funds appropriated for the purposes of this bill.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1396, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1396, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 337 (Majority) Economic Development on S.B. No. 60

The purpose of this bill is to provide: (1) employment for unemployed construction workers, (2) improve the quality of hotel accommodations for tourists in existing hotels which are in need of renovation and (3) reduce unemployment compensation and welfare costs.

Facts relating to tourism, new jobs, unemployment and welfare costs are best stated in the Standing Committee Report for S.B. No. 62, S.D. 2 and is hereby incorporated by reference.

Your Committee finds there is a need to provide incentives to private industry that would generate immediate work within the construction industry. The bill provides for certain general excise tax credits if improvements relating to labor oriented jobs are made within the next two years.

In determining the amount of the tax credits that would be given to any project, a determination had to be made as to the number of construction jobs that would be generated. An assumption was made that 500 hotel rooms would be renovated at a cost of \$3,000 per room amounting to a total of \$1,500,000 of construction work. Using the U.S. Department of Labor statistics that 38 man hours of work are generated with each \$1,000 of construction work; the total work would employ 28.5 persons for the one year and, using the employment multiplier of 2.05 used by the Department of Planning and Economic Development, the total number of employed would be 58.4 persons. In calculating the tax revenues generated

by the State from this number of persons added to the working group, two additional multipliers were used, namely, the total output multiplier and the household income generator. Each of these takes into effect the direct, indirect and induced expenditures. The total taxes generated by this method is calculated to be \$244,000 per year.

The general excise tax credits under this bill amount to \$933 per room and was calculated using the following assumptions:

<u>Year</u>	<u>Occupancy</u>	<u>Rate</u>
1977	75%	\$36
1978	85%	\$38

This credit was for revenues generated on rooms only excluding food, beverage and concession income.

The bill has been amended as follows:

1. The section relating to real property tax waivers has been deleted in its entirety since this provision is costly to the counties and inequitable to some businesses.
2. The section pertaining to the general excise tax relief was amended to give a tax waiver for room sales only, excluding food, beverage and concession income. Furthermore, a restriction was added to provide that not less than 60% of the cost of improvements shall be for carpentry, roofing, drywall, plastering, glazing, plumbing, electrical, mechanical, structural and painting work. It is the expressed intention of this bill to employ construction workers so the majority of the work performed must be labor oriented and be performed by a licensed general contractor.
3. The bill also changes the amount of work that must be spent in order to qualify for the maximum benefits. The cost of improvements must be 30% of the tax assessed valuation of the building. The minimum amount of improvements must be 20% of the tax assessed valuation of the building, and the amount of credit will be a proportionate share.
4. A provision has been added that would preclude a carryover or carryback against other tax liabilities.
5. Section 5 relating to the exemptions of zoning and environmental regulations was deleted because it was not needed, since the renovations are already exempt from these requirements.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 60, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 60, S.D. 2, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee. Senator King did not concur.

SCRep. 338 (Majority) Economic Development on S.B. No. 62

I. Introduction:

The State Director of Labor announced on February 28, 1977 that the State's unemployment rate inched upward in January to 8.8% of the labor force from 8.7% in January. Unemployment in the construction industry continued its alarming increase and 500 workers were added to the ranks of the unemployed in the last 30 days of 1976. This brought the total number of unemployed in the industry to 36.9% of the 34,700 persons without work in the State. The neighbor islands are the hardest hit by unemployment, the Big Island leading with 10.3%, Maui with 10.1% and Kauai with 8.7% compared to Oahu at 8.6%. The effect of this upward trend is devastating to the State with no apparent relief in sight.

The purpose of this bill is to provide relief to the State's unemployment by: 1) stimulating new construction in the hotel, commercial and industrial areas and 2) create new on-going jobs in these businesses after the construction is completed.

II. New Jobs in the Visitor Industry

Your Committee finds that the visitor industry, in terms of growth planning, is clearly the most important industry in Hawaii. Since it is the largest contributor to the State's economy, it has by far the strongest growth potential of the major industries, and its rate of growth and location can be more easily influenced than it can with other major industries.

The visitor industry is the largest generator of civilian jobs in the State. In 1975, the 19,046 hotel jobs accounted for 5.1% of the total number of State civilian jobs. On the neighbor islands, 9.8% of the jobs were in the hotel industry. The hotel industry, however, is only part of the visitor industry. The total visitor industry employment for 1975 was an estimated 65,500 jobs, which was 17.4% of all civilian jobs. For each 100 jobs in the visitor industry, there are about 12 indirectly generated jobs. Consequently, the visitor industry directly and indirectly generated about 73,400 jobs in 1975, or 19.5% of all civilian jobs in Hawaii (DPED records).

The visitor industry appears to have a fairly strong growth potential as indicated by (1) the yearly growth rate has been 17.7% since statehood prior to the recession years of 1974-75 (2) the historical pattern of rapid tourism growth following national recessions (3) the potential for considerably more development and penetration of the world visitor market and (4) expected improvements in overseas airline services. Future tourism growth will definitely be substantially slower than trends prior to the 1974-75 recession because of (1) competition from other resort areas (2) travel restrictions imposed by foreign governments (3) high capital and construction costs and (4) (to a small extent) higher fuel costs if they should occur.

Using the conservative middle projections of visitor industry growth rate as shown in the Hawaii State Plan (p. 3-13), the growth needed for full employment when net immigration grows linearly from 3,900 per year in 1975 to about 5,700 per year in 1990. With this assumption the visitor industry must generate 49,000 jobs over 15 years of full employment or approximately 1,750 hotel rooms must be built each year. This assumes 4.6 million visitors in 1990 or an average growth rate of 3.4% per year which is very modest compared to the past growth of 17.7% per year. As a means of comparison using the more realistic middle two projections of the State Plan of 5.8 million visitors by 1990 or a growth rate of 4.6% would require the generation of 80,000 jobs or approximately 2,870 hotel rooms each year. The State Plan's higher assumption and projections indicate a growth rate of 6.7% with 100,000 additional jobs and 3,587 hotel rooms.

III. New Hotel Projections

Your Committee has found that the realistic projections for new hotel construction in the State for the next two years is 770 rooms for 1977 and 1,758 rooms for 1978. The Hawaii Visitors Bureau research department has significantly higher figures which were derived from the number of building permits that had been issued, but upon close scrutiny it has been determined that many of the proposed hotels or those under construction do not have financing. Thus it is reasonable to assume that their projections are substantially overstated. Using our above stated figures for the projections of 1977 and 1978, the State will be 30% short of the projected need as mentioned in the assumptions of the previous paragraph.

IV. Analysis

Your Committee considered many alternatives in attempting to decrease the unemployment. Rather than take a helter skelter approach that would result in minimal results, it decided on a systematic long range plan that would aid the State's economy without the expenditure of substantial state monies. The main thrust of the State should be in providing incentives to the tourist industry in the major destination areas. This approach has two distinct advantages which are (1) it takes the strengths of each hotel to complement each other and add to the overall appeal of the area and (2) minimizes the cost of the infrastructure to the State and the Counties.

Your Committee recognizes that the unemployment problem is best handled by the private sector. Consideration was given to direct loans and subsidies by the State, but we feel the State should not be in the hotel business nor should it be an equity investor. We were looking for ways to involve the State on a limited basis that would leave the ownership and risk to private enterprise so that the State would not end up owning hotels. We did not want to repeat the mistakes of some state agencies which caused the State to tie up many valuable dollars. Another example of limited returns for money spent is the Kohala Task Force where the State spent over \$5 million to employ 192 persons. Our efforts are directed at employing large numbers of workers with the net effect of little or no cost to the State.

V. Unemployment and Welfare Costs

Your Committee also finds that the cost of social welfare in Hawaii was \$111.6 million in 1974 of which \$65.8 million was a cost to the State. In 1975 the total increased 8.9% to \$121.6 million and in 1976 the increase was 24.7% to \$151.7 million. Such a spiraling cost is of great concern to us as the State's economic stability is gravely threatened. It further

serves to greatly discourage investment of businesses in Hawaii. The labor department estimates that 3,000 persons on welfare also draw unemployment insurance. By multiplying this figure by the average welfare payment of \$3,600.00 yearly shows the State paying \$10,800,000. The proposals in this bill are aimed at reducing this figure significantly by stimulating employment within the construction industry.

Your Committee found that the State expended an average of \$3,965.00 for each position under the State Comprehensive Employment and Training (SCET) program accounting for 1934 positions for a one year period. This fact dramatically shows the futility of government trying to fulfill the role of private business. The cost is so prohibitive that the State should devote all its efforts at stimulating the private sector by providing the necessary incentives that would encourage the expenditure of the funds that would ultimately result in more jobs at significantly less costs.

VI. Major Provisions

The following paragraphs discuss the major provisions of the proposed bill.

Section 2 of the bill provides for an exemption of portions of the real property tax for new construction of hotels, resorts, agricultural, industrial and commercial buildings. Such exemptions would commence upon the completion of construction with the following benefits: between 1978 through 1982 the tax would be at the 1977 rate of unimproved land; from 1983 through 1984 the tax would be one-third of the year's actual tax and for 1985 and 1986 the tax would be two-thirds of that year's actual tax. In the long run the counties would benefit substantially since the loss in taxes in the early years of the ten-year program are many times repaid by the substantial taxes that are generated later in the program due to incentives offered to the private sector.

Section 3 of the bill provides for the exemption of portions of the general excise tax that would be extended as a tax credit. Any person who undertakes and pays for new construction under this bill shall be exempt from gross excise tax on the gross income of the new building in the following manner: from 1978 through 1982 the exemption would be 100 per cent; from 1983 through 1984 the exemption would be 66-2/3 per cent and from 1985 through 1986 the exemption would be 33-1/3 per cent of the tax. Considering the extended time it takes from the inception of a project until the time it is completed and starts generating income, very few projects should realize the 100 per cent exemption provided for in the first five years of the program. Although the amount of monies waived by the State are not substantial, it improves the economic viability of the project and will attract much needed capital and mortgage loans to the State.

Paragraph (b) of this same section provides for the exemption of gross excise tax for new construction projects that qualify under this bill. Such lost revenues are more than offset by the benefits accruing to the State as a result of the construction of these new projects. Such benefits will be explained later in this report.

Section 4 of the bill provides for a means to speed up the processing of new projects under limited circumstances by removing major impediments in the present network of government controls regulating such developments. The inordinate amount of time consumed securing all necessary approvals and permits for a project must be reduced and the regulatory system streamlined to establish a realistic feasibility, otherwise costs tend to become prohibitive.

To stimulate growth in a controlled manner this bill provides for designations of limited areas as "Areas of Particular Concern" (APC). These are limited to areas of 30 acres or more and only after the Land Use Commission has reclassified the areas as urban and there is an absence of specific county zoning, density and use designations. After the director of the Department of Planning and Economic Development proposes an APC and approval of the designated county agency is obtained, the project in the APC shall be exempt from certain State and county requirements.

Your Committee has made a thorough economic analysis and based upon conservative assumptions, input from the Department of Planning and Economic Development and figures from the U.S. Department of Labor, the cost of this program to create one job is only \$284.00.

VII. Amendments to the Bill

In order to more fully carry out the intention of this bill, the following amendments are made:

1. No benefits shall be accrued until construction is completed. The reason for this is that there are often great delays from time of permit to the start of construction; in some instances, construction can be prolonged indefinitely.

2. Section 3, Real Property Tax, is changed. Instead of a 100 percent waiver for five years, the 1977-78 rate shall be paid for five years. In 1983 and 1984 one-third of the then existing tax is used instead of using the first year after completion as the base year. In 1985 and 1986 two-thirds of the then existing tax is paid.

3. The wording of resort development area is changed to "Area of Particular Concern."

4. "Area of Particular Concern" (APC) is defined to encompass 30 contiguous acres using the rationale that such an area would have a minimum of 1,500 units which would be a large enough base to support the amenities needed. Furthermore, the APC section only applies to areas within the urban district and designated as a resort area in the County General Plan but would require an amendment of the County Development or Zoning Plan or map to implement the General Plan. Thus, there will be no APC designations for areas such as Waikiki, Kaaupali, Kapalua, and the like.

5. The bill has been further amended to provide the owner of residential property in an Area of Particular Concern the opportunity to qualify for Residential Dedication under Chapter 246-12.3.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 62, S.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 62, S.D. 2, and referred to your Committee on Ways and Means.

Signed by all members of the Committee. Senator King did not concur.

SCRep. 339 Economic Development on S.B. No. 746

The purpose of this administrative proposal is to exempt state-operated agricultural parks from existing county subdivision and zoning standards.

Your Committee finds that presently the various counties impose differing standards which, in some instances, are urban oriented. Setback requirements, for example, may limit the amount of land which may be covered by a crop shelter on a certain parcel. Subdivision requirements may prevent individual lots within an agricultural park from being laid out in the most advantageous manner. Depending upon the type of activities planned for a particular park, roadway requirements may be excessive thereby raising improvement costs and utilizing otherwise productive agricultural land.

Your Committee finds that this bill is patterned after the Omnibus Housing Bill, Act. 105, SLH 1970, and it grants the legislative bodies of the various counties veto power over agricultural park proposals with which the county does not agree.

Since the Governor is releasing \$94,500 for plans for the Kahuku Agricultural Park, there is an apparent agreement between the State and the Campbell Estate and we do not wish to jeopardize this project.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 746 and recommends that it pass Second Reading, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King, Nishimura and Yim.

SCRep. 340 Economic Development on S.B. No. 1129

The purpose of this bill is to amend Section 147-7, Hawaii Revised Statutes, to exempt coffee inspectors from Chapters 76 and 77 of Hawaii Revised Statutes.

Your Committee finds that the Kona Coffee industry, at this particular time, faces an opportunity for very good growth and every step should be made to take full advantage of this.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1129 and recommends that it pass Second Reading and be referred to your Committee on Human Resources.

Signed by all members of the Committee.

SCRep. 341 Economic Development on S.B. No. 779

The purpose of this bill is to reduce unemployment by providing incentives for renovation and improvements to residential buildings.

The State Director of Labor announced on February 28, 1977 that the State's unemployment rate inched upward in January to 8.8% of the labor force from 8.7% in December. Unemployment in the construction industry continued its alarming increase and 500 workers were added to the ranks of the unemployed in the last 30 days of 1976. This brought the total number of unemployed in the industry to 36.9% of the total unemployed or 12,805 persons without work in the State. The outside islands are the hardest hit by unemployment, the Big Island leading with 10.3%, Maui with 10.1% and Kauai with 8.7% compared to Oahu at 8.6%. The effect of this upward trend is devastating to the State with no apparent relief in sight.

Your Committee also finds that the cost of social welfare in Hawaii was \$111.6 million in 1974 of which \$65.8 million was a cost to the State. In 1975 the total increased 8.9% to \$121.6 million and in 1976 the increase was 24.7% to \$151.7 million. Such a spiraling cost is of great concern to us as the State's economic stability is gravely threatened. It further serves to greatly discourage investment of businesses in Hawaii. The labor department estimates that 3,000 persons on welfare also draw unemployment insurance. By multiplying this figure by the average welfare payment of \$3,600.00 yearly shows the State paying \$10,800,000.00. The proposals in this bill are aimed at reducing this figure significantly by stimulating employment within the construction industry.

Your Committee found that the State expended an average of \$3,965.00 for each position under the State Comprehensive Employment and Training (SCET) program accounting for 1934 positions for a one year period. This fact dramatically shows the futility of government trying to fulfill the role of private business. The cost is so prohibitive that the State should devote all its efforts at stimulating the private sector by providing the necessary incentives that would encourage the expenditure of the funds that would ultimately result in more jobs at significantly less costs.

Since immediate action is necessary to reduce unemployment, we believe that the quickest way to attack the problem is to encourage home owners to make substantial improvements to their home. These improvements might include a swimming pool, an extra bedroom or bath, an enclosed lanai, a remodeled kitchen, or an extra carport or garage. The lead time for such work is very short plus home improvement loans are not hard to obtain. Such jobs are labor intensified and serve to fulfill the purpose of the bill.

Your Committee finds that there are 6,520 of completed residential units completed and unsold as of 1977. Before any significant impact is made in reducing the number of unemployed construction workers the backlog of completed residential units must be reduced before any significant new construction will begin. There is a section of this bill that aims at alleviating that backlog which will be explained in a subsequent section of this report.

The following paragraphs discuss the major provisions of the proposed bill:

1. Section 2 pertaining to real property tax provides for the following exemptions from the date that the construction work is complete assuming that the market value of the house is \$90,000.00 and the improvement qualifies for the maximum benefit.

<u>Tax Year</u>	<u>% Real Prop. Tax Waived</u>	<u>Tax Waived</u>	<u>Discounted Present Value @ 5%</u>
1977	100%	\$829.00	\$ 790.00
1978	66-2/3%	552.00	501.00
1979	33-1/3%	276.00	238.00
			<u>\$ 1,529.00</u> Total

Maximum benefits are obtained if the amount of improvements are 25% of the assessed tax valuation for building which amounts to \$13,500.00 for the example sited.

This section also stipulates that 60% of the cost of improvements has to be attributable to labor.

2. The section pertaining to the exemption of general excise tax paid on the contract amount of the improvements is a one time tax that amounts to \$540.00 discounted to \$495.00 on a \$13,500.00 improvement.

This on a \$13,500 improvement, the owner would obtain a total benefit of \$2,024.00 in three years or 14.9% of the actual cost of improvements.

3. There is no carry-over allowed for any unused portion of this tax credit.
4. Section 4 related to the income tax credit for the purchase of a new residential unit. The credit allowed is 10% of the purchase price provided it doesn't exceed \$6,000.00. This credit is reduced if the buyer does not maintain ownership of the unit for 24 months. A lesser amount of credit is allowed for shorter periods of time. A three year carry-back and carry-over is allowed under this section.
5. Section 5 gives the purchaser of a new residential unit a credit against the general excise tax imposed against such purchase. There is no carry-over provision for this section.

The following amendments were made to the bill:

1. The real property tax exemption was changed from a four year exemption to a three year exemption as follows:

<u>TAX YEAR</u>	<u>% OF TAX EXEMPTION</u>
1977	100%
1978	66-2/3%
1979	33-1/3%

2. A more restrictive phrase added to require that 60% of the cost of improvements shall be for labor intensified work ie. carpentry, plumbing, electrical, etc. and that the work must be performed by a licensed contractor.

3. A minimum requirement was added to allow tax credits provided that the total cost of the improvements amounts to at least 15% of the assessed real property tax valuation.

4. The general excise tax exemption was changed from income derived from tent to an exemption of the tax paid on the contract amount of the improvements.

5. A new section was added to provide for a 10% income tax credit on the purchase of a new residential unit provided that it doesn't exceed \$6,000.00 and the ownership is for 24 months. A three year carry-back and carry-forward provision is also provided.

6. This new section also provides for a general excise tax credit for the amount charged against the purchase of a new residential unit.

7. Section 5 pertaining to the waiver of current zoning and environmental regulations has been deleted.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 779 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 779 S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Yim, Saiki and Soares.

SCRep. 342 Transportation on S.B. Nos. 659, 679, 725, 1031, 1170, 1376, 1494, 821, 820, 822, 824, 831, 830, 832, 828, 829, 966, 973, 979, 1292, 443, 464, 465, 526, 179, 850, 1293, 840, 1294, 852, 846, 843 and 440

The purpose of these bills are to provide capital improvement funds for the above listed projects.

Your Committee on Transportation is in accord with the intents and purposes of the above listed bills and recommends that they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 343 Transportation on S.B. No. 532

The purpose of this bill is to establish a means whereby the Department of Transportation may be authorized to furnish appropriate accommodations, goods, and services, to nonprofit organizations serving to enhance public education in the field of aviation and aerospace.

Your Committee finds that (1) there is now, and will continue to be in the course of many years, growth and public need for the benefits of the aviation and aerospace industry; both worldwide, as well as in the mid-ocean condition of the Hawaiian Islands; and (2)

the young people of Hawaii must be extended the best facilities and opportunities that both the public and private sectors can combine to offer to strengthen their education and preparation for service in this area of human endeavor. The Department of Transportation is not now empowered to extend accommodations to nonprofit organizations in this field, despite the benevolent program and intent.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 532, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 344 Transportation on S.B. No. 891

The purpose of this bill is to provide for the increase in the authorization of the Department of Transportation to issue special facility revenue bonds from 15 million dollars to 25 million dollars.

Your Committee finds this increase necessary to provide sufficient revenues to cover the rising costs of construction, acquisition, remodeling, furnishing, and equipping of any special facility.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 891, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 345 Transportation on S.B. No. 893

The purpose of this bill is to provide for a system of state pilotage in order (1) to provide maximum safety for vessels navigating in state waters; (2) to maintain a state pilotage system of the highest standard of efficiency; and (3) to insure an adequate supply of qualified pilots for the discharge of their duties in aid of commerce and navigation.

Your Committee finds that the present system, under which the pilots are civil servants, subject to civil service regulations, has proved awkward in practice and does not utilize the highly trained pilots effectively.

Your Committee has adopted the recommendation of the department of transportation concerning the determination of which vessels require a pilot and which do not. The department, through its water transportation facilities division, controls the ports of the State and bears ultimate responsibility for safe operations within its harbors. As such, your Committee feels the department should be charged with the responsibility of determining which vessels require the services of a pilot in their movements into, out of, or within the harbor. In this respect, sections -17 and -18 have been deleted and section -19 renumbered accordingly. Similarly, the phrase, "and pilotage matters" has been deleted from section -3(5).

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 893, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 893, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 346 Transportation on S.B. No. 1366

The purpose of this bill is to permit the substitution of airport and harbor revenue bonds in lieu of reimbursable general obligation bonds authorized in past appropriation acts for airport and harbor capital improvement projects respectively.

In the event there is a curtailment in general obligation bond issuance by the State and essential and needed airport and harbor capital projects so authorized by reimbursable general obligation bond must still be constructed, your Committee recommends that airport and harbor revenue bonds may be substituted for the previously authorized reimbursable general obligation bonds.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1366 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 347 (Majority) Transportation on S.B. No. 1407

The purpose of this bill is to provide for a general aviation airport on Oahu. One which will be located in the south central valley in Kunia.

Your Committee finds that the establishment of a general aviation airport on Oahu is essential to reduce the costly and dangerous flight conditions at Honolulu International Airport, caused by the impractical mix of general aviation aircraft and military and commercial jets. Objections have been carefully considered but have been found to be outweighed by the safety of the almost 9 million passengers emplaned and deplaned at Honolulu International Airport in CY-76. In addition, the U.S. Navy has requested plans be made for the return of Ford Island, borrowed in 1970 on a temporary basis. As this is the second busiest airfield in the State, it is doubtful the return of civil flight training to Honolulu International Airport would be a workable or acceptable solution. In fact this would only serve to compound an already serious problem.

It is the further finding of this Committee that the labor spent by air traffic controllers to provide for the safe separation of aircraft, results in expensive delays. In August, 1976, Honolulu International Airport dominated a Civil Aeronautics Board list of the 10 worst markets for on-time flight performance. Ultimately, it is the air traveler who pays for the wasted fuel, equipment, time, depreciation, salaries, and missed connections. With an activity approaching 1,000 operations a day, this wasted time has an important impact on travelers to, and within this State. Actions to alleviate these conditions are needed.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1407, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1407, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee. Senator Ching did not concur.

SCRep. 348 Legislative Management

Informing the Senate that S.C.R. Nos. 115 to 119, S.R. Nos. 306 to 308, Spec. Com. Rep. No. 5 and Stand Com. Rep. Nos. 249 to 347 and 349 to 353 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 349 Human Resources on S.C.R. No. 38

The purpose of this resolution is to request the President and the Congress of the United States to consider its recommendations to initiate certain reforms in the Food Stamp Program which will remove the existing complexities and simplify the program.

Your Committee finds that the Food Stamp Program has unnecessary complexities in ineligibility requirements and administration, and inadequate attention is given to errors in benefits and eligibility. The program must be examined and changed to ensure the existence of a more rational income maintenance system.

Your Committee further finds that the proposed resolution offers recommendations by the Intergovernmental Relations Committee of the National Conference of State Legislatures on reforms for Congressional and administrative consideration. The resolution also proposes that future reform oriented initiatives should be directed by the Congress of the United States rather than through the actions of the Administration.

Your Committee recommends amending recommendation No. 4 by applying standard deductions to gross income minus mandatory deductions from wages. The purpose of this revision is to prevent the low-income working poor from being penalized.

Your Committee further recommends that recommendation No. 9 be deleted because under present federal regulations, college students who are claimed as tax dependents by parents are not eligible for food stamps.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 38 as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 38, S.D. 1.

Signed by all members of the Committee.

SCRep. 350 Human Resources on S.R. No. 31

The purpose of this resolution is to request the Senate Committee on Human Resources to review Chapter 89, Hawaii Revised Statutes.

Your Committee finds that Section 2, Article XII of the State Constitution provides persons in public employment shall have the right to organize for the purpose of collective bargaining. In 1970, the Fifth State Legislature enacted Chapter 89 for the purpose of improving public employer-employee relations by recognizing the right of public employees to join organizations of their choosing and to be represented by such organizations in their employment relations with public agencies. It is also the intent of the statutes to provide adequate means of resolving disputes, grievances, and impasses.

Your Committee finds that since the law was enacted, Chapter 89 has proven to be a satisfactory law. It has been looked upon as a model piece of legislation and during its inception, subject to scrutiny and discord by practitioners. However the legislature thought it unwise to embark upon a process of piecemeal legislation, during the virgin years of the law. Instead the legislature chose the process of litigation. Although the process is slower, board and court interpretations has resolved some of the uncertainties and ambiguities in the legislation to general satisfaction.

In the light of the experience that has been accumulated, Chapter 89 is not without its imperfections. There remains features in the statutes that are controversial. Employee bargaining units have expressed opinions on amendments to the law for example, HSTA testified before your Committee that Section 899(d) be broadened and the items contained in that section be subject to negotiations.

Your Committee believes that a comprehensive legislative review will promulgate the pro and cons of the existing law and provide all those concerned the opportunity to offer testimony before your Committee.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 31 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 351 Human Resources on S.R. No. 92

The purpose of this resolution is to request the Commission on the Status of Women to develop and implement, through the program of Continuing Education for Women, programs to assist displaced homemakers providing educational and employment counseling, testing, life planning, and skill development services.

Your Committee finds that there has been an increasing number of displaced homemakers left without any source of financial security through divorce, the death of a spouse, or loss of family income because they are ineligible for social security benefits, federal welfare assistance, and unemployment insurance. The intent of this resolution is to develop programs to assist these displaced homemakers in finding counseling and in developing skills that will lead them to gainful employment and a rewarding life plan.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 92 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 352 Education on S.C.R. No. 96

The purpose of this resolution is to urge Congress to maintain the level of aid which Hawaii's school receive through P.L. 81-874, Aid to Federally Impacted Areas. The resolution is based on the possibility that Hawaii's share might be cut by as much as 5.5 million.

Your Committee on Education has found that the need for such aid is acute. The Executive Budget, submitted for the department of education, estimates that 12.4 million in Impact aid would be received in fiscal year 1977-78 and that 12.3 million would be received in fiscal year 1978-79. Should this total be reduced by 5.5 million or by any amount, that amount would have to be made up with state funds. A good portion of the federal money that Hawaii's schools receive is only available for limited purposes and thus to lose that money would effect only those specific programs. Impact aid on the other hand is used to support the regular instruction component and would thus have to be replaced with state funds.

Your Committee on Education concurs with the intent and purpose of S.C.R. 96 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 353 Transportation on S.R. No. 127

The purpose of this Resolution is to request Hawaii's congressional delegation to seek federal funds necessary for the construction of a deep draft harbor at Barbers Point.

Your Committee finds that the establishment of a second commercial deepwater harbor is vital to Hawaii's continued growth and prosperity. The increased population and industrial activity on Leeward Oahu already warrants such a harbor and makes Barbers Point a prime location. The legislature of the State of Hawaii has already shown its support for this project by appropriating \$4.1 million in capital improvement funds in 1971, representing the State's share of the development costs.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 127 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 354 Legislative Management

Informing the Senate that S.C.R. No. 120, S.R. Nos. 309 and 310, Stand. Com. Rep. Nos. 355 to 358 and Gov. Msg. Nos. 143 to 203 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 355 Economic Development on S.B. No. 1042

The purpose of this bill is to amend Chapter 157, Hawaii Revised Statutes, the Milk Control Act, in order to more effectively administer the State's milk control program.

Your Committee finds that this bill, if enacted, would bring additional clarity to the proper procedures needed to carry out the Commission's regulatory responsibilities. These regulations have contributed to the industry's stability and have worked to the benefit of the consumer. This bill would enable the hearings to continue to be administrative. Your Committee finds judicial hearings to be too time consuming creating unnecessary complexities in delineating rules to establish, revise or terminate minimum prices and quotas.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1042 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee except Senator F. Wong.

SCRep. 356 Ways and Means on S.C.R. No. 45

The purpose of this resolution is to request the 95th Congress of the United States to amend the Revenue Sharing Act and to provide the individual states with greater discretion in the distribution of entitlement funds.

Your Committee finds that the entitlement allocation formula which allots one-third to State governments and two-thirds to local governments creates an imbalance to the present fiscal relationships of the State and the four counties in Hawaii. The reason for this inequity is because the Act does not equate resources with responsibilities at each government level. In the State of Hawaii, 80% of all government services are carried by the State government, as compared to the average of 37% borne by other state governments in the United States. Because of our uniqueness, the Revenue Sharing Act makes no special provisions for our state. This resolution asks Congress to correct this imbalance.

Your Committee on Ways and Means concurs with the intent and purpose of S.C.R. No. 45 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 357 Ways and Means on S.R. No. 115

The purpose of this resolution is to request the 95th Congress of the United States to amend the Revenue Sharing Act and to provide the individual states with greater discretion

in the distribution of entitlement funds.

Your Committee finds that the entitlement allocation formula which allots one-third to State governments and two-thirds to local governments creates an imbalance to the present fiscal relationships of the State and the four counties in Hawaii. The reason for this inequity is because the Act does not equate resources with responsibilities at each government level. In the State of Hawaii, 80% of all government services are carried by the State government, as compared to the average of 37% borne by other state governments in the United States. Because of our uniqueness, the Revenue Sharing Act makes no special provisions for our state. This resolution asks Congress to correct this imbalance.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 115 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 358 Ways and Means on S.B. Nos. 2, 3, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641 and 642

Your Committee has considered the above-listed bills and recommends that they pass First Reading by title and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 359 Legislative Management

Informing the Senate that S.C.R. No. 121, S.R. Nos. 311 to 315 and Stand. Com. Rep. Nos. 360 and 361 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 360 Ecology, Environment and Recreation on S.C.R. No. 100

The purpose of this concurrent resolution is to urge the Governor of Hawaii to establish a commission with sufficient funding to develop plans and to construct a fitting memorial to mark the birth site of King Kamehameha by June 11, 1978 and maintenance thereafter.

Your Committee heard supporting testimony from the State Association of Hawaiian Civic Clubs; Richard Lyman, a Trustee of Kamehameha Schools/Bernice Pauahi Bishop Estate; and Russell Apple, Pacific Historian of the National Park Service, U.S. Department of the Interior, Hawaii Group.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 100, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 361 Ecology, Environment and Recreation on S.R. No. 279

The purpose of this resolution is to urge the Governor of Hawaii to establish a commission with sufficient funding to develop plans and to construct a fitting memorial to mark the birth site of King Kamehameha by June 11, 1978 and maintenance thereafter.

Your Committee heard supporting testimony from the State Association of Hawaiian Civic Clubs; Richard Lyman, a Trustee of Kamehameha Schools/Bernice Pauahi Bishop Estate; and Russell Apple, Pacific Historian of the National Park Service, U.S. Department of the Interior, Hawaii Group.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 279, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 362 Legislative Management

Informing the Senate that S.R. Nos. 316 and 317 and Stand. Com. Rep. Nos. 363 and 364 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 363 (Joint) Intergovernmental Relations and Economic Development on
S.B. No. 1226

S.B. No. 1226, referred to your Committees, was in short form.

The purpose of this bill is to reduce the red tape and time delays in processing general plan amendment, change in zoning and special management area permit applications on the county level by requiring each county to designate an existing county agency as a central coordinating agency to advise applicants in respect to, accept, route and process such applications. The bill further requires each county to adopt ordinances providing for the simultaneous processing, public hearing and decision making on the above-mentioned applications involving the same project and requires said processing and any such hearings and decision making to take place within prescribed time limits.

In addition, the bill amends Section 205-5 to provide that if a project within any county special management area which is also within a land use conservation district receives a special management permit from the county authority then the county council of said county may grant the project a variance from any zoning regulations imposed by the Department of Land and Natural Resources.

Finally, the bill requires each county to adopt ordinances to permit nonsignificant zoning changes which do not result in an increase in any zoning designation effecting more than 10% or one acre of any parcel to be done administratively.

Your Committees on Intergovernmental Relations and Economic Development are in accord with the intent and purpose of S.B. No. 1226, as amended herein and recommend that it pass First Reading in the form attached hereto as S.B. No. 1226, S.D. 1, and be recommitted to your Committees on Intergovernmental Relations and Economic Development for further consideration.

Signed by all members of the Committees except Senators Hulten and Saiki.

SCRep. 364 Energy/Natural Resources on S.B. No. 185

S.B. No. 185 referred to your Committee was in short form.

The purpose of this bill is to incorporate energy conservation features into building design and construction standards by January 1, 1978. It also provides for the development and implementation of energy efficient standards and policies in State and County procurement practices by January 1, 1978.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 185, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 185, S.D. 1, and be referred to the Committee on Energy/Natural Resources for further consideration.

Signed by all members of the Committee except Senators Hulten and George.

SCRep. 365 Legislative Management

Informing the Senate that S.C.R. Nos. 122 and 123, S.R. Nos. 318 to 320, Stand. Com. Rep. Nos. 366 to 387 and Gov. Msg. No. 210 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 366 Human Resources on S.R. No. 203

The purpose of this resolution is to promote federal coordination in the planning and development of employment, training, and related services programs in order to facilitate and improve the administration and coordination of federal programs at the State and local levels.

Your Committee finds that there is a lack of coordination between the federal government and state and local government in related services programs. As a result overlapping efforts occur by agencies providing services to clients; the time span involved between federal initiation and local implementation of programs; barriers caused by varying definition of a common base of clients qualifying for an interchange of program services.

Your Committee believes that the adoption of this resolution will make headway to reduce duplication, create opportunities to facilitate sharing of information to increase resources to better meet the needs of the people, and enable an increase in the use of block funding

will allow flexibility in meeting local conditions as they arise.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 203 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 367 Human Resources on S.B. No. 574

The purpose of this bill is to provide that any public officer or public employee who serves as a juror or witness and receives a fee or mileage allowance for such service shall not suffer the loss of such monies or have such monies off-set against his salary account.

Your Committee finds that public officers and employees who are currently covered by collective bargaining contracts are eligible to retain fees paid to them for serving as jurors or witnesses by virtue of such provisions in current collective bargaining agreements. This bill extends the same benefit to those employees who are excluded from collective bargaining.

Your Committee further finds that the Administration, through testimony submitted by the State Director of Personnel Services, and the Hawaii Government Employees' Association support this bill.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 574 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 368 Human Resources on S.B. No. 377

The purpose of this bill is to permit the deduction of an injured government workers' regular retirement system contribution from the employees workers' compensation benefit checks.

Your Committee finds that Act 124, Session Laws of Hawaii 1967, provides that when an employee is absent because of injuries and receiving workers' compensation benefits that employee was entitled to earn vacation, sick leave, and retirement credits "as though he was not absent but performing duties of his regular job." Contributions to the Retirement System were deducted from the member's benefit checks until it was learned that this process was contrary to law. As a result, an inconvenience and hardship occurred when the member was required, at a later date, to make up the deficiency in his contributions.

Your Committee further finds that deductions from a member's workers' compensation benefit would be in the amount equivalent to what would have been deducted from his regular salary. By mandating this deduction, it will impose a hardship to those who do not elect to supplement their workers' compensation benefit checks with one-third sick leave pay as permitted under Act 88, Session Laws of Hawaii 1967.

Your Committee recognizes the problem and amended the bill to grant the employee the option to approve such deductions by changing the word "shall" to "may elect to."

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 377 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 369 Economic Development on S.B. Nos. 1115 and 1187

Your Committee has considered the above-listed bills and recommends that they pass First Reading by title and be recommitted to the Committee on Economic Development for further consideration.

Signed by all members of the Committee except Senators Hara, King, Kuroda, Nishimura and Yim.

SCRep. 370 Human Resources on H.B. No. 187

The purpose of this bill is to increase the term of office of each Trustee of the Public

Employees Health Fund, with the exception of the director of finance, from the current normal three-year term to a fixed four-year term.

The nine-member Board of Trustees, as appointed by the Governor, is by law composed of laymen from the community. Testimony which was submitted by the Director of Finance indicates that this layman composition of the Board of Trustees would be enhanced by the one-year extension of each Trustee's term in that the Board's already developed understanding of health fund matters would be assuredly utilized. Furthermore, this measure will align the term of office of the Health Fund's Board of Trustees with the other 125 State boards and commissions which have a common four-year term for their board members.

The Director of Finance and the Board of Trustees of the Hawaii Public Employees Health Fund support this measure.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 187 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 371 Education on S.B. No. 538

The purpose of this bill is to allow the State Foundation on Culture and the Arts to adopt rules pursuant to Chapter 91. The State Foundation is presently in the process of formulating a set of rules and this amendment will make their statutory authority to do so clear. The existence of rules for State Foundation action was one of the strong recommendations of the Legislative Auditor's report and your Committee wishes to support the State Foundation in this process.

Your Committee also considered S.B. No. 1125 which affects the same section of the Hawaii Revised Statutes. The purpose of that bill is to change the statutory requirements for the director's position. As amended the Director of the State Foundation would only be a full-time position and greater emphasis would be placed on the managerial skills for that position. Those amendments have been incorporated into this bill.

The intent of this bill, as amended, is to create the circumstances under which the State Foundation on Culture and the Arts can address the concerns of the Legislative Auditor's report. Without restricting the State Foundation, this bill will allow concentrated effort in those remaining areas which need work.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 538, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 538, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 372 Education on S.B. No. 589

The purpose of this bill is to eliminate the possibilities for overlapping functions between state agencies. Chapter 96, Hawaii Revised Statutes, creates an Ethnic Studies program within the Governor's office. The duties assigned to that program are substantially similar to duties assigned to the Hawaii Foundation on History and the Humanities. As a matter of practice, the program in the Governor's office has not been funded or utilized so that this bill does not effect any ongoing efforts.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 589 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 373 Education on S.B. No. 1049

The purpose of this bill is to require any party, who receives state funds for the purpose of gathering certain historical materials or similar information, to give regular reports of such activity to the Hawaii Foundation on History and the Humanities. In order for the Foundation to accomplish the tasks which are assigned to it, it is necessary that they be aware of the work being done in this field. This provision will make that possible.

Testimony from the Hawaii Foundation on History and the Humanities and from the Ethnic Studies Oral History Project (one of the parties receiving such funds) supported this bill.

The bill has been amended to correct technical errors.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1049, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 374 Intergovernmental Relations on S.B. No. 1369

The purpose of this bill is to repeal Section 46-6, HRS, which directs the counties to adopt ordinances requiring a subdivision to dedicate park space for the use of purchasers or occupants of units in the subdivision.

After much testimony and discussion, your Committee changed the purpose of the bill to encourage the development, improvement, and maintenance of private parks to provide open space and recreational facilities within immediate access of the potential users, and to eliminate governmental expense of improvement and maintenance costs.

The bill amends section 46-6, HRS, subsection (f), by adding a definition of "privately owned parks and playgrounds."

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 1369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1369, S.D. 1, and be referred back to your Committee on Intergovernmental Relations for further consideration.

Signed by all members of the Committee.

SCRep. 375 Energy/Natural Resources on S.R. No. 65

The purpose of this resolution is to increase the use of efficient lighting such as sodium lamps in place of incandescent and mercury vapor lamps, which will conserve on the State's energy supply and lower costs of lighting.

Your Committee has amended this resolution including the title so that the Department of Transportation is also directed to use efficient lighting where appropriate.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 65, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 65, S.D. 1.

Signed by all members of the Committee.

SCRep. 376 Energy/Natural Resources on S.R. No. 61

The purpose of this resolution is to request the Energy Resources Coordinator to:

1. Design a series of state-funded workshops on energy conservation practices for State agencies and other interested persons;
2. Design a mass media educational program on energy conservation for the public at large.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 61, and recommends its adoption.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 377 Energy/Natural Resources on S.B. No. 1209

The purpose of the bill is to place aquaculture on an equal basis with agriculture by re-defining it to be co-equal to agriculture for the purposes of permits, loans, taxation, and other legal requirements.

Testimony received from Mr. Hideto Kono, Director of Planning and Economic Development revealed that aquaculture is now defined in chapter 219, Hawaii Revised Statutes, as the production of aquatic plants and animal life for food and fiber. This definition is similar to the definition of agriculture, but uncertainty may exist concerning permitted uses in state land use districts. In order to alleviate this problem, your Committee has amended section 205-2, Hawaii Revised Statutes, pertaining to the districting and classification

of lands to specifically include aquaculture as one of the activities permitted on land classified as agricultural district.

Your Committee has also amended the title of S.B. No. 1209 to more fully reflect the nature and scope of the concerns in this bill to read:

"A BILL FOR AN ACT RELATING TO AQUACULTURE."

Your Committee on Energy and Natural Resources is in accord with the intent and purpose of S.B. No. 1209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 1209, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 378 Energy/Natural Resources on S.B. No. 51

The purpose of this bill is to effect conservation of fossil fuel and water through the installation of water flow control devices in new structures with faucets and showers.

Flow control devices will reduce electricity and gas consumption used to produce hot water, in addition to limiting the amount of water used. This conservation effort can be realized without affecting the habits or life-styles of the public.

Your Committee wishes to amend this bill by eliminating the requirement that toilets be equipped with flow control devices, as they are not applicable for use in controlling the amount of water used in flushing.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 51, as amended herein, and recommends that it pass Second Reading in the form attached as S.B. No. 51, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Henderson.

SCRep. 379 (Majority) Energy/Natural Resources on S.B. No. 1211

The purpose of this bill is to facilitate aquaculture development in shoreline areas by eliminating delays inland and water approval programs that inhibit the growth potential of aquaculture in Hawaii.

According to the testimony of Mr. Hideto Kono, Director of the Department of Planning and Economic Development, this bill can remove unnecessary "red-tape" associated with aquaculture developments in the coastal zones and help to promote an activity which is consistent with the overall goals of the Coastal Zone Management (CZM) program.

Your Committee adopted the recommendations of Mr. Hideto Kono in section two, amending line 4 to add the words, "and 'structure'" after the word "development: . In addition, section two is further amended by adding the following after line 9 on page 3:

"(6) "Structure" includes, but is not limited to, any building, road pipe, flume, conduit, siphon, aqueduct, telephone line, and electrical power transmission and distribution line. Structure does not include buildings, equipment, or facilities necessary for the sole purpose of propagating and cultivating aquatic plant and animal species."

Your Committee also recommends that the entire Section

four be deleted with the following to be added:

"SECTION 4. The jurisdiction of county, state or federal agencies having authority over aquaculture activities is in no way affected by this Act."

Your Committee on Energy/Natural Resources is in accord with the intent and purposes of S.B. No. 1211, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1211, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nishimura.
Senator King did not concur.

SCRep. 380 Consumer Protection on S.B. No. 853

The purpose of this bill is to ban the sale or promotion of candy-like items that are packaged to resemble cigarettes or other tobacco like products.

The health of the people in this State, especially the young people, is of paramount importance, and there are definite indications that cigarette smoking is detrimental to a person's health. The packaging of candy or chewing gum to look like cigarettes is very impressionable upon young children, and could possibly encourage minors to attempt smoking cigarettes or at least accustom them to the idea of smoking. The packaging of candy-like cigarettes is found to be an encouraging habit in minors contrary to the public interest in health.

Testimonies presented by the American Cancer Society and by concerned individuals emphasized that anything that encourages children to smoke or makes smoking glamorous can help start them on the road to smoking and possible lung cancer. Not only is this a case of truth in advertising, but also an underlying issue of morality in the use of psychologically manipulative forces so prevalent in a materialistic consumer-oriented society.

Your Committee on Consumer Protection is in accord with the intent and purpose of S.B. No. 853 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 381 Economic Development on S.B. No. 139

The purpose of this bill as an administrative measure is to enable the holder of an executive order to dispose of land covered by such executive order for both consistent and inconsistent purposes.

Your Committee finds that at the present time a department, agency or county holding State land by executive order may issue leases, easements, licenses, etc. covering such lands only for purposes which are consistent with the purposes for which the lands were set aside. Such dispositions are subject to the approval of the Board of Land and Natural Resources. Dispositions for purposes inconsistent with the purposes for which the lands were set aside can only be made by the Board of Land and Natural Resources, and then only with the prior written approval of the executive order holder and of the Governor.

This proposed amendment to Section 171-11 would enable the holder of an executive order to dispose of executive order lands for both consistent and inconsistent uses. The requirement for the Board of Land and Natural Resources approval would continue, and your Committee finds that this offers sufficient checks and balances.

Your Committee would like to further amend Section 171-11 by amending S.B. No. 139 to state that priority should be given to those uses which are consistent with the purposes for which the lands were set aside.

Your Committee on Economic Development is in accord with the intent and purposes of S.B. No. 139, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 96, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 382 Transportation on S.B. No. 245

The purpose of this bill is to clarify section 291C-145, Hawaii Revised Statutes, in relation to bicycle safety and the operation of bicycles.

It is the committee's recommendation that the following sentence on line 4, page 2 be deleted:

"In such cases, motorized bicycles may be driven on the roadway."

The purpose of this amendment is to avoid confusion as to the proper place of a motorized bicycle in traffic.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 245, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 383 Transportation on S.B. No. 484

The purpose of this bill is to clarify section 286-83, Hawaii Revised Statutes, with respect to its scope and content.

Your Committee finds the title of this section as it now exists does not indicate the section pertains to use as well as sale. Because the use requirement is incorporated into the body of subsection (a), difficulties in enforcing this requirement have been encountered. Testimony by the Department of Transportation indicates that some courts maintain this section applies only to the sale of motor vehicle equipment while others have upheld the use requirement as was intended. To facilitate conformity in enforcement, the title of the section is amended to indicate use as well as sales of motor vehicle equipment and a new subsection is added requiring that any device not exempted by subsection (a), for use in or upon a motor vehicle, trailer, semi-trailer, or pole trailer be submitted to and approved by the highway safety coordinator.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 484 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 384 Transportation on S.B. No. 563

The purpose of this bill is to bring section 291-35, Hawaii Revised Statutes, into closer conformity with federal statutes concerning gross vehicle weight, axle and wheel loads, and to establish a realistic and enforceable set of weight standards for roads other than interstate highways.

In order to qualify for Federal Highway Aid funds, a State must enforce whatever weight law is in effect. Your Committee finds that enforcement of the current set of weight standards would promote vehicle inefficiency and be contrary to established energy conservation practices. Testimony by the Department of Transportation Services, City and County of Honolulu, states that enforcement of the standards now in effect would limit a truck to about ninety per cent of its capacity, thereby placing an additional burden on Hawaii's already depressed sugar and construction industries.

The proposals of this bill would bring the maximum allowable gross vehicle weight into closer conformity with the standards imposed by the Federal Highway Act of 1975. The Federal Highway Administration has indicated in a letter to the Department of Agriculture that the enactment of this bill would in no way jeopardize Hawaii's Federal Highway funds so long as the provisions set forth were enforced.

Your Committee recommends that section 291-35 be further amended by replacing the formulas currently being used to determine the maximum allowable gross vehicle weight with two new equations reflecting the federal standards and standards to be allowed on highways other than interstate. Section 2 of this bill has been amended to conform to these changes.

Additionally, section 3 has been amended to provide for a per trip or annual permit which may be issued by the director of transportation or county engineer, to allow the operation of vehicles in excess of the limits set forth by section 291-35 when carrying agricultural products from the fields where they are harvested to the place where they are processed.

A new section 4 of the bill, which amends section 291-37, Hawaii Revised Statutes, has been added to provide for penalties in cases of violation. A new section to chapter 291, Hawaii Revised Statutes, has also been added to provide for means of enforcement.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 563, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 563, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 385 Transportation on S.B. No. 758

The purpose of this bill is to amend the driver improvement program provided for in section 286-108.5, Hawaii Revised Statutes, to require agencies supplying drivers on a casual basis to offer a driver improvement program for them, to require that the drivers attend this program and to delete the requirement that the State provide real property for conducting truck driver licensing tests.

Your Committee finds that the current driver improvement program provided for in section 286-108.5(g), Hawaii Revised Statutes, requiring every employer having a regular employee who drives vehicles in excess of 10,000 pounds gross vehicle weight to provide a yearly driver improvement program for him, fails in several respects. First, although the law requires the employer to provide a program for his employees, it does not require the driver to attend. Second, it does not provide a program for the casual employee.

It is your Committee's recommendation that subsection (g) of section 286-108.5, Hawaii Revised Statutes, be amended as proposed in this bill by providing for a fine of not more than \$100 to be imposed on any driver who does not fulfill the appropriate attendance requirement. It is further proposed that modification of the present law to require the supplying organization to provide a program for its drivers available for hire on a casual basis, be enacted. Your Committee feels that a program valuable to regular employees will be equally as valuable to the casual employee as there is no difference in highway exposure between the two.

A third problem with the law as it stands, is that it requires the State to furnish real property, facilities, and equipment for conducting truck driver licensing tests. Since this task involves prohibitive costs, the Department of Budget and Finance recommends that this requirement be dropped. Accordingly, this bill proposes that this requirement be deleted and that county property, facilities and equipment be made available.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 758 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 386 Transportation on S.B. No. 485

The purpose of this bill is to provide for the regulation of reconstructed, rebuilt, or modified vehicles by state law rather than county ordinance.

Presently, counties regulate reconstructed vehicles through county ordinances and regulations based on those ordinances. This has proved less than efficient as it provides for a lack of uniformity from county to county, creating hardships in the movement of reconstructed vehicles and subjecting owners to the problem of violations. A transfer of responsibilities from the counties to the State would alleviate these problems as well as permit a timely overall reassessment and reevaluation of existing rules and regulations.

This bill additionally provides that a vehicle which has been reconstructed shall cause this fact to be shown upon the registration certificate and registration records for that vehicle.

It is recommended by your Committee, that the definition provided in Section 1 of this bill be amended in order to be more specific as to its intended scope and meaning. Accordingly, the following paragraph has been added:

"provided that this definition shall not include the repair and maintenance of vehicles through the use of original replacement parts."

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 485, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 485, S.D. 1.

Signed by all members of the Committee.

SCRep. 387 Transportation on S.B. No. 1411

The purpose of this amended bill is to clarify the intent of chapter 291C, Part XII, Hawaii Revised Statutes, dealing with the spilling of loads on highways.

Your Committee feels that adding the word "covered" to the requirement for moving a vehicle on any highway and deleting subsection (3) line 1 through 7, will clarify the intent of the law with respect to trucking and litter. Testimony by the Construction Industry Legislative Organization, indicates the present law is unclear in its application. Truckers cited under subsection (3) of section 291C were being cited because there was a possibility they carried loads that were susceptible to being blown rather than because they had spilled materials on the road. The bill as written accomplishes the purpose of imposing the necessary control for prevention of spillage while retaining the flexibility of loading necessary to Hawaii's trucking industry.

Your Committee supports the retention of an exemption of the provisions of this bill for the agricultural industry. The application of these provisions to vehicles carrying agricultural produce from the fields would seriously burden Hawaii's agricultural industry, with a potentially disastrous effect on the sugar industry.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1411, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 388 Legislative Management

Informing the Senate that S.C.R. No. 124, S.R. Nos. 321 to 327, Stand. Com. Rep. Nos. 389 to 515 and Gov. Msg. Nos. 212 to 280 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 389 Ecology, Environment and Recreation on S.B. No. 1279

The purpose of this bill is to amend Act 104, Session Laws of Hawaii, 1976, which established a chapter on historic preservation. The bill proposes amendments to section 2, subsection -3, which would place the professional and technical staff of the historic preservation program in civil service; section 2, subsection -5, which would allow the Chairman of the Board of Land and Natural Resources or an officer or an employee of the Department of Land and Natural Resources to be appointed to the position of State Historic Preservation Officer; and section 2, subsection -7, which suggest new language to clarify that section. The bill also proposes to add a new section to Act 104, SLH 1976, which would establish procedures for the review of all nominations of historic property.

Your Committee heard testimony by the Department of Land and Natural Resources that section 2, subsection -3 of Act 104, SLH 1976, was originally drafted to give the program the flexibility it needed to hire special technical and professional expertise that was not likely to be found in civil service. The Department also testified that section 2, subsection -5 should be left unchanged since the current wording contained their recommendation that the individual who administers the preservation program and who has professional training and experience should be appointed the State Historic Preservation Officer. The Department further testified that the proposed amendment to section 2, subsection -7 had deleted the right of the Department to issue permits for research activities.

Your Committee also heard testimony by the Hawaii Historic Places Review Board that the proposed section on nominations of historic property would conflict with the rules and regulations of the Review Board that are pending approval of the Governor. The Hawai'i Museums Association also testified against the bill as introduced.

Your Committee further heard testimony by the Friends of Iolani Palace and the Mokauea Fishermen's Association that section 2, subsection -7, as interpreted by the Attorney General, allowed the department to issue only permits and not leases. They pointed out it was essential that the department be allowed to grant leases.

There was no testimony in support of the bill as introduced. In accordance with the testimony received, your Committee has amended S.B. No. 1279 by deleting the proposed amendments and substituting the following amendments.

1. In section 2, subsection -7, adding the words "and leases", thereby authorizing the department to issue both permits and leases for historic property located on lands owned by the State.
2. In section 2, subsection -7, adding the sentence: "The department shall determine standards and conditions for research activities and may issue permits for research activities relating to such historic property.", to take care of the department's concern that their right to issue permits for research activities on historic property had been inadvertently deleted.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 1279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1279, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 390 Human Resources on S.B. No. 140

The purpose of this Act is to create a method of adjustment of compensation, hours, terms and conditions of employment and other benefits of public officers and employees excluded from collective bargaining, excepting those officers and employees whose compensation presently is established by laws other than Chapters 77, 297, or 304.

Your Committee, after extensive hearing, has found that there is no regular channel for such adjustments for those employees excluded from collective bargaining. Such adjustments shall be made at the discretion of the chief executives of the State or Counties and by the Board of Regents and Board of Education with the approval of the Governor. The Legislature retains the right to approve or disapprove any cost items.

Your Committee has made extensive changes to the bill to bring it into harmony with the languages of the collective bargaining law (Chapter 89) and made one change of substance wherein any adjustment, if made, shall be not less than those granted employees under collective bargaining if the employees' position is equivalent or identical.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 140, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 140, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 391 Human Resources on S.B. No. 595

The purpose of this bill is to change the designations of the "Firemen and Policemen" as presently found in Section 89-6, Hawaii Revised Statutes, to "Firefighters and Police Officers."

Your Committee finds that Chapter 89, Hawaii Revised Statutes, applies to both men and women. The new designations will not alter the status of the appropriate bargaining units. The new designation conforms to non-sex terms.

Your Committee has amended this bill by expanding the scope to delete the term "Firemen and Policemen" from the Hawaii Revised Statutes, in order to be consistent with the intent of this bill.

Your Committee is in accord with the intent and purpose of S.B. No. 595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 595, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 392 Human Resources on S.B. No. 599

The purpose of this bill is to provide that only those public officers and employees who have tenure or permanent status may be granted a leave for the purpose of participating in any employment loan program with any other governments.

Your Committee finds that the current statute is ambiguous as to whether a temporary or an exempt employee can be granted such a leave. Testimony by the Director of the Department of Personnel Services indicates that guaranteed return rights for exempt or temporary employees who participate in these employee loan programs are not consistent with the nature of such exempt or temporary positions. Your Committee finds that problems could arise if an exempt or temporary employee with return rights were to be granted such a leave, and the position were to be abolished or no longer made available during the period of the leave.

Your Committee further finds that the Conference of Civil Service Commissioners and Personnel Directors, through the testimony which was presented by the State Director of Personnel Services, urges the adoption of this bill.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 599 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 393 Human Resources on S.B. No. 1048

The purpose of this bill is to amend Chapter 346, Hawaii Revised Statutes, to restore

provisions which were previously in the Statutes which were to provide for the availability of a choice between physicians and optometrists for those people eligible for eye care assistance and to require that applicants for public assistance to the blind be first examined and certified by an ophthalmologist, optometrist, or a qualified physician before approval by the Department of Social Services and Housing.

Your Committee finds that these provisions were mistakenly repealed in 1976 by Act 150-76. The DSSH was unaware of this and has been faithfully carrying out the requirements of this bill. Freedom of choice and the certification requirement are important provisions to anyone receiving public assistance. It is desirable and necessary that these provisions be restored in the Statutes.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1048 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 394 Human Resources on S.B. No. 1299

The purpose of this bill is to accord civil service status within the meaning of Chapter 76 to all employees of any county legal department of the executive branch except for department head, all attorneys, law clerks, private secretary and other positions exempt under other sections of the law.

This bill also includes provisions for civil service coverage of tenured and non-tenured employees of the aforementioned departments.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1299 and recommends that it pass Second Reading, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 395 Human Resources on S.B. No. 1350

The purpose of this bill is to limit public employment only to those persons who intend to reside in the State and who have been physically present in the State for at least one year immediately prior to beginning employment.

Your Committee finds that in order to maintain consistency in the State's planning for effective resource utilization, some measure of control over unplanned growth in the areas of employment opportunity and new employment must be developed. The State's resource of employment is not limitless, and it should be distributed in a manner whereby the residents of the State are the primary beneficiaries.

Your Committee upon due consideration has amended this bill as follows:

(1) The requirement whereby a resident shall be a person who intends to reside in the State and who shall have been physically present in the State for at least one year immediately prior to beginning employment has been eliminated. Your Committee finds that the term "resident" already embodies these two provisions of intent and physical presence.

(2) In consideration of those students who pursue their education in other states and of those persons who marry non-residents of the State, your Committee has amended the applicability of this bill to accommodate their particular situations under certain conditions.

(3) In order that the University of Hawaii shall not be precluded from the national recruitment of academic personnel, the requirement of residency as defined in this bill shall not apply to those persons recruited by the University of Hawaii under the authority of Section 304-11, Faculty, Hawaii Revised Statutes. It is your Committee's intent that the University of Hawaii shall insure that whenever the recruitment of academic personnel occurs, out-of-state recruitment shall be carried out only after a determination is made that the requirements of the position necessitate national recruitment, or after in-state recruitment efforts fail to produce qualified candidates.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1350, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1350, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 396 Human Resources on S.B. No. 1359

The purpose of this bill is to establish a one-year residence requirement as a condition of eligibility for General Assistance.

Your Committee finds that the State is currently experiencing an increase in welfare costs which in part, is attributed to the high influx of dependent newcomers. A recent study done by the Department of Social Services reveals that in-migrants comprise of about 33% of the State's financial assistance caseload which accounts for approximately \$32.4 million of the costs annually. Twenty-one per cent or 1,582 cases (3,826 individuals) of these in-migrants have less than twelve months of residency in Hawaii. The General Assistance payments for these cases alone exceeds \$2.1 million. The survey also reveals that over half (52%) of the cases in the Food Stamp Only Program are in-migrants, likewise, 21% are new residents with less than a year residency.

Your Committee further finds that a breakdown of the last place of residency of the new recipients on financial assistance reveals that a large number, two-thirds, are from the other states with the remaining third from the Philippines, China, Japan, Korea, Southeast Asia, and Samoa. In many instances, these transients stay only a short time in Hawaii and leave using a last welfare check to purchase transportation back to where they came. In terms of total expenditures for federal and state welfare programs, state expenditures have more than doubled federal funding in the program (State \$3,932,258 and Federal \$1,735,347). Hawaii cannot continue assistance to these transients due to the State's revenue outlook and the current deficit of \$13.2 million projected in the money payments program for FY 1977. It is necessary that there be the enactment of a durational residence requirement in Hawaii's public assistance system for the State's best interest.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1359 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 397 Human Resources on S.B. No. 1409

The purpose of this bill is to exempt from coverage, service performed by an individual for a temporary help service company provided that the temporary assignment is of fourteen weeks duration or less, notwithstanding that the temporary employee may take another temporary assignment at a later date.

Temporary help service companies provide a needed and valuable function in the business community by providing the employer with the necessary immediate labor services which may be required to temporarily replace personnel who may be absent due to illness, death in the family, vacations or temporary job vacancies. Your Committee feels that it remains economically unfeasible for temporary help service companies to commence coverage after the fourth week of employment since such employers are in business with temporary workers who normally work for a few weeks at most.

Your Committee believes that this bill will alleviate the high cost of business operations which has drastically increased over the past few years. With this provision in the law, the Hawaii Prepaid Health Care Law would conform with the Unemployment Insurance and Temporary Disability Insurance Laws in the qualification period.

Your Committee is in accord with the intent and purpose of S.B. No. 1409 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 398 Human Resources on S.B. No. 1466

The purpose of this bill is to amend Section 346-71, Hawaii Revised Statutes, to clarify and establish programmatic guidelines for the General Assistance Program and to provide time-limited assistance to the able bodied employable person.

Your Committee finds that the present General Assistance Statute does not specifically address itself to the provision of assistance to needy children and disabled persons who are unable to qualify for federal assistance programs. Assistance is presently being provided on the basis of individuals being unable to provide sufficient support for themselves. This bill intends to specifically establish a statutory base for assistance to needy children and to the disabled, and is compatible with current regulations of the Department of Social Services and Housing.

Your Committee has amended the bill by deleting the time-limited provision for the single able-bodied employable person to receive benefits, because of the unemployment situation in our community where jobs are not readily available and where there exists a high rate of unemployment.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1466, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1466, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 399 Human Resources on S.B. No. 115

The purpose of this bill is to exempt from civil service status those Department of Education employees who are engaged in the supervision of students during lunch periods and those employees who are involved in the cleaning of classrooms after school hours.

Present statutes require the Department of Education to yearly seek exemptions of the aforementioned positions from the Department of Personnel Services. This bill obviates such procedures.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 115 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 400 Human Resources on S.B. No. 1129

The purpose of this bill is to amend Sections 147-7 and 147-58, Hawaii Revised Statutes, to clarify the status of coffee inspectors as being exempt from Chapters 76 and 77.

Presently, coffee inspectors are retained on an annual exempt renewal basis. Each year the Department of Personnel Services must approve the continuation of such employment on an exempt basis.

Your Committee finds that the work is seasonal, starting in July, peaking in October to March and tapering off in January. Working hours are erratic during the peak months, ranging in hours from 20 to 60 hours per week. Due to the type and conditions of this program in which work is seasonal and therefore not conducive to normal recruitment practices, it is necessary to exempt these coffee inspectors, who are hired to inspect and classify coffee, from Chapters 76 and 77.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1129 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 401 Human Resources on S.B. No. 1302

The purpose of this bill is to amend various sections of Part III, CIVIL SERVICE FOR THE COUNTIES OF HAWAII, MAUI, AND KAUAI, Chapter 76, Hawaii Revised Statutes in order to conform certain terms and provisions to prevailing conditions.

This bill replaces reference to the "chairman" and "board of supervisors" with reference to the "mayor" and "council" because the former terms are no longer operative; compensation for commissioners is eliminated, but provisions for reasonable travel expenses are retained; the provision for the classification and the assignment of the position of personnel director to its appropriate place in the salary schedule by the commission is eliminated; the provision that the deputy director shall be designated from the ranks of the department of civil service is eliminated; the list of civil service exempt positions is updated.

Your Committee finds that the foregoing amendments are necessary to appropriately reflect the separation of the legislative and executive branches of government as brought about by the several county charters, and to clarify statutory language and update obsolete provisions and legal advice of the Attorney General.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1302 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 402 Energy/Natural Resources on S.B. No. 995

The purpose of this bill is to encourage the use of non-fossil fuel for the generation of energy which will help to reduce the dependence upon imported fossil fuels and create additional jobs in the State by encouraging development of non-fossil fuel power production industry.

Testimonies presented indicate the importance of non-fossil fuels to help meet Hawaii's energy needs and should be encouraged. This bill will remove an impediment, as well as provide added incentive, to this effort.

Your Committee finds that those who testified are in general accord with the intent and purposes of S.B. No. 995, S.D. 1, but the consensus of opinions expressed indicates that some minor changes are necessary in order to take full advantage of the solid waste alternate energy source to be provided by the City and County of Honolulu. Further, it is the intent of the Committee that the benefits of this legislation would apply equally to persons or parties who provide energy which is converted either directly or indirectly to electricity (e.g. production of gaseous fuel or steam).

Your Committee on Energy/Natural Resources is in accord with the intent and purposes of S.B. No. 995, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 995, S.D. 2.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 403 Energy/Natural Resources on S.B. No. 185

The purpose of this bill is to incorporate energy conservation features into building design and construction standards by January 1, 1978. It also provides for the development and implementation of energy efficient standards and policies in State and County procurement practices by January 1, 1978.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of S.B. No. 185, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 404 Housing and Hawaiian Homes on S.B. No. 221

The purpose of this bill, as reported to your Committee, is to amend the provisions of chapter 516, Hawaii Revised Statutes, relating to residential leaseholds, so as to provide for individual purchase of the fee title to a residential lot.

Your Committee has amended this bill in order to streamline the administrative procedures of the Hawaii housing authority under chapter 516. Major substantive additions include the following:

(1) Guidelines have been established for deposits to be made for lessees desiring to purchase their lots in fee simple.

(2) The definition of "owner's basis" has been amended to specify how one of the alternative valuation formulas is to be selected in the instance of a particular development tract; furthermore, a court, arbitration panel, or jury determining that neither of the statutory formulas fits a particular set of circumstances, may apply an alternative formula consistent with real estate appraisal techniques. Formula "A" for figuring the owner's basis has also been amended by setting the discount rate as that prevailing in the community.

(3) Development tract designation procedures have been amended by providing that, where all or part of tract was previously designated by the Hawaii housing authority, lessees in the same area can obtain designation based on a petition of 10 lessees or 50 per cent of the lessees of the remaining leasehold lots in the tract, whichever is the lesser.

(4) Restrictions on the disposition of lots have been amended to permit more than one lot to be transferred by the Hawaii housing authority to an entity organized by lessees to facilitate fee simple ownership.

(5) Persons with contracts to purchase leasehold improvements and a long-term residential lease lot under an agreement of sale would be permitted to apply to the Hawaii housing authority for inclusion in a development tract designation.

Your Committee feels that these amendments will facilitate administration of chapter 516, Hawaii Revised Statutes, and consequently assist more lessees in becoming fee simple homeowners.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 221, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 405 Economic Development on S.B. No. 1194

The purpose of this bill is to amend Section 171-50(c), Hawaii Revised Statutes, to clarify the procedures that must be followed by the Department of Land and Natural Resources in the presentation of any land exchanges for legislative review.

Your Committee finds that Section 171-50(c), HRS, provides that any exchange of public land for private land is subject to disapproval by the Legislature in any regular of special session next following the date of exchange. The section requires the Department of Land and Natural Resources to submit for introduction a resolution for review of action on any exchange twenty days prior to the start of such next following session.

There has been some uncertainty as to what the present language of the statute actually requires the Department of Land and Natural Resources to present to the Legislature for their review. In view of the current difficulties which have surfaced regarding the proper procedure that should be followed your committee has requested and received an opinion from the Attorney General's office which recommends that the statute be amended to satisfy the legislative intent in requiring all exchanges to be executed before submission to the legislature.

Your Committee has accepted the proposed recommendations by the Attorney General and has amended S.B. No. 1194 accordingly.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1194, as amended herein and recommends that it pass Second Reading in the form attached hereto as S.B. 1194, S.D. 1, and be placed on the calendar for Third reading.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 406 Economic Development on S.B. No. 1195

The purpose of this bill is to allow the director of planning and economic development more time to hold hearings subject to subsection 225-25(b), Hawaii Revised Statutes.

Your Committee finds that during the formulation of the Hawaii State Plan process a number of activities designed to encourage and insure public participation have been undertaken and many additional activities have been scheduled. This bill would allow the Department more time to fully develop the State Plan package for presentation to the public and will have the major benefit of providing the department with an opportunity to conduct another series of statewide public informational meetings in the summer, in addition to the required public hearings. This, in turn, will allow additional time for review and discussion by the general public on the draft State Plan, and as such, provide for more substantive and informative hearings later.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 1195 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 407 Judiciary on S.B. No. 24

The purpose of this bill is to insure adequate representation from each county on the Motor Vehicle Industry Licensing Board. Said Board is presently comprised of seven members. This bill proposes to have the composition of said Board as follows: four residents from the City and County of Honolulu and one resident each from the Counties of Hawaii, Maui, and Kauai.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 24 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 408 Judiciary on S.B. No. 254

The purpose of this bill is to amend the existing law relating to security guards in the Department of the Attorney General.

This bill proposes to amend the term "security guards" to read "State security officers" and provides that such officers may be compensated for off-duty employment. Your Committee feels that if State security officers were to perform work during their off-duty hours, they should be entitled to compensation for such off-duty employment. Since the right to compensation already exists, your Committee finds that the proposed amendment is unnecessary.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 254, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 254, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 409 (Majority) Judiciary on S.B. No. 320

The purpose of this bill is to provide a limitation of action on any environmental policy or environmental impact statement act.

This bill provides that no court action seeking to challenge procedural compliance with any environmental policy or environmental impact statement act shall be brought more than 45 days after final approval is given of any action or statement required by such act by the responsible government agency or official.

This bill further provides that no court action seeking to challenge substantive compliance with any environmental policy or environmental impact statement act shall be brought more than 90 days after final approval is given of any action or statement required by such act by the responsible government agency or official; provided that the circuit court having jurisdiction over any such court action may for good cause appearing allow the commencement of such action upon the filing with the clerk of the court, cash or bond in the amount of 10 per cent of the construction contract amount.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 320 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator Chong did not concur.

SCRep. 410 Judiciary on S.B. No. 338

The purpose of this bill is to amend the existing law relating to the extradition of juvenile fugitives. This bill provides that any juvenile who violates any criminal law of this State or of another state, and such juvenile thereafter flees from this State or flees from justice and is found in this State, such person may be proceeded against in the manner provided by Chapter 832, Hawaii Revised Statutes.

The Family Court takes the position that the extradition mechanism for juvenile fugitives found within this State is the same as that set forth in Chapter 832 (the Uniform Criminal Extradition Act), Hawaii Revised Statutes. It is considered significant that the word "person" is used throughout said Act to describe the fugitive and the Family Court interprets the language to include persons below the age of eighteen as well as those above. With the disparity existing among the several states in the determination of the age of majority, implementation of the provisions of said Chapter 832 for all fugitives will eliminate unnecessary questions of jurisdiction.

Your Committee feels that clarifying language should be added to Chapter 571 (the Family Court Act), Hawaii Revised Statutes, to indicate the power of the judge who acts under said Chapter 832 to direct the confinement of the fugitive without additional hearings by Family Court judges. Accordingly, your Committee recommends that this bill be amended by amending Section 571-32, Hawaii Revised Statutes, as amended, by adding a new subsection to read as follows:

"(h) Any other provision of law to the contrary notwithstanding, any person otherwise subject to proceedings under chapter 832 who is under the age of eighteen may be confined in a detention facility, jail or correctional facility by order of a judge for the purposes

set forth in sections 832-12, 832-15 or 832-17."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 338, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 411 Judiciary on S.B. No. 517

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes to regulate the sale of franchises in this State. This bill provides regulation on advertising, keeping of records and furnishing copies of an Offering Circular to prospective franchisees. It contains prohibitions on making untrue statements and engaging in activities that would be fraudulent. In addition, the bill specifies specific rights and prohibitions which shall govern the relationship between franchisors and franchisees. The bill also provides for civil liabilities and penalties for violation.

Instead of adding a new chapter to the Hawaii Revised Statutes, your Committee recommends that this bill be amended by amending Chapter 482-E, Hawaii Revised Statutes, to conform the Hawaii Franchise Investment Law more closely to the laws of other states. Your Committee proposed the following amendments to the existing Hawaii Franchise Law for the following reasons:

1. Definitions (Section 482E-2, Hawaii Revised Statutes)

Definition of "Franchise". This definition is drawn from the Michigan Franchise Investment Law enacted during 1974. This form of definition, which requires only the use of a marketing plan prescribed in the substantial part by the franchisor together with the payment of the franchise fee or, in the alternative, the use of the franchisor's trademark together with the payment of a franchise fee, will broaden the range of distributorships included within the scope of the franchise law. The traditional definition in state franchise laws has required both the marketing plan and trademark association criteria and the payment of a franchise fee. Most of the state laws exempt franchisees even if there is a franchise fee; provided that the fee does exceed the sum of \$100.

Definition of "Pyramid or Chain Promotion". "Pyramid or chain promotion" is any plan, scheme, or device for the continued expansion by a pyramid or chain process of distributorships or dealerships in which a participant gives a valuable consideration for the opportunity to receive compensation or things of value:

(1) in return for inducing other persons to become participants in the program, each of whom receives the same or similar right, privilege, license, chance or opportunity; or

(2) when a person introduced by the participant introduces one or more additional persons into participation in the program, each of whom receives the same of similar right, privilege, license, chance, or opportunity.

A participant in a pyramid or chain promotion pays a valuable consideration either for the right to realize income for inducing other persons to become participants or when other participants induce others to become participants. This definition is based on the definition of pyramid sales plans and chain distribution marketing plans contained in a number of state laws. It is included in conjunction with the authority granted by the proposed amendments to the Director of Regulatory Agencies to deny or revoke the registration of any franchise which constitutes a pyramid or chain promotion.

2. Registration of the Offer to Sell Franchises (Section 482E-3, Hawaii Revised Statutes)

The amendments proposed to said Section 482E-3(b) are to reflect the practice which has developed under state franchise laws relating to the submission of a short form application accompanied by an offering prospectus which contains the information to be disclosed to prospective franchisees. The states with franchise disclosure laws have found that the original pattern developed under the California Franchise Investment Law (an application requiring substantially the same disclosure as is contained in the offering prospectus) imposed an unnecessary compliance burden upon franchisors and unnecessarily burdensome review procedure upon the states.

The proposed amendment to Section 482E-3(b)(5) clarifies the period for which the disclosure required by said Section must be made.

The proposed amendment to Section 482E-3(b)(5)(C) clarifies that disclosure of Federal Trade Commission and other public agency orders are limited to those relating to the business

which is the subject of the franchise.

The proposed amendment to Section 482E-3(b)(8) is simply for clarification purposes.

The proposed amendment to Section 482E-3(b)(18) reflects a similar amendment made to the corresponding section of the Washington Franchise Investment Protection Act, the original version of which contained an identical provision of said Section (the Hawaii Franchise Investment Law is virtually copied from the original version of the Washington law and did not reflect any amendments made thereto prior to the effective date of the Washington law).

The proposed addition to Section 482E-3(b)(25) is to provide statutory authority for the Director of Regulatory Agencies to accept registrations prepared in accordance with the Uniform Franchise Offering Circular Rules and forms.

The proposed amendment to Section 482E-3(c) is to provide standards for requiring the escrow or impoundment of franchise fees and other funds paid by the franchisee, to clarify that the escrow or impoundment order can apply to other funds as well as franchise fees, to provide to the franchisor the option of posting a satisfactory surety bond and to clarify that the escrow or impoundment of such funds may be continued by the Director of Regulatory Agencies until the obligations of the franchisor are fulfilled.

The proposed amendments to Section 482L-3(f) are for purposes of clarification.

3. Exemptions (Section 482E-4, Hawaii Revised Statutes)

The proposed amendments to Section 482E-4 would: (1) modify the existing exemption by eliminating the requirement that the franchisee invest \$100,000 or more, converting that situation into a separate independent exemption (Section 482E-4(a)(4)(B) and (C)); and (2) add two exemptions which were added to the Washington law, in the amendment made thereto prior to its effective date, (a) for franchisors that have and are offering fewer than ten franchises in Hawaii and do not advertise their franchises (new Section 482E-4(a)(4)(D)); and (b) for franchisors who do not require payment of a franchise fee in excess of \$1,500 per year and who do not advertise their franchises (new Section 482E-4(a)(4)(E)). With respect to each of the above exemptions full disclosure is required to be made to the prospective franchisee prior to his purchase of a franchise and the presale disclosure period has been increased from 48 hours to 7 days, which is the period of presale disclosure prescribed in the more recently enacted state franchise laws.

The proposed amendment to Section 482E-4(a)(4)(D) (new Section 482E-4(a)(4)(F)) would modify the presale disclosure required to be made by franchisors exempt from registration in the same manner as the disclosure required by franchisors who must register.

The proposed amendments to Section 482E-4 would also add exemptions for the extension or renewal of an existing franchise (new Section 482E-4(a)(7)), the offer or sale of a franchise by a franchisee for his own account (new Section 482E-4(a)(9)), the offer or sale of an additional franchise to an existing franchisee (new Section 482E-4(a)(8)) and the offer and sale of franchises by a franchisor domiciled in Hawaii where the prospective franchisee is not domiciled in Hawaii and the franchise business will not be conducted in that state (new Section 482E-4(a)(6)). Finally, the proposed amendments would give the Director of Regulatory Agencies the discretion to exempt franchise offerings in whole or part from the registration requirements of the Act (new Section 482E-4(c)).

4. General Provisions (Section 482E-5, Hawaii Revised Statutes)

The proposed amendment to Section 482E-5(c) is for purposes of clarification.

The proposed amendments to Section 482E-5(d) is for purposes of clarification and to extend the presale disclosure period from 48 hours to 7 days.

The proposed amendment to Section 482E-5(f) is to clarify that every franchisor offering or selling a franchise under an exemption from registration must file a consent to service of process.

5. Relationship Between Franchisor and Franchisee (Section 482E-6, Hawaii Revised Statutes)

The proposed amendments delete existing Section 482E-6 in its entirety and substitute a new Section 482E-6 which is drawn largely from corresponding provisions of the Michigan Franchise Investment Law. Adopting the approach taken by both Minnesota, which enacted a franchise law in 1973, and Michigan, certain provisions of a franchise relationship would,

under the proposed amendment, be deemed to be unfair practices and as such would constitute additional grounds for the Director of Regulatory Agencies to deny or revoke the registration of the offer of a franchise. The practices which would, under the proposed amendment, constitute grounds for denial or revocation of registration include restrictions on the right of franchisees to join an association of franchisees or requirements that they do so, certain restrictive purchasing or leasing obligations imposed on franchisees, certain competition between the franchisor and its franchisees, any requirements that the franchisee agree to release or waive his rights under Chapter 482, certain rights of the franchisor to terminate or refuse to renew a franchise, certain discrimination between franchisees and the fact that the franchise constitutes a pyramid or chain promotion.

Eliminated by the proposed amendment are the numerous ambiguities contained in Section 482E-6 as originally enacted and the private civil action afforded to franchisees thereunder. The ambiguous and ill conceived provisions of Section 482E-6 are the most objectionable provisions of the Hawaii law from the standpoint of franchisors, who fear that this Section will invite extensive litigation and introduce into the franchise relationship in Hawaii many years of uncertainty as to the legal rights of franchisors and their franchisees. Franchisors believe that unfair practices in the franchise relationship should be identified and defined in the statutes and should be made grounds for denial or revocation of registration of the franchise rather than the grounds for civil liability. Under the statutory scheme favored by franchisors, unfair practices can be eliminated at the time of registration for the benefit of all future franchisees and not await the outcome of uncertain litigation.

It should be noted that the existing Section 482E-6 is substantially identical to the corresponding section of the Washington law as originally enacted. As noted herein, that law was substantially amended prior to its effective date and the major part of those amendments was to the section on unfair practices. The proposed amendment to Section 482E-6 is similar to those made to the Washington law.

6. Registration of Franchise Broker or Selling Agent
(Section 482E-7, Hawaii Revised Statutes)

The proposed amendments delete the existing Section 482E-7 in its entirety and substitute a new Section 482E-7 requiring franchisors subject to registration to identify all persons who will act as franchise brokers or selling agents either in their Offering Circular or in a separate form to be filed with the Director of Regulatory Agencies and containing extensive information. Franchisors favor this form of identification of brokers and salesmen over a registration procedure for several reasons. In the case of a great many franchisors, there are no salesmen other than persons who act in an executive capacity for the franchisor and who will be identified as such in the franchisor's Offering Circular. A registration procedure as to such persons is unnecessarily burdensome. Secondly, franchisors believe that registering salesmen potentially arms them with an authority which may be misused by unscrupulous salesmen in selling franchises to unsophisticated buyers. Franchisors believe that the identification system contemplated in the proposed amendment will give the Director of Regulatory Agencies the same information as is secured under a registration system and will enable him to enforce Chapter 482E, Hawaii Revised Statutes, with respect to brokers and selling agents to the same extent as with a registration system.

7. Duties of the Director (Section 482E-8, Hawaii Revised Statutes)

The proposed amendment to Section 482E-8(a)(6) is to clarify that the right to deny, suspend or revoke registration must be based on both the franchisor's failure to demonstrate adequate financial arrangements and capitalization and its inability or unwillingness to comply with an excrow or impound order.

The addition of Section 482E-8(a)(8) is in accordance with the proposed substitution of new Section 482E-6. It gives the Director or Regulatory Agencies more discretionary powers to issue stop orders denying effectiveness to or suspending or revoking the effectiveness of any registration if he finds the order is in the public interest.

8. Civil Liability (Section 482E-9, Hawaii Revised Statutes)

The proposed amendment to Section 482E-9(a) is to eliminate from the scope of the civil remedies under said Chapter 482E the commission of unfair practices as defined in Section 482E-6 which, as explained herein, would become solely an administrative section.

The proposed amendment to Section 482E-9(c) eliminates the discretion of a court to increase damages up to three times actual damages sustained. Franchisors are strongly opposed to provisions for multiple damages in state franchise laws on the grounds that many of the potential violations of such laws are technical in nature and may be inadvertent. The closest analogy to state franchise laws are federal and state securities laws, which

do not provide for multiple damages. The only state law which presently provides for multiple damages is the Washington Act and the provision providing for multiple damages therein has been a factor influencing a number of franchisors to suspend offers of franchises in that state, even after the substantial amendments to its law as originally enacted.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 517, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 517, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 412 Judiciary on S.B. No. 560

The purpose of this bill is to provide for the best interests of the people of the State by ensuring that television audiences are advised that criminal acts viewed on television are, in fact, criminal.

Your Committee finds that the safety and well-being of the residents of the State of Hawaii are matters of compelling state interest. The perpetration of crime creates an unsafe environment for the people, and all measures must be taken which will ensure the minimization of the occurrence of crime. Reports of the effect of televised material on people, and lately, the claim that the criminals are gaining new ideas for use in perpetrating crimes indicate the need to remind the public of the unlawful nature of criminal acts.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 560 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 413 Judiciary on S.B. No. 677

The purpose of this bill is to amend the existing law by increasing the maximum amount of life insurance permitted to be offered on the life of a credit union member from \$2,000 to \$4,000, and by including credit unions chartered by the State, as well as those operating under the provisions of the Federal Credit Union Act.

The maximum amount of coverage on the lives of credit union members has not been increased since Section 431-581, Hawaii Revised Statutes, was enacted in 1957. It is the usual practice for the credit union to pay all of the premium, with the amount of coverage on an individual member's life based on the amount of his account. Therefore, this measure may provide an incentive for members to increase their deposits, thereby increasing the amount of coverage on their lives at no cost to them.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 677 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 414 Judiciary on S.B. No. 867

The purpose of this bill is to improve and modernize selected provisions of the Hawaii corporate law.

Two sections of this bill relate to the indemnification of directors, officers, employees and agents who act in good faith in the interest of a Hawaii corporation. The existing Hawaii law only specifically permits indemnification of directors and officers and does not address the indemnification of other employees or agents of the corporations or the indemnification of fiduciaries under the recently implemented Federal Employee Retirement Income Security Act of 1974 ("ERISA").

This bill deletes the existing indemnification provision and adds new Section 416-35, Hawaii Revised Statutes, which is derived from provisions of the Model Business Corporation Act, the Delaware General Corporation Law and the California General Business Law. The indemnification provisions specifically embrace employees and agents in addition to officers and directors.

The indemnification of fiduciaries is treated separately by addition to and renumbering of existing Section 416-26 (17), Hawaii Revised Statutes.

Section 416-82, Hawaii Revised Statutes, permits, unless otherwise provided in the

corporate articles or bylaws, members of the board of directors or a committee of the board of directors to take action without a meeting if all of the directors or committee members sign a written consent stating the action to be taken. This provision is substantially identical to Section 44 of the Model Business Corporation Act and the laws of all except four states.

Section 416-18, Hawaii Revised Statutes has been amended by providing that each Hawaii corporation must have at least two persons as officers. Present law can be read as permitting one person to hold all corporate offices, a reading which conflicts with various Hawaii regulatory and reporting requirements calling for the signatures of two corporate officers. The proposed provision resolves the conflict in favor of a minimum two-officer requirement for Hawaii corporations.

Section 416-72, Hawaii Revised Statutes, relating to stockholders' meetings has been amended by providing that (1) unless dispensed with by unanimous stockholder consent, a stockholders' meeting must be held at least once each year after the year of incorporation; (2) stockholders' meetings may be held within or without the State as stated in or fixed in accordance with the bylaws; and (3) if no place is stated or fixed for a stockholders' meeting, the meeting is to be held at the principal place of business of the corporation. Based on testimony, Hawaii appears to be the only State in the country which does not permit stockholders to hold meetings outside the State.

Section 416-79, Hawaii Revised Statutes, has been amended by substituting a new first paragraph which provides that the directors will adopt the initial bylaws of the corporations and permits the directors to amend, repeal and add bylaws. Since the bylaws regulate the internal affairs of the corporation, your Committee concludes that it is appropriate that the directors, who have general powers to manage the affairs of the corporation, should also have the power to amend the bylaws. However, if this power is reserved to stockholders by the articles of incorporation, then the directors may not amend, repeal or add bylaws. This practice is the law in all other states except Hawaii.

Based on testimony, your Committee recommends that this bill be amended by amending the first sentence of Section 416-79, Hawaii Revised Statutes, to provide that the initial bylaws of a corporation can be adopted by the incorporators as well as the board of directors.

Your Committee further recommends that this bill be amended for technical reasons without affecting any of the substantive provisions therein.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 867, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 867, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRRep. 415 Judiciary on S.B. No. 1344

The purpose of this bill is to grant to the investigators in the Department of the Attorney General the same privileges and benefits enjoyed by police officers and the investigators appointed by county prosecutors.

The investigators of the Attorney General's office have the powers and authority of police officers and perform functions comparable to those performed by investigators of the county prosecutors' offices. Your Committee, therefore, feels that the investigators of the Attorney General's office should be given the same privileges and benefits accorded the county investigators.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1344 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRRep. 416 Judiciary on S.B. No. 1356

The purpose of this bill is to clarify the existing law and give the necessary statutory authority to welfare fraud investigators to use all the means at their disposal to effectively investigate abuses of the welfare system.

Act 83, Session Laws of Hawaii 1976, confers official status and authority on the investigators of the Department of Social Services and Housing to enable them to secure access to governmental records during the course of their investigation in connection with administration of public assistance. The law is presently unclear as to access to governmental

records when investigating non-child-support-related welfare fraud. Your Committee feels that it is a sound policy in the administration of a welfare program to actively investigate and prosecute fraud.

Access to governmental records, such as tax records of welfare recipients indicating non-reported employment or other sources of earnings, unemployment compensation, police records indicating identity, etc. are critical to the successful investigation and substantial elimination of welfare fraud. However, information acquired by the department as a result of such investigation should remain confidential as provided by Section 346-10, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1356 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 417 Judiciary on S.B. No. 1443

The purpose of this bill is to amend Act 167, Section 1, Session Laws of Hawaii 1976, by specifically providing that general obligation bond of the State or its political subdivisions rather than any government bond may be used as a substitute retainage in public contracts.

Your Committee finds that the term "any government bond" is too broad and may be interpreted to include any bond of any government, foreign or domestic, with no consideration given to the liquidity of the bond.

Your Committee further finds that the bill may well enhance the value and demand of the State and county general obligation bonds.

Your Committee recommends that this bill be amended to include treasury bond of the United States of America as another substitute retainage.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1443, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1443, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 418 Judiciary on S.B. No. 1446

The purpose of this bill is to permit members and subscribers of the Hawaii Insurance Rating Bureau as an advisory organization to furnish to the Motor Vehicle Insurance Commissioner basic standards, manuals of classification, endorsements and other materials not dealing with rates, for reference filings.

Prior to the advent of the no fault law, the Hawaii Insurance Rating Bureau furnished these services to its members and subscribers. It was recognized that one organization could perform such functions collectively at less cost to the individual insurance company. Under existing law each company which is licensed to write motor vehicle insurance in Hawaii must file a copy of the basic insurance policy, endorsements, manuals of classification not prohibited by the no fault law and other materials, including individual rates for such coverage, with the Motor Vehicle Insurance Commissioner's Office.

Section 294-13, Hawaii Revised Statutes, was amended in 1976 to permit the Hawaii Insurance Rating Bureau to act as an advisory organization to act for its members and subscribers for motor vehicle insurance. This bill clarifies the intent of said Section 294-13 to allow the advisory organization to make the filings enumerated above.

This bill does not abrogate the statutory responsibility of the Motor Vehicle Insurance Commissioner with respect to his regulation of the motor vehicle insurance industry in Hawaii. This bill will, in fact, provide a cost savings to the automobile insurance industry and the State.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1446 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 419 Health on S.B. No. 116

The purpose of this bill is to make certain minor amendments to the State Safe Drinking

Water Act, Act 84, Session Laws of 1976, to aid the Department of Health to develop a program for public water systems which is approvable by the U.S. Environmental Protection Agency under the Federal Safe Drinking Water Act (P.L. 93-523).

Most of the changes in Act 84 are changes in wording only. The water systems exempted from Act 84 will be narrowed, the December 1977 deadline for prohibiting unauthorized underground injections will be deleted, and the Director of Health is mandated, and not merely authorized, by the public water system to comply with standards. While the above three changes are substantive, they are relatively minor in nature.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 116 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 420 Health on S.B. No. 462

The purpose of this bill is to amend Section 326-26, Hawaii Revised Statutes, by adding a new section declaring that it is "the policy of the State that the patient residents of Kalaupapa shall be guaranteed a level of health care and other services to which they are accustomed for the remainder of their lives. Furthermore, it is the policy of the State that any patient resident of Kalaupapa desiring to remain at the Settlement shall be permitted to do so for as long as he may choose, regardless of whether or not he has been successfully treated."

Your Committee finds that for many patients at Kalaupapa, the Molokai peninsula has become their true home. Your Committee is in sympathy with the wishes of these people to remain residents of Kalaupapa for as long as they so desire.

Your Committee further finds that an amendment, suggested by the Department of Health in their testimony in support of this measure, may clarify the intent and implementation of this bill. In place of the words "guaranteed a level of" use "accorded adequate" on line 20, page 2, and delete the words "to which they are accustomed" on line 21, page 2. The amended sentence reads as follows: "It is the policy of the State that the patient residents of Kalaupapa shall be accorded adequate health care and other services for the remainder of their lives."

Your Committee on Health is in accord with the intent and purpose of S.B. No. 462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 462, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 421 Public Utilities on S.B. No. 836

The purpose of this bill is to require all financial reports required to be filed with the State Public Utilities Commission to include a certification that the reports conform to the applicable uniform system of accounts adopted by the Commission.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 836 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Takitani and Anderson.

SCRep. 422 Public Utilities on S.B. No. 1222

The purpose of this bill is to enable public utilities to recover all losses for damages or destruction to public utility property caused by negligent persons. Typically, damage results from vehicles colliding with poles, although damage occurs in other instances such as when contractors or other persons damage underground utility lines during excavation work.

Currently, in most cases, the negligent party has liability insurance and most insurance companies already pay the full cost of repairs. Your Committee understands from the testimony received that a few insurance companies have refused to pay the full repair costs. These companies argue over depreciation credits and also refuse to reimburse the public utility for certain overheads costs, such as engineering, administration and transportation charges.

In Hawaii, the public utility companies' accounting systems are controlled by the Public Utilities Commission. In the case of electric utility companies, they are required to follow

the Uniform System of Accounts for Class A and B electric utilities as promulgated by the National Association of Regulatory Utility Commissioners. That system states that indirect or overhead charges "... shall be charged to particular jobs or units on the basis of amounts of such overhead charges applicable thereto, to the end that such job or unit shall bear its accountable proportion of such costs..." If the costs are not recovered from the negligent party who damages the property, the costs must be covered as part of the utility's general operation and maintenance expenses and recovered from the ratepayers. Your Committee feels that it is only proper that the person causing the damage should pay the costs rather than the ratepayers.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 1222 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators R. Wong and Anderson.

SCRep. 423 Human Resources on S.B. No. 591

The purposes of this bill are to add those employees who are engaged in special and demonstration projects which are approved by the governor and for which federal funds are available to the list of positions which are classified as exempt from civil service under Section 76-16; to remove the one-year limitation for exemption for employees who are engaged in special, research or demonstration projects as heretofore described.

Your Committee finds that many federally-funded projects are being funded for one year with options to renew on a year to year basis for periods of up to five years in some instances. When a project does continue beyond the initial year, the Department of Personnel Services is then required to place the otherwise exempt employees of these projects into the civil service system. During the last year, the reduction of federal funds allotted to special, research and demonstration projects which were extended beyond the initial year has entailed civil service job placement action for those employees who were displaced by such reduction of federal funding.

Your Committee further finds that the Department of Personnel Services and the Conference of Civil Service Commissioners and Personnel Directors supports this bill.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 591, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 424 Intergovernmental Relations on S.B. No. 1369

The purpose of the bill is to encourage the development, improvement, and maintenance of private parks to provide open space and recreational facilities within immediate access of the potential users, and to eliminate governmental expense of improvement and maintenance costs.

The bill amends section 46-6, HRS, subsection (f), by adding a definition of "privately owned parks and playgrounds."

Your Committee received testimony in support of the intent of the bill from the Department of Planning and Economic Development, the Construction Industry Legislative Organization, the Hawaii Association of Realtors, the Home Builders Association of Hawaii, and Mr. Dennis Krum.

Your Committee has amended the bill by deleting reference to "facilities" to be provided in the parks and playgrounds, as recommended by the Department of Planning and Economic Development. Your Committee has also added language to require that the ordinances state that a bond or letter of credit be sufficient in lieu of cash, and that the bond, letter of credit, or cash be returned or refunded if the subdivision is not approved, or the building permit is not granted.

The bill has also been amended to provide that all moneys collected be used for capital expenditures and not to provide operating revenues. Additionally the bill provides that the law be administered in accordance with the intent to create parks and playgrounds in connection with new construction.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of S.B. No. 1369, S.D. 1, as amended herein, and recommends that it pass Third Reading

in the form attached hereto as S.B. No. 1369, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 425 Ways and Means on S.B. No. 108

The purpose of this bill is to provide for separate determination of employer contribution requirements for two groups: (1) Policemen, firemen and corrections officers; and (2) All other employees.

The Bill also proposed that beginning July 1, 1978, the contribution requirement for the post retirement fund for each of the two groups shall be actuarially determined in the same manner as for the pension accumulation fund and that the employer costs for the fiscal year beginning July 1, 1978 shall be sufficient to meet the normal cost as well as to liquidate the unfunded accrued liability of this fund as of July 1, 1976 over the period of 38 years beginning July 1, 1976.

Your Committee finds that not only do policemen and firemen enjoy a more liberal retirement benefit of 2-1/2% (vs. 2%) of average final compensation for each year of service but as a result of legislation passed in 1975, this group is also permitted to retire with 25 years of service regardless of age without any reduction in benefit. The effect of this new benefit is that the average age of retirement, which the Actuary assumes for policemen and firemen, has been lowered to 55 from 59-1/2, resulting in the percentage increase in employer retirement costs for this group being greater than for general employees and teachers. Under present statutes, the employer retirement costs are prorated between the State and the various counties in the same proportion as the total annual payrolls of State and county members. Except for corrections officers (who are not presently enjoying the same retirement benefits as for policemen and firemen and will not be entitled to these benefits until all county jails are transferred to the State by executive order of the Governor), all policemen and firemen receiving the preferential retirement benefits are employees of the various counties. Hence the State is bearing a disproportionate share of the employer costs (approximately 75%). An actuarial valuation of the post retirement fund as of June 30, 1976 shows that it is underfunded. Under present law, the employer's contribution appropriation requirement is fixed at 2.50% of gross payrolls (vs. 1.8% for employees) rather than actuarially determined. According to the Actuary's valuation, there is an unfunded accrued liability of \$271.8 million as of June 30, 1976. Under the proposed bill, this liability will be amortized over a 38-year period. Thus, to meet the actuarial cost of post retirement benefits for 1978-1979, a total State and county employer contribution of \$15.1 million is required as compared to \$13.8 million under present law, 2.74% of gross salaries as compared to the statutory 2.5%.

The separate determination of employer contribution for policemen, firemen and corrections officers will permit the distribution of employer cost more equitably between the State and each county. Such distribution would result in an increase of the counties' contribution requirements to the Pension Accumulation Fund for fiscal year 1978-1979 by approximately \$1.0 million and a reduction of the State's requirements by the same amount.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 108, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 426 Ways and Means on S.B. No. 110

The purpose of the bill is to amend Chapter 88-85, HRS, and allow payment to the member's designated beneficiary if death occurs while the member was in the actual performance of duty provided that death was not caused by willful negligence on the part of the member.

The memorandum offered by Major James Naylor, Personnel Office, Honolulu Police Department, indicated that the employee or his beneficiary should not be penalized unless his injury or death was by his own willful negligence or with intent to hurt himself.

Your Committee adopted the recommendation of the Honolulu Police Department by inserting the words police officer where applicable on page 3 of the bill, an omission which appears to be an oversight.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 110, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 110, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 427 Ways and Means on S.B. No. 111

The purpose of this bill is to waive the 30-day waiting period for the effectuation of payment of benefits, under certain conditions, in the event of the death of a member due to terminal illness.

Under present law, a member who is eligible for retirement must file an application with the retirement system. The date of retirement must not be less than 30 days nor more than 90 days subsequent to the execution and filing of the application. If the death of a member should occur between the date of filing of an application for retirement and the actual retirement date (the 30-day waiting period), the death is considered to have occurred while in service, and the ordinary death benefit rather than the benefit under the mode of retirement which was elected by the member is payable. Under certain circumstances, the difference in benefits could be substantial.

Testimony by the director of finance indicates that while deaths during this 30-day period do not often occur, the ones that do occur are usually the result of some type of terminal illness. In some instances, the member is unaware of the critical nature of his illness because his physician deems it inadvisable to inform the member of his condition for the sake of the member's own well-being.

Your Committee has amended the bill by deleting the requirement of the physician's affidavit and the criminal penalty, which needlessly puts the retirement member's physician in a difficult if not untenable position.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 111, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 111, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 428 Ways and Means on S.B. No. 112

The purpose of this bill is to authorize the investment of funds of the Employees' Retirement System in the various investment contracts offered by insurance companies, which currently yield 7.75 to 8.5%.

Your Committee finds that a one per cent increase in investment yield could mean a reduction of employer contribution requirements by as much as 20%. With the rapid and steep rise in employer contribution requirements for the pension accumulation and post retirement funds and also for social security, greater attention is being directed by the Trustees of the ERS toward improving the yield on investments in order to reduce employer costs.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 112, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 429 (Majority) Ways and Means on S.B. No. 183

The purpose of this bill is to convert certain election assistants from exempt status to civil service status.

Your Committee finds that elections is a permanent activity of government and one that has become increasingly technical and specialized. Not only must it be run impartially and efficiently but the results must be accurate and obtainable quickly. In this respect Hawaii has earned a most enviable reputation in the nation and is the only State with a statewide computerized system.

Your Committee further finds that in conducting an election, we have been fortunate to have the resources of certain key personnel who have remained through several administrations. During their tenure they have gained valuable knowledge and expertise in elections.

Your Committee has received a memorandum from Nelson K. Doi, lieutenant governor, State of Hawaii, that section 76-16(5) should not be amended by the bill. The eight employees cited in that section are not the election employees intended to be converted to civil service status.

Your Committee adopted the recommendation of the lieutenant governor and has amended

the bill accordingly. Your Committee notes that no additional funding will be required to implement this bill. Other technical and typographical changes were made.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 183, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 183, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.
Senator Soares did not concur.

SCRep. 430 Ways and Means on S.B. No. 323

The purposes of this bill are to eliminate the requirement that the election of an elective officer or judge to terminate membership in the retirement system of the State must be made within six months of the attainment of 75 per cent of average final compensation; to remove the restriction which provides that a judge who elected to terminate membership under the conditions heretofore described shall be required to terminate his service as a judge upon attainment of age 65; to permit any elective officer or judge who has elected to terminate membership in the system and who is still in service to be reinstated in the system upon application thereto; and to clarify and more clearly distinguish between an individual's "retirement from service" and "termination of membership in the retirement system".

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 323, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators King, Kuroda, Young and Anderson.

SCRep. 431 Ways and Means on S.B. No. 568

The purpose of this bill is to provide that service previously rendered at Haliimaile Dispensary and Paia Hospital on Maui and service previously rendered as a full-time sheriff or deputy sheriff in the office of the sheriff may be purchased as membership service in the employees retirement system.

Act 151, Session Laws of Hawaii 1976, provided that service rendered at Puunene Hospital on Maui and Waimea Hospital on Kauai may be purchased as membership service by eligible employees in the employees retirement system. Your Committee finds that former employees of Haliimaile Dispensary and Paia Hospital are also eligible to purchase membership service under Act 151. Testimony by the executive secretary of the employees retirement system indicates that there would be no actuarial cost to the system.

Your Committee further finds that there are employees in the office of the sheriff who rendered prior service in the office of the sheriff prior to its transfer to the judiciary in 1975. Permitting these employees to purchase prior service under this bill would result in no actuarial cost to the system.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 568 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 432 Ways and Means on S.B. No. 569

The purpose of this bill is to amend section 79-13, Hawaii Revised Statutes, to include "grandchildren" in the definition of "immediate family" for the purpose of determining funeral leave eligibility for public officers and employees.

Your Committee finds that the majority of public officers and employees covered under collective bargaining contracts are eligible for funeral leave upon death of their grandchildren. Presently the law does not include excluded public employees that same privilege.

Your Committee believes that to achieve equity and uniformity, the inclusion of grandchildren into section 79-13, Hawaii Revised Statutes, is desirable.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 569 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 433 (Majority) Ways and Means on S.B. No. 570

The purpose of this bill is to reduce the maximum age of employment by the State or any county from seventy to sixty-five.

Under this bill the mandatory retirement age for state and county employees will be reduced from seventy to sixty-five years. Employment may be extended beyond age seventy on a year-to-year basis under certain conditions. It also provides that the age sixty-five limitation would not be applicable to all present employees who may continue until age seventy, but would apply to all new employees.

Your Committee finds that the general employees of the State and county are the only group of employees whose mandatory retirement age remains at age seventy. The department of education and University of Hawaii have mandatory retirement at age sixty-five. Therefore, uniformity is desirable.

Your Committee further finds that the bill would make available more employment opportunities for our young people without unduly penalizing the employee approaching retirement. At age sixty-five an employee is entitled to receive Social Security and state employees retirement benefits.

Your Committee has made certain technical and grammatical amendments and inserted existing statutory language which was left out of the last draft of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 570, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 570, S.D. 2.

Signed by all members of the Committee except Senators Kuroda, Young and Anderson. Senator King did not concur.

SCRep. 434 Ways and Means on S.B. No. 794

The purpose of this bill is to make an appropriation to fund for the fiscal year 1976-77 all collective bargaining cost items in the agreement negotiated with the exclusive bargaining representative of collective bargaining unit 1 and for salary increases and other adjustments for employees excluded from such bargaining unit. Funds previously authorized by Act 226, Session Laws of Hawaii 1976, for salary increments will be used to supplement the appropriations in this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 794 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 435 Ways and Means on S.B. No. 1469

The purpose of this bill is to amend section 346-53, Hawaii Revised Statutes, by having the cost of living increase in welfare standard be subject to legislative appropriation.

Your Committee finds that the current statute requires that an automatic cost of living increase be made based on increase in average weekly wage.

Your Committee has amended the bill by including the last sentence in section 346-53(b), Hawaii Revised Statutes, which was inadvertently left out.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1469, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1469, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 436 Ways and Means on S.B. No. 647

The purpose of this bill is to eliminate the taxation of inter-company transactions between affiliated public utility companies. The department of taxation's current practice of imposing the public service company tax on all inter-company transactions amounts to double taxation and an added cost to the public utility which must ultimately be borne by the consumer.

In the case of dividends, the department of taxation has interpreted existing law to require public utilities to pay a tax on dividends received. As a result, affiliated public utilities are the only corporations in the State that are required by the department of taxation

to pay a tax on the receipt of dividends. Your Committee finds no basis for this type of inequitable treatment.

In the case of materials, supplies, engineering, construction, maintenance or managerial services, these are normally furnished by the parent public utility company to a subsidiary public utility company to reduce duplication of overhead costs and personnel. In the case of construction services, providing construction services to neighbor island utilities by the parent company avoided the necessity of having to lay off workers on the Island of Oahu, where economic growth had slowed down. By doing this, gainful employment was able to be sustained. Yet, the department of taxation's imposition of the public service company tax on the receipt of payment for these services appears to be counterproductive by discouraging such temporary assignment of employees to the islands where assistance is needed.

The cost for the above-enumerated services is charged to the subsidiary and the receipt of payment by the parent company for these charges is subject to the public service company tax. This, in turn, is reflected in higher operating expenses for the subsidiary because the parent company has to cover these taxes in the charges to the subsidiary. Under existing laws, taxes on inter-company transactions could be avoided by merely eliminating the legal status of the subsidiary companies and operating them as divisions of the parent company. Your Committee feels that public utilities and their consumers should not be penalized merely because of a technicality relating to the corporate structure of the companies.

Your Committee agrees with your Committee on Public Utilities that the interest on loans between affiliated public utilities should be exempt from the public service company tax. Presently, if the parent company borrows short-term funds at an interest rate more favorable than the subsidiary could obtain and loans such funds to the subsidiary, the interest charges repaid to the parent company are subject to the public service company tax.

Your Committee has amended the second section of the bill to set out section 237-3, Hawaii Revised Statutes, in full as required by the rules of the Senate regarding the ramseyer method of bill drafting and made certain other technical changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 647, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 647, S.D. 2.

Signed by all members of the Committee except Senators Young, Anderson, Henderson and Soares.

SCRep. 437 (Majority) Ways and Means on S.B. No. 790

The purpose of this bill is to form a controlling board in the legislative branch to allocate operating and capital expenditures not expended or allocated by the executive branch.

Your Committee finds that as the size of the budget of the State has increased, the tendency has been to move away from single-line appropriations to consolidated program control as evidenced by the Executive Budget Act which codifies the planning, programming, and control aspects of budgeting. Your Committee notes that the Executive Budget Act originated and was passed by the legislature and has benefited both the legislative and the executive branch. Your Committee finds that the expansion of the budget has in the past been accompanied by an increased need for the legislature to allow the executive branch to perform the prioritizing function which is a right of the legislature.

Your Committee finds that the passage of this bill will return the prioritizing function to the legislative branch of government where it belongs. Although the executive branch has raised questions in this area, your Committee does not believe that this bill will so much erode the powers of the executive branch as it will return those powers to the legislative branch which have by default accrued to the executive branch. Your Committee notes in passing that such executive control has in the past led to surpluses of more than \$85 million while restricting the programs which the policy of the legislature meant to be carried out by the executive branch.

Your Committee notes the question of delegation of powers has also been raised as to whether a duly constituted body may exercise the powers contained in the bill. Your Committee finds that since these powers now exist in the executive branch, this bill merely results in a reordering of such powers to the legislative branch.

Your Committee also notes that the competitive bidding waiver clause in the bill provides nothing more than a waiver, the responsibility of the executive branch still remains to properly let contracts to perform work where competitive bidding is waived.

Your Committee has amended by bill by renaming the controlling board the joint controlling committee to more appropriately conform to terminology used in this State. Your Committee has also made minor technical and grammatical changes to the bill.

Your Committee has also inserted the figure \$50,000 under which competitive bidding for personal services and commodities may be waived and \$100,000 in the case of the construction or repair of a building.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 790, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 790, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.
Senator O'Connor did not concur.

SCRep. 438 Ways and Means on S.B. No. 124

The purpose of this bill is to authorize the director of health to assess and collect reasonable fees for carrying out its regulatory provisions relating to ambulances.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 124, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 439 (Majority) Ways and Means on S.B. No. 631

The purpose of this bill is to lapse prior appropriations which are no longer needed.

Your Committee has converted this short form bill into long form, to lapse appropriations totaling \$3,274,583.82 which are no longer necessary, and which will otherwise not lapse.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 631, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 631, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.
Senators King and Kuroda did not concur.

SCRep. 440 Ways and Means on S.B. No. 107

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii monies to compensate certain persons under the Criminal Injuries Compensation Act.

Your Committee on Judiciary received testimony from the Department of Social Services and Housing to the effect that 162 victims, 33 attorneys, 37 doctors, a funeral home and several hospitals would be compensated in the total sum of \$223,847.13 under the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 107 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 441 Ways and Means on S.B. No. 336

The purpose of this bill is to delete the requirement that bond interest rates be approved by a county board for management and control of a revenue-producing undertaking.

Your Committee believes that there is no need to approve the "mechanics" of accepting the best bid since the Finance Director is practically committed to accept the best bid.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 336 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Kuroda, Young and Anderson.

SCRep. 442 Ways and Means on S.B. No. 747

The purpose of this administrative bill is to change the title of Chapter 155, Hawaii Revised Statutes, from "Farm Loans" to "Agricultural Loans".

Your Committee finds that this proposed change is more appropriate to the functions of the chapter.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 747 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 443 Ways and Means on S.B. No. 1139

The purpose of this bill is to foster the development of aquaculture by expanding the aquaculture loan program to a level generally comparable to that of the farm loan program. It is intended to stimulate and facilitate the rapidly growing aquaculture industry through loans. Significant provisions of this bill include the raising of loan limit, providing for participation and insured loans, and delineating purposes and terms of loans including the addition of cooperatives.

Financing requirements of aquaculture are generally similar to diversified agriculture. The existing loan ceiling of \$75,000 is too restrictive to meet the capital intensive requirements of starting-up an aquaculture operation. Restructuring the loan program will put the aquaculturist on equal footing with the conventional land farmer. Addition of participation and insured loans will lessen the stress for State funds in anticipation of increased interest by private lenders as progress is made in the development of the aquaculture industry.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1139, S.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 444 Ways and Means on S.B. No. 1465

The purpose of this bill is to sustain the momentum generated by the aquaculture planning program by insuring that immediate actions will be initiated to encourage and promote the commercial development of aquaculture in Hawaii and to undertake the development of species with potential for Hawaii. It is also the purpose of this Act to qualify Hawaii for participation in federally assisted programs and projects in aquaculture by providing funds and in-kind services to match such federal funds as may become available.

In order to accomplish the above purposes, the bill provides the director of planning and economic development with the necessary authority to undertake such activities as may be required in developing an aquaculture industry; delineates other functions; authorizes the hiring of staff; and appropriates \$672,228 for operating expenses and \$138,300 for capital improvement projects.

Your Committee concurs with the findings and recommendations of your Committee on Energy and Natural Resources as stated in the Standing Committee Report No. 145.

Your Committee has deleted the capital investment cost category of \$138,300, since it will be included in the general capital improvement bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1465, S.D. 1, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1465, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 445 Ways and Means on S.B. No. 1193

The purpose of this bill is to extend the lapsing date on state appropriations for Waikiki improvements and thereby permit the expenditure of funds through June 30, 1978. The appropriation would otherwise lapse as of June 30, 1977 under existing law.

Your Committee finds that Waikiki is a special district deserving limited extension of appropriations because of its importance to tourism which reflects on the economy of the State as a whole.

Your Committee has amended Section 3 of the bill by making it take effect upon approval rather than on June 1, 1977.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No.

1193, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1193, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 446 Ways and Means on S.B. No. 60

The purpose of this bill is to provide: (1) employment for unemployed construction workers, (2) improve the quality of hotel accommodations for tourists in existing hotels which are in need of renovation and (3) reduce unemployment compensation and welfare costs.

Facts relating to tourism, new jobs, unemployment and welfare costs are best stated in the Standing Committee Report No. 338 and is hereby incorporated by reference.

Your Committee finds there is a need to provide incentives to private industry that would generate immediate work within the construction industry. The bill provides for certain general excise tax credits if improvements relating to labor oriented jobs are made within the next two years.

In determining the amount of the tax credits that would be given to any project, a determination had to be made as to the number of construction jobs that would be generated. An assumption was made that 500 hotel rooms would be renovated at a cost of \$1,850 per room amounting to a total of \$925,000 of construction work, which cost per room amounts to 20% of the assessed valuation of the building. Using the U.S. Department of Labor Statistics that 38 man hours of work are generated with each \$1,000 construction work; the total work would employ 17.58 persons for one year and, using the employment multiplier of 2.05 used by the Department of Planning and Economic Development, the total number of employed would be 36 persons. In calculating the tax revenues generated by the State from this number of persons added to the working group, two additional multipliers were used, namely, the total output multiplier and the household income generator. Each of these takes into effect the direct, indirect and induced expenditures. The total taxes generated by this method is calculated to be \$138,047 per year.

The general excise tax credits under this bill amount to \$933 per room and was calculated using the following assumptions:

<u>Year</u>	<u>Occupancy</u>	<u>Rate</u>
1977	75%	\$36
1978	85%	\$38

This credit was for revenues generated on rooms only excluding food, beverage and concession income.

After further consultations with the Department of Taxation and Planning and Economic Development, your Committee on Economic Development informally has suggested to your Committee on Ways and Means further amendments to this bill, which have been incorporated into Senate Draft No. 3 as follows:

1. Sections of Senate Draft No. 2 relating to the prorations of tax benefits over the cost of renovation has been eliminated since it was difficult to administer.
2. In lieu thereof a new Section 2 has been added establishing a 20% threshold, being 20% of the assessed valuation of the building, in order for the taxpayer to receive the full benefits under this bill.
3. Section 3 has been amended to provide tax benefits for a full two years rather than a prorated amount over a three year period.

The major provisions of the bill as amended are as follows:

1. Section 2 provides for a general excise tax exemption for a period of two years for room rental income for hotels and lease rental income for all other commercial, industrial and agricultural buildings, which are renovated. This Section also provides for the threshold of 20%. There is no carry over provision in this bill.
2. Section 3 provides for a general excise tax exemption for the costs of construction.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 60, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form

attached hereto as S.B. No. 60, S.D. 3.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 447 (Majority) Ways and Means on S.B. No. 62

The purpose of this bill is to provide relief to the State's unemployment by: (1) stimulating new construction in the hotel, commercial and industrial areas and (2) create new on-going jobs in these businesses after the construction is completed.

Your Committee on Ways and Means concurs with the findings of the Committee on Economic Development as stated in Standing Committee Report No. 338, March 7, 1977.

After further consultations with the Department of Taxation and Planning and Economic Development, your Committee on Economic Development has informally suggested further amendments to this bill, which have been incorporated into Senate Draft 3 as follows:

1. Sections relating to the real property tax exemption and the general excise exemptions were changed from a nine year program with decreasing benefits to a five year program with full benefits to make the bill easier to administer.
2. The date of completion of any new construction was changed from June 30, 1986 to December 31, 1983 to conform to the amendment above.
3. The "area of particular concern" was renamed to "visitor destination area" (VDA) to avoid confusion with the "area of particular concern" in the Coastal Zone Management bill. Also as amended, the visitor destination area applies only to those counties with a population of more than 100,000 since all other counties have development and zoning plans, which are consistent with their general plans.
4. In the section on exemptions, the height limitation was changed from 100 feet to 12 stories to permit greater design flexibility.

The major provisions of the bill, as amended above, are as follows:

1. Section 2 provides that there shall be no increase in the assessable real property valuation for a period of five years from the date of completion on new construction provided that it is completed before December 31, 1983. The costs of this amendment to the State increases slightly, but the advantages far outweigh the modest increase.
2. Section 3 provides for a five year exemption on general excise taxes imposed on the gross revenues from the building, which exemption commences upon completion of the building. The bill further limits the general excise tax exemption to the taxpayer. Thus, a tenant, such as Pennys or Sears, in a new shopping center will not be exempt from the payment of general excise taxes for retail sales.
3. The definition in Section 5 of "area of particular concern" was changed to "visitor destination area" (VDA) as stated above.
4. The exemptions and limitations in sub-section 5 was changed as follows:
 - (a) In paragraph (3) the words "and Governor's Executive order" was added to clarify the meaning.
 - (b) The height restriction was changed from 100 feet to 12 stories as stated above.
 - (c) The restriction prohibiting the building of a structure within 100 feet from the shoreline was changed to conform to the existing shoreline setback line Act.

The overall cost of this program amounts to \$802 per job and will provide 1,363 construction jobs. In addition the program would employ permanently an additional 2,550 persons after the construction is completed. No other bill under consideration has such a dramatic impact on the State's unemployment condition. It is by far the best investment the State can make to bolster its sagging economy.

Your Committee in Ways and Means is in accord with the intent and purpose of S.B. No. 62, S.D. 2, as amended herein and recommends that it pass Third Reading in the form attached hereto as S.B. No. 62, S.D. 3.

Signed by all members of the Committee except Senators Young and Anderson.
Senator King did not concur.

SCRep. 448 (Majority) Ways and Means on S.B. No. 491

The purpose of this bill is to empower the Department of Planning and Economic Development under the terms and conditions of this Act, to provide mortgage insurance for a limited portion of mortgage loans in financing the construction of new hotels, commercial or industrial buildings. The Department may enter into agreements with private commercial loan insurance companies to participate and implement this bill.

Your Committee finds that the visitor industry, in terms of growth planning, is clearly the most important industry in Hawaii. According to the State Plan, the visitor industry, "is the largest contributor to Hawaii's economy, it has by far the strongest growth potential of the major industries, and its rate of growth and location can be more easily influenced than it can be with other major industries."

The visitor industry is the largest generator of civilian jobs in the State. In 1975, the 19,046 hotel jobs accounted for 5.1% of the total number of State civilian jobs. On the neighbor islands, 9.8% of the jobs were in the hotel industry. The hotel industry however, is only part of the visitor industry. The total visitor industry's employment in 1975 was an estimated 65,500 jobs, which was 17.4% of all civilian jobs. For each 100 jobs in the visitor industry, there are about 12 indirectly generated jobs. Consequently, the visitor industry directly and indirectly generated about 73,400 jobs in 1975 or 19.5% of all civilian jobs in Hawaii.

Your Committee finds that the hotel industry is experiencing extreme difficulty in obtaining adequate financing for new projects. Mainland lenders find shopping center loans more desirable because they feel the tourist industry relies on discretionary spending, which is the first to go in any recession. Since there is an urgent need to stimulate a large flow of private investment funds into the State, your Committee is confident that the mortgage insurance program proposal in this bill will stimulate many such investments.

Your Committee has reviewed S.B. No. 491, S.D. 2, and has made several amendments. The principal provisions of the bill, as amended, are as follows:

Section 2 defines who is qualified for coverage under this bill and authorizes the department of planning and economic development to insure the top 20% of any new commercial mortgages up to certain aggregate amounts. This Section also establishes premium charges for such insurance and provides for cancellation of the insurance for failure to pay such premiums. This Section further sets forth the circumstances under which a claim may be made by a mortgage lender and restricts the use of loan proceeds to purposes prescribed by said lender.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 491, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 491, S.D. 3.

Signed by all members of the Committee except Senators Young and Anderson.
Senator King did not concur.

SCRep. 449 Ways and Means on S.B. No. 779

The purpose of this bill is to reduce unemployment by providing incentives for renovation and improvements to residential buildings.

The State Director of Labor announced on February 28, 1977 that the State's unemployment rate inched upward in January to 8.8% of the labor force from 8.7% in December. Unemployment in the construction industry continued its alarming increase and 500 workers were added to the ranks of the unemployed in January, 1977. This brought the total number of unemployed in the industry to 36.9% of the total unemployed or 12,805 persons without work in the State. The outside islands are the hardest hit by unemployment, the Big Island leading with 10.3%, Maui with 10.1% and Kauai with 8.7% compared to Oahu at 8.6%. The effect of this upward trend is devastating to the State with no apparent relief in sight.

Your Committee also finds that the cost of social welfare in Hawaii was \$111.6 million in 1974 of which \$65.8 million was a cost to the State. In 1975 the total increased 8.9% to \$121.6 million and in 1976 the increase was 24.7% to \$151.7 million. Such a spiraling cost is of great concern to us as the State's economic stability is gravely threatened. It further serves to greatly discourage investment of businesses in Hawaii. The labor department estimates that 3,000 persons on welfare also draw unemployment insurance. By multiplying this figure by the average welfare payment of \$3,600.00 yearly shows the State paying \$10,800,000.00. The proposals in this bill are aimed at reducing this figure significantly

by stimulating employment within the construction industry.

Your Committee found that the State expended an average of \$3,965.00 for each position under the State Comprehensive Employment and Training (SCET) program accounting for 1,934 positions for a one year period. This fact dramatically shows the futility of government trying to fulfill the role of private business. The cost is so prohibitive that the State should devote all its efforts at stimulating the private sector by providing the necessary incentives that would encourage the expenditure of the funds that would ultimately result in more jobs at significantly less costs.

Since immediate action is necessary to reduce unemployment, we believe that the quickest way to attack the problem is to encourage home owners to make substantial improvements to their home. These improvements might include a swimming pool, an extra bedroom or bath, an enclosed lanai, a remodeled kitchen, or an extra carport or garage. The lead time for such work is very short plus home improvement loans are not hard to obtain. Such jobs are labor intensified and serve to fulfill the purpose of this bill.

After further consultations with the Department of Taxation and Planning and Economic Development, your Committee on Economic Development informally has suggested to your Committee on Ways and Means further amendments to this bill, which have been incorporated into Senate Draft 2 as follows:

1. Sections of Senate Draft 1 relating to the prorations of tax benefits over the cost of renovation has been eliminated since it was difficult to administer.
2. In lieu thereof a 20% threshold, being 20% of the assessed valuation of the real property, has been added in order for the taxpayer to qualify for the full benefits under the bill.
3. Section 3 has been amended to provide tax benefits for a full two years rather than a prorated amount over a three year period.
4. Section 2 has been amended to provide for a real property exemption in lieu of tax credits in order that the assessed valuation to the counties would not be adversely affected.
5. Sections 4 and 5 providing for a \$6,000 tax credit and a General Excise Tax waiver for the purchaser of a new residential unit have been deleted because of the high cost of the benefits and its impact upon the State's revenues.

The major provisions of the bill, as amended, are as follows:

1. Section 2 provides for a real property tax relief for a period of two years from the date of completion of such construction. In order to qualify for the exemption allowed by this Section, not less than 60% for such costs of such improvements shall be for carpentry, roofing, drywall, plastering, glazing, plumbing, electrical, mechanical, structural, and painting purposes; and provided further that such improvements shall be performed by a licensed contractor. This section also provides for the threshold of 20%.
2. Section 3 provides for a general excise tax exemption for the costs of construction. No carry over of tax benefits are provided for in this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 779, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 779, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 450 Ways and Means on S.B. No. 11

The purpose of this bill is to encourage the maintenance and preservation of properties of prehistoric or historic significance within the State.

The bill would enable an owner to dedicate his property as registered historic property, thereby qualifying the land and its improvements to be assessed at their restricted use value.

Your Committee finds that in order to qualify, the property must be listed on the Hawaii or National Register of Historic Places, be open to the public for sight-seeing at least one day of each calendar year, and meet minimum standards of maintenance.

Dedication is for renewable fifteen-year periods, subject to cancellation by the owner or director of taxation upon five year's notice at any time after the fifth year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 11 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 451 Ways and Means on S.B. No. 350

The purpose of this bill is to protect the public health and to conserve and protect the water resources of the State; to provide for the classifying of all public and private wastewater treatment plants; to require the examination of operating personnel and certification of their competency to operate and supervise the operation of such systems and facilities; to create a board of certification of Wastewater Treatment Plant Operators; to prescribe the powers and duties of the board of certification in these matters; to provide for the promulgation of rules and regulations; to provide for reciprocal arrangements; and to prescribe penalties for violation of the Act.

Your Committee amended section 3 of this bill to provide for a blank appropriation for the purposes of this Act. It is the understanding of your Committee that the department of health will later provide appropriate figures.

Several technical and grammatical changes have also been made.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 350, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 350, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 452 Ways and Means on S.B. No. 1266

The purpose of this bill is to amend section 201-43, Hawaii Revised Statutes, to clarify the language of the bill and to appropriate funds necessary to facilitate the Act.

Your Committee finds that Act 103, SLH 1973 (codified as in sections 201-41 through 43, HRS) mandated an entry and exit census for planning purposes, as needed to obtain statistics on visitors to Hawaii, in- and out-migrants, and residents traveling outside the State. These data are urgently needed for planning for the visitor industry and for population analyses. These types of data are not available from any other sources.

Unfortunately, Act 103 was never implemented, and the department of planning and economic development has had to rely on the limited statistics available from the Hawaii Visitors Bureau Basic Data Survey and reports of the U.S. Immigration and Naturalization Service.

Although never put into effect, Act 103 clearly contains several defects, which this bill proposes to remedy. The original Act failed to clearly define the role of the carriers in conducting the census, and it lacked any provision for reimbursing the carriers for the reasonable costs of distributing, collecting, and forwarding the forms. The proposed amendments would correct these deficiencies.

Your Committee has amended the bill to correctly refer to subsections (a) and (b) of section 201-43, Hawaii Revised Statutes. Only these subsections are being amended, thus reference to the entire section is not necessary under the Ramseyer format. Other technical amendments have been made.

Your Committee emphasizes that the amendments it has made to S.B. No. 1266, S.D. 1, are only technical in nature.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1266, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1266, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 453 Ways and Means on S.B. No. 1342

The purpose of this bill is to amend chapter 39, Hawaii Revised Statutes, to enable the issuance of revenue bonds excludable from the state debt for the purpose of encouraging, assisting, and financing anti-pollution measures.

Your Committee is of the understanding that the State Bond Counsel is reviewing this bill and will shortly submit recommended amendments to the bill which is presently in

short form. We are reporting out the bill at this time in order to enable it to receive further consideration in the House of Representatives.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1342 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 454 Ways and Means on S.B. No. 156

The purpose of this bill is to provide limited insurance protection for public investors in industrial loan companies. The bill requires the establishment of the "Thrift Guaranty Corporation of Hawaii" a private institution which will guarantee thrift accounts in these companies up to \$10,000. Under the bill all industrial loan companies which have outstanding public thrift accounts are required to become members of the guaranty corporation and to pay assessments to a guaranty fund. The guaranty corporation which is subject to the regulation of the bank examiner is given authority to make payments to thrift account holders and to take other actions necessary to avoid public loss.

Your Committee finds that industrial loan companies occupy a significant position in the financial market place. From 1969 through 1974, public investment in these companies quadrupled. They presently have over 130,000 individual accounts.

Your Committee further finds that industrial loan companies are currently experiencing difficulties brought about at least in substantial part by economic circumstances beyond the control of management. The sharp decline in Hawaii's real estate and construction industries from the boom conditions of the late 1960s and early 1970s has adversely affected many companies which heavily engaged in real estate development and second mortgage lending. Two receivership proceedings and the necessity of a bank acquisition have undermined public confidence in the industrial loan industry. An overall loss of confidence would result in needless losses and disruption of the State's economy. With such confidence the industry can take steps to minimize or avoid further losses and resolve its current problems. This bill will strengthen and improve public confidence in the industry.

After full consideration, your Committee finds that it is an essential public interest that the State assist in avoiding a widespread loss of confidence with its attendant disruption of our economy. Therefore, in order to assist these companies in adjusting to changed economic conditions, the bill authorizes the director of finance to issue general obligation bonds not exceeding \$20,000,000, the proceeds of which can be used to make loans to the guaranty corporation. These loans, however, are to be repaid with interest over a twenty-year period as members pay assessments to the guaranty fund.

Your Committee has made certain technical and grammatical amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 156, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 156, S.D. 2.

Signed by all members of the Committee except Senators Young, Anderson and Henderson.

SCRep. 455 Ways and Means on S.B. No. 113

The purpose of this bill is to amend the statutes relating to expenses to be paid to members of the Board of Education while attending meetings on outer islands or while traveling abroad on official business. The rate was last set in 1970 and is not in line with the most recent provision for state officials generally, which is contained in Section 78-15, Hawaii Revised Statutes. The amendment would relate the Board of Education expense rate to Section 78-15.

The bill would further amend the statutes to allow for the payment of expenses to board members for trips involving official business other than board meetings.

The bill would also correct the inequity that now exists, in some cases, for those board members representing the neighbor islands who are not receiving payments for expenses while on board business that is off of their island of residence.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 113, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Kuroda, Young and Anderson.

SCRep. 456 Ways and Means on S.B. No. 74

The purpose of this bill is to exempt from income taxation sales of developed single-family residential land, where such sales are made by organizations exempt under section 501(c)(3) or treated as an estate or trust under subchapter J of the Internal Revenue Code, and where sales are made to lessees of such residential lands.

Your Committee finds that such sales should be treated as involuntary conversion of property, and not as sales of property in the ordinary course of business, since such sales generally take place only pursuant to the threat or exercise of eminent domain by the Hawaii Housing Authority under chapter 516, Hawaii Revised Statutes. Due to the important public purposes served by chapter 516, your Committee determines that taxation should not be a barrier to increasing fee simple home ownership in the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 74 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 457 Ways and Means on S.B. No. 223

The purpose of this bill is to amend the state mortgage guarantee program, provide for a mortgage-backed securities program, provide amendments to Hawaii's usury law, and require that commitments made by the Hawaii housing authority be approved by the legislature.

To date the mortgage guarantee program has not been utilized, and the amendments proposed hopefully will provide for implementation. The mortgage-backed securities program has been utilized by the federal government very successfully, and extension of this program for state application has been favorably received by many local lenders. The amendments to the state usury law would exempt loans made by federal government agencies under the innovative graduated mortgage payment programs. The final amendment, requiring commitments to be approved by the legislature are desirable in view of the State's current fiscal situation.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 223, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 458 Ways and Means on S.B. No. 783

The purpose of this bill is to allow a resident individual to establish an individual housing account towards the purchasing of a home for the individual, his spouse, or the individual's children. Contributions to the account and interest earned on the account would be exempt from state income taxation.

The accounts may be established in any financial institution. Contributions cannot exceed the lesser of \$7,500 or 15 per cent of earned income a year; cannot exceed 10 years in duration and cannot total more than \$75,000. Persons with real property home exemptions cannot establish a housing account for themselves.

Your Committee finds that the concept behind this bill is essential to the people of this State. With the high cost of housing in Hawaii, this bill will enable persons to accumulate the necessary funds to place a large down payment on a home and then have monthly payments in line with their income. Your Committee notes that similar legislation has recently been introduced in Congress by Senator Brooke.

Your Committee has amended the bill by deleting the last section and by reducing the yearly amount which may be placed in an individual housing account to \$3,000 a year. Such an amount will allow a person to accumulate \$30,000 over the ten-year period of the account plus interest. Your Committee has also reduced the total amount to \$30,000 plus interest which may be accumulated. These reductions will keep the revenue loss from the bill within present state goals while still allowing persons to save for a sufficient down payment on a home.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 783 and recommends that it pass Third Reading in the form attached hereto as S.B. No. 783, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 459 Ways and Means on S.B. No. 1305

The purpose of this bill is to provide low and medium income renters with a State income tax credit of \$30 multiplied by the number of exemptions to which he is entitled.

The tax credit would apply to any renter whose adjusted gross income was \$20,000 a year or less and who paid more than \$1,000 in rent for the taxable year. Persons sixty-five years of age or older would be able to claim a double tax credit.

Your Committee finds that a renter's tax credit would contribute to the offsetting of the spiraling cost of housing for many of the more than 120,000 renters in the State. Such a measure is therefore desirable in that it reinforces and advances the State's commitment to adequate and affordable shelter for its people.

Your Committee has amended the bill by deleting the last section of the bill and reducing the credit to \$20 in order to keep the projected revenue losses in line with the budget.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1305, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1305, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 460 (Majority) Ways and Means on S.B. No. 246

The purpose of this bill is to impose an annual state motor vehicle weight tax to be levied by the director of finance of each county and to be paid into the state highway fund. Certain exemptions are made.

This bill also makes the present 3-1/2 cent temporary increase in state gasoline and fuel tax permanent.

This bill repeals section 249- of section 3, Act 188, Session Laws of Hawaii 1976, relative to the state vehicle engine displacement tax. Your Committee agrees with the department of transportation which found that to implement the vehicle engine displacement tax on the January 1, 1978 effective date will result in high administrative costs and questionable results. The basic problem is that information on cubic inch displacement (CID) of an engine is not readily available for most cars. It is not now being recorded in the registration system. To record the CID's of the 500,000 or more vehicles before the mailing deadline for vehicle registration renewal statements for 1978 would be a greater administrative and cost problem than anticipated.

Your Committee agrees with your Committee on Transportation that a tax on a vehicle by weight would provide both a disincentive which would promote energy conservation and new revenues for the state highway fund.

A department of transportation study indicated there is a straight line correlation between CID and the weight of a vehicle; a weight tax is then a suitable replacement for the CID tax enacted in the 1976 legislative session. A motor vehicle weight tax will also be relatively easy to administer because the weights of most of the registered vehicles are available and is similar to the present county vehicle tax.

Your Committee finds that the present law does not provide adequate revenues for the state highway fund to meet required expenditures of the land transportation facilities and services program. The state vehicle weight tax will provide the necessary revenues.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 246, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson. Senators Yamasaki, Henderson and Soares did not concur.

SCRep. 461 Ways and Means on S.B. No. 247

The purpose of this bill is to provide that the revenues derived from the disposition of abandoned vessels be deposited into the boating special fund.

Currently, although the disposition of abandoned vessels is an activity of the boating program and the expenses of the activity are paid from the boating special fund, the net revenues derived from the activity are paid into the general fund, as provided under section 267A-7, Hawaii Revised Statutes. This is felt by your Committee to be an awkward arrangement.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 247, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 462 Ways and Means on S.B. No. 251

The purpose of this bill is to exempt the payment of taxes on stored vehicles and to provide a penalty for a false certification of storage.

This bill deletes the requirement that the current license plates and tags must be surrendered with a certificate of storage before December 31 of the current year in order to obtain an exemption from the motor vehicle weight tax for stored vehicles.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 251, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 463 Ways and Means on S.B. No. 258

The purpose of this bill is to clarify the rights of a bicyclist proceeding in a designated bicycle lane, bicycle path, and bikeway.

In view of the increased popularity of bicycling, both for recreation and as a means of transportation, your Committee finds it necessary to clarify the rights of a bicyclist on roads to be shared with cars, for the continued safety of the bicycling community and the improved flow of traffic.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 258, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Kuroda, Young and Anderson.

SCRep. 464 Ways and Means on S.B. No. 532

The purpose of this bill is to establish a means whereby the department of transportation may be authorized to furnish appropriate accommodations, goods, and services, to nonprofit organizations serving to enhance public education in the field of aviation and aerospace.

Your Committee on Ways and Means is in accord with the intent the purpose of S.B. No. 532, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 465 Ways and Means on S.B. No. 891

The purpose of this bill is to provide for the increase in the authorization of the Department of Transportation to issue special facility revenue bonds from 15 million dollars to 25 million dollars.

Your Committee finds this increase necessary to provide sufficient revenues to cover the rising costs of construction, acquisition, remodeling, furnishing, and equipping of any special facility.

Your Committee has amended Section 1 of the bill to set out section 261-52, Hawaii Revised Statutes, in full as required by the Rules of the Senate regarding the ramseyer method of bill drafting.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 891, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 891, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 466 Ways and Means on S.B. No. 893

The purpose of this bill is to provide for a system of state pilotage in order (1) to provide maximum safety for vessels navigating in state waters; and (2) to maintain a state pilotage system of the highest standard of efficiency; and (3) to insure an adequate supply of qualified pilots for the discharge of their duties in aid of commerce and navigation.

Your Committee finds that the present system, under which the pilots are civil servants, subject to civil service regulations, has proved awkward in practice and does not utilize the highly trained pilots effectively.

Your Committee has amended the bill by reincorporating substantial provisions of two sections which were deleted by the previous committee of referral. These new sections are numbered -17 and -18.

Section -17 provides that all vessels, except an exempt vessel, shall employ a pilot. Your Committee has included this provision to clearly state legislative policy and to avoid conflict with federal law. The original section -17 of S.B. No. 893 included a provision which allowed vessels to refuse a pilot when entering state ports. This section has not been included because it is inconsistent with the purpose of the bill.

Section -18 has also been included to provide the definition of the vessels which are exempt from the preceding requirement. These exemptions are:

- (1) Vessels licensed or enrolled under federal law which are engaged in trade between domestic ports;
- (2) Public vessels of the federal government; and
- (3) Motorboats as defined by federal law.

Consequent to these inclusions, section -17 of senate draft 1 has been renumbered section -19.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 893, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 893, S.D. 2.

Signed by all members of the Committee except Senators Kuroda, Young and Anderson.

SCRep. 467 Ways and Means on S.B. No. 1366

The purpose of this bill is to permit the substitution of airport and harbor revenue bonds in lieu of reimbursable general obligation bonds authorized in past appropriation acts for airport and harbor capital improvement projects respectively.

In the event there is a curtailment in general obligation bond issuance by the State and essential and needed airport and harbor capital projects so authorized by reimbursable general obligation bond must still be constructed, your Committee recommends that airport and harbor revenue bonds may be substituted for the previously authorized reimbursable general obligation bonds.

Your Committee has made certain technical and grammatical amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1366, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1366, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 468 (Majority) Ways and Means on S.B. No. 148

The purpose of this bill is to repeal the graded tax rate feature from the real property tax law otherwise known as the "Pittsburg Plan" and to replace it with a single real property tax rate.

Your Committee finds that the 1963 legislature provided for the graded tax rates used today and imposed them at a time when it was necessary to encourage the development of vacant and underdeveloped lands throughout the State by classifying lands according to their highest and best use and applying a higher tax rate to land than to improvements. Your Committee finds that there is little if any evidence that during the period of time the Pittsburg Plan has been in effect unused or underdeveloped land has been developed at a faster rate than would otherwise have occurred or that building construction has been stimulated. Further your Committee finds that the policy of the State has changed from land development and growth to slow growth and the preservation of land in open and green space. Further, the present method of taxing real property places an unfair burden on those who wish to keep their land in a low density status. Therefore, your Committee agrees with the Department of Taxation that the time has come to replace the graded tax rate plan with a single tax rate plan.

Your Committee finds that repeal of the graded tax rate plan with the concomitant increase in the building tax factor from 70 per cent to 100 per cent at the same time will result in an inappropriate first year imposition of higher taxes. Your Committee has therefore amended section 9 of the bill to provide that the repeal of the graded tax rates shall take effect on January 1, 1980 and that the building tax factor will be increased from 70 to 80 per cent on January 1, 1978 and to 90 per cent January 1, 1979. Such an increase will phase in the higher tax being imposed on buildings upon the repeal of the graded tax plan. Your Committee has also made certain other technical changes in the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 148, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 148, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.
Senator Hulten did not concur.

SCRep. 469 Ways and Means on S.B. No. 152

The purpose of this bill is to increase the exemption and change the rates imposed under the inheritance tax law.

The bill amends the law by increasing the inheritance tax exemption for a surviving spouse from \$20,000 to \$100,000; for direct line beneficiaries from \$5,000 to \$25,000; and for other beneficiaries from \$500 to \$2,500. The rates imposed are changed appropriately.

Your Committee finds that the inheritance tax exemption and rates have remained unchanged since 1957, while land, particularly in Hawaii, has increased in value tremendously over the same period of time. Under the present law there are many modest estates whose major asset is the home and the real property on which it stands. This bill will increase the exemption to a level where once again the modest estate will not be taxed or taxed at a low rate. Your Committee further finds that this bill also complements the Tax Reform Act of 1976 which increased the exemptions from estate taxes.

Your Committee finds that although this bill will result in a loss of tax revenues it will be of considerable financial assistance to the people of Hawaii in time of bereavement, particularly when their homes are so highly valued under current market conditions.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 152 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 470 Ways and Means on S.B. No. 153

The purpose of this bill is to amend the Hawaii income tax law to provide that if the taxpayer's adjusted gross income is less than \$15,000, the taxpayer may have the option of filing a short form income tax return.

This bill raises the income level under which a taxpayer may file a short form from \$10,000 to \$15,000. Since the adoption of the short form provision in 1968, many taxpayers' incomes have risen above \$10,000 and under present law they may no longer utilize the convenient short form option. Your Committee finds that by increasing the option amount, the taxpayer's burden will be lessened and tax filing will be simplified.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 153 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 471 Ways and Means on S.B. No. 449

The purpose of this bill is to adopt federal income tax changes concerning the definition and taxation of the unrelated business income of tax-exempt organizations.

The bill eliminates the exemption of certain income received by civil leagues, social clubs, fraternal benefit societies, and certain other organizations. In turn the bill creates certain new categories of taxable income by restricting the use of the "bootstrap" sale and leaseback as a tax avoidance device and by taxing investment income in the form of interest, royalties, and rents received by an exempt organization from a subsidiary in which

the organization has more than an eighty per cent interest. The bill also provides that income received from trade shows, state fairs, etc. by a tax-exempt organization is not subject to tax, if the show had educational or business promotional purposes for the industry as well as providing a sales outlet. Certain services performed by a tax-exempt hospital for another tax-exempt hospital are also exempted from taxation.

Your Committee has amended the bill by correcting typographical errors on page 1, line 2 by adding an "s" to change and on page 2, line 11 by changing "91-455" to "94-455".

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 449, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 449, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 472 Ways and Means on S.B. No. 450

The purpose of this bill is to conform the Hawaii income tax law to the federal Internal Revenue Code in the area affecting subchapter S or tax-option corporations.

The bill provides that the membership of a subchapter S corporation may be expanded from the present 10 to 15 after the first 5 years of the corporation's existence and allows additional stockholders during the first 5 years, if the additional shareholders acquire their stocks through inheritance. Concomitant with this amendment the bill allows certain trusts to become shareholders. The bill provides that the tax-option status will no longer be automatically terminated if a new shareholder fails to make timely consent. The bill provides that instead the new shareholder must affirmatively refuse to consent to the tax-option within 60 days after he acquires the stock. Also amended is the passive income test requirement and in addition subchapter S corporations are allowed to distribute previously taxed income even though its current earnings and profits exceed its taxable income, if the excess is due to deduction for accelerated depreciation that did not reduce earnings and profits. The bill also makes other technical changes to bring the Hawaii law into conformance with the federal law in this area.

Your Committee has amended S.B. No. 450 by:

(1) Changing the subsection reference on page 2 line 5 from "(f)" to "(e)", there being no subsection (f).

(2) Changing the reference on page 12, line 19 from section 1904 to 1901, the proper reference.

(3) Changing the reference on page 13, line 6 from section 1901(b)(32)(iv) to section 1901(b)(32)(B)(iv), the proper reference.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 450, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 450, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King, Young and Anderson.

SCRep. 473 Ways and Means on S.B. No. 451

The purpose of this bill is to conform the Hawaii income tax law to the recent federal changes in the area of child care expenses.

Your Committee finds that in 1976 the Hawaii legislature enacted the latest federal provisions in the child care area which allow the taxpayer to deduct household and dependent care expenses incurred for employment purposes. After adjournment of the Hawaii legislature, the Congress amended the federal provisions to delete the deduction and to institute the child care credit proposed in this bill. The new provision allows a credit against income tax for employment-related expenses in the amount of 20 per cent for expenses not to exceed \$2,000 for one qualifying individual and \$4,000 for two or more qualifying individuals. The expenses must be for the care of a dependent under 15, a dependent who is physically or mentally disabled, or the spouse of a taxpayer who is physically or mentally incapable for caring for himself. In addition there is allowance made if the spouse is a student.

Your Committee finds that the purpose of this bill is to encourage persons to obtain employment and to offset the expenses of providing care for persons dependent upon them for care.

Your Committee finds that in this day of high unemployment any such measure as this

which encourages persons to obtain employment and helps them to keep such employment is beneficial to this State. Your Committee finds, however, that the figure of 20 per cent of the employment-related expenses would result in a substantial loss of state revenues at a time in which the State can least afford to lose revenues. Your Committee therefore has reduced the percentage of employment-related expenses which may be claimed to 5 per cent which is more in line with the state income tax levels than the 20 per cent which is used for federal levels. Your Committee finds that such reduction will not result in large revenue losses. Your Committee also finds that the revenue losses, forecasted by the department of taxation, do not appear to take into account the change made by deleting the child care deduction now allowed for the first time in this State and for which there is no experience to determine revenue losses. Therefore, your Committee feels that the revenue losses will be somewhat offset by the change from a deduction, which is now allowed, to a tax credit. Your Committee also finds that failure to change the deduction to a credit will cause many taxpayers who do not itemize or who claim a credit for federal tax purposes to forget the deduction or to be unable to claim the allowance for employment-related expenses. Finally, your Committee finds that any revenue losses under this bill will be offset by the revenue gains from the other bills in the package of bills which conforms the Hawaii income tax provisions to the federal income tax provisions, in particular Senate Bill No. 453 which terminates a number of tax-shelter provisions and loopholes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 451, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 474 Ways and Means on S.B. No. 452

The purpose of this bill is to amend the Hawaii Income Tax law concerning the taxation of real estate investment trusts to adopt provisions of the Tax Reform Act of 1976, Public Law 94-455.

The amendments provide for a deficiency dividend procedure which permits qualifying distributions to be paid in subsequent years where an adjustment occurs that either increases the amount which a real estate investment trust is required to distribute to meet the distribution test or decreases the amount of dividends previously distributed for that year. The bill also provides that failure to meet income tests will not result in disqualification if certain requirements are met. The gross income test is increased from ninety to ninety-five per cent and the definition of rents is modified. A net operating loss carryover is also allowed for a five-year period. Finally, the real estate investment trust is allowed to hold property primarily for sale to the customer in the ordinary course of business but imposes a tax on the net income from the sale or other disposition of property.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 452 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King, Young and Anderson.

SCRep. 475 Ways and Means on S.B. No. 453

The purpose of this bill is to adopt the provisions of Public Law 94-455, the Tax Reform Act of 1976, and other federal amendments of the Internal Revenue Code in order to bring the state income tax law into closer conformance with the federal law.

Your Committee finds that the Tax Reform Act of 1976 has been compared in importance to the law adopting the first federal income tax law. The 1976 Act performed an extensive revision to many parts of the federal income tax laws, terminated numerous tax shelters, and closed many loopholes. In other instances particularly for those of the lower- and middle-income brackets the 1976 Act helped claim appropriate deductions.

Your Committee heard testimony from the Tax Foundation, members of the private sector, and the department of taxation in favor of the bill. The department of taxation requested time to review the bill with the assistance of the office of the legislative reference bureau which drafted the bill. The department and the bureau have submitted appropriate amendments to the bill with which your Committee is in accord.

Your Committee has amended the bill by adopting the following public laws which are relevant to Public Law 94-455 as follows:

1. Public Law 88-272, section 226(a) and (b), relating to treatment in case of oil and

gas wells; Public Law 88-484, section 1(b)(1) and (2), relating to corporate distributions; Public Law 89-570, section 1(b)(2) and (4), relating to corporate distributions; Public Law 91-172, section 211(a) and (b)(1) to (6), relating to gain from disposition of property used in farming where farm losses offset nonfarm income and section 214(a), relating to gain from disposition of farm land; and Public Law 92-178, section 305(a), relating to farm losses of electing small business corporations.

These amendments relate to Public Law 94-455, section 205. Their adoption also allows the adoption of section 206 of the same public law, relating to disposition of property used in farming where farm losses offset nonfarm income. In many instances the adoption is also relevant to section 1402 of the same public law.

2. Public Law 86-781, section 6(a), relating to limitation on acceleration of accrual of taxes; and Public Law 87-876, section 3(a), relating to dividends or interest paid on certain deposits.

These amendments relate to Public Law 94-455, section 208.

3. Public Law 91-687, section 1, relating to determining when stock of a corporation shall not be treated as a capital asset.

This amendment relates to Public Law 94-455, section 213.

4. Public Law 93-483, section 6(a), relating to penalties forfeited because of premature withdrawal of funds from time-savings accounts or deposits.

This amendment relates to Public Law 94-455, section 502.

5. Public Law 86-799, section 10(h), relating to constructive ownership of stock; Public Law 88-272, section 218(a) and (b), relating to corporate reorganizations; Public Law 88-554, section 4(a), relating to constructive ownership of stock; Public Law 90-621, section 1(a) and (b), relating to corporate reorganizations; and Public Law 91-693, section (a) and (b), relating to corporate reorganizations.

These amendments relate to Public Law 94-455, section 806. Their adoption allows the adoption of section 2131(a) and (d) of the same public law, relating to exchange funds.

6. Public Law 91-172, section 511(a), relating to the definition of terms applicable to capital gains and losses.

This amendment is relevant to Public Law 94-455, section 1401.

7. Public Law 88-539, section 3(a) and (b), relating to the installment method of accounting; Public Law 88-563, section 5, relating to original issue discount; Public Law 89-809, section 202(c), relating to methods of accounting; Public Law 91-172, section 413(a) and (b), relating to bonds and other evidences of indebtedness and section 916(a), relating to methods of accounting.

These amendments are relevant to Public Law 94-455, section 1402.

8. Public Law 91-172, section 802(b)(1), relating to determination of marital status.

This amendment is relevant to Public Law 94-455, section 1501.

9. Public Law 629, 84th Congress, 2d Session, section 5(a), relating to nontaxable exchanges.

This amendment is relevant to Public Law 94-455, sections 2127 and 2140.

10. Public Law 89-97, section 313(b), relating to employee tips; and Public Law 91-172, section 215(a), relating to crop insurance proceeds.

These amendments are relevant to Public Law 94-455, section 2141. Their adoption allows the adoption of section 2102(a) and (b) of the same public law, relating to the treatment of certain disaster payments.

Upon review of the above amendments, your Committee determined that most of S.B. No. 154 submitted by the department of taxation, concerning the adoption of similar amendments to the state income tax law were being incorporated in this bill and therefore the following have also been added from S.B. No. 154:

1. Public Law 89-97, section 106(a), (b), (c), (d)(1), relating to medical deductions.

2. Public Law 94-12, section 207, relating to extension of period for replacing old resident for purpose of nonrecognition of gain.

3. Public Law 94-267, sections (a)(1), (2), and (3), and (b)(1), (2), and (3), relating to termination of employee trusts and annuity plans.

In addition, your Committee has added the following amendments which appear appropriate for incorporation in the income tax law at this time:

1. Public Law 93-406, section 1013(c)(2), relating to when certain contributions may be made.

2. Public Law 94-455, sections 1901(a)(22), (66), (87), (128), (136), and (b)(3)(I), (b)(3)(K), (b)(14)(D), 1904(b)(10)(C), and 1951(b)(7) which amend other sections being adopted by the bill.

3. Public Law 94-455, section 505(a) and (b), relating to changes in exclusions for sick pay.

Your Committee has also added a new section 3 which codifies Public Law 94-455, section 701, subsections (a)(1) and (e)(1), relating to accumulation trusts. These subsections were in the first draft of the bill, but being taxing sections are more appropriately set forth in full. Your Committee has also renumbered sections 3 and 4 as sections 4 and 5 and made certain other technical changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 453, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 476 Ways and Means on S.B. No. 1100

The purpose of this bill is to amend section 246-10, Hawaii Revised Statutes, relating to real property taxation, to remedy an apparent inequity in this statute.

Your Committee finds that the intent of this section is to have the tax director consider several factors in determining the appropriate classification for tax purposes. Among the factors the tax director is required to consider are the uses permitted by the general plan of the State when it is completed, the districting established by a county in its general plan and zoning ordinances, the districting established by the land use commission pursuant to chapter 205, and such other factors which influence highest and best use.

Your Committee, upon the suggestion of the department of taxation, has amended the bill with language submitted by the department which terminates the roll-back tax and provides accommodation for the conversion of agricultural land to a different classification. Appropriate parallel amendments have been added to the bill for the land dedication law.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1100, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1100, S.D. 1.

Signed by all members of the Committee except Senators O'Connor, Young and Anderson.

SCRep. 477 Education on S.B. No. 749

The purpose of this bill is to give the Department of Education greater flexibility in allowing the use of school buildings and grounds by the public. As the law exists today, there is a question as to whether the Department of Land and Natural Resources must approve some permits. This bill makes clear that the Department of Education has sole responsibility for allowing the use of such facilities.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 749 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 478 Education on S.B. No. 750

The purpose of this bill is to amend the statutes with regard to the punishment of students. The present statute has been the subject of much dispute and the Attorney General's

Office felt that clarification by the Legislature was necessary. The intent of this bill is to allow the use of punishment in schools by the principal of the school or such agent as the principal designates. The statutes also provides that school personnel may restrain a student under certain conditions.

Your Committee heard testimony from a number of witnesses, with a wide range of opinion presented. Opponents felt that corporal punishment was not beneficial in any way while proponents felt that such punishment was a necessary part of the package of responses that school personnel need in order to deal with student misbehavior. Among those testifying in favor of the bill were the Superintendent, the Hawaii State Teachers Association and a student from Kauai High. All agreed that corporal punishment should be a last resort but that it should nonetheless be a resort. Your Committee is in agreement with this concept. Punishment of students must be an available last resort for school personnel in order to deal with student misbehavior. The intent of the bill is to allow such punishment under the conditions prescribed in the amended statute.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 750, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 479 Education on S.B. No. 1055

The purpose of this bill is to change the display policy contained in Section 103-8, HRS. The bill allows the art to be displayed in federal or county buildings or in any facility commonly used by the public where there is adequate assurance of safety. This would allow art to be displayed in banks, savings and loan offices and other similar, secure locations.

The bill further amends the statute by placing a strong emphasis on placing art in areas to which the public routinely has access.

The bill would also allow the State Foundation on Culture and the Arts, in consultation with the Comptroller, to set up procedures for selling acquired works of art. The State Foundation supports this bill and your Committee feels that granting them this flexibility will forestall problems which may occur should there be a surplus of art work. The bill has been amended to expressly provide that the proceeds of such sales are to be deposited in the general fund of the State.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1055, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1055, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 480 Economic Development on S.B. No. 733

The purpose of this bill is to expressly permit rezoning of lands zoned for high intensity uses but lacking improvements to a less intensive use until such time as the implementation of a general plan is in the public interest.

Your Committee on Economic Development is in accord with the intent and purpose of S.B. No. 733 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator King.

SCRep. 481 (Joint) Intergovernmental Relations and Economic Development on S.B. No. 1226

The purpose of this bill is to reduce the red tape and time delays in processing applications for land development projects on the county level.

We have heard testimony on the bill from representatives of the construction industry, the county planning departments and the State Department on Planning and Economic Development. Based upon said testimony we have deleted the provisions which would have imposed time constraints on responses from line agencies and hearings and decision making. Further, we have deleted the provisions for concurrent processing of applications for general plan amendments, changes in zoning, and special management permits until further study can be done in this regard. However, your Committees still feel that the creation of central coordinating agencies in the various counties is necessary and the

first step in reducing red tape and time delays in county land development applications.

Further, in light of the general consensus against Section 3 which amend Section 205-5 to permit a county legislative body to override a decision by the State Department of Land and Natural Resources, we have deleted said provision.

Finally, in Section 4 we have further defined "non-significant zoning change" to require that such zoning change conforms with the general plan and development plan designation for the property.

Your Committees on Inter-Governmental Relations and Economic Development are in accord with the intent and purpose of S.B. No. 1226, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1226, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Taira, Yee, King, Nishimura and Saiki.

SCRep. 482 Human Resources on S.B. No. 133

The purpose of this bill is to empower the Department of Labor and Industrial Relations to enjoin an employer who fails to comply with the coverage requirements of Section 393-11 for a period of thirty days and so long as the default continues.

Your Committee finds that the purpose of the Prepaid Health Care Law is to assure health care benefits to disabled employees who required medical and/or hospital care. Those that fail to provide such benefits as provided by Section 393-33, are subject to penalties provided by Section 393-33, Hawaii Revised Statutes.

Your Committee further finds that penalties are not withstanding; there are still employers who continue to disregard the coverage requirement of the law. Mere assessing of penalties, therefore, do not seem to deter these employers who apparently choose not to comply with the law. The injunction action will be a more effective enforcement tool. Such injunction action is presently provided under the Workers' Compensation and Temporary Disability Insurance Laws and has proved effective. Experience has shown that defaulting employers inevitably comply with the law if faced with business closure.

Your Committee is in accord with the intent and purpose of S.B. No. 133 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 483 Human Resources on S.B. No. 594

The purpose of this bill is to clarify statutory language in Section 79-15, Injured employee, Hawaii Revised Statutes in order to restrict the granting of accidental injury leave to only those public officers and employees who receive injury under unusually hazardous conditions arising out of and in the performance of duty.

Your Committee finds that the current statute applies only to those officers and employees who are members of a class recognized by the action of repricing to be a class exposed to unusually hazardous conditions and to those officers and employees who are temporarily exposed to unusually hazardous conditions. Furthermore, present statute does not differentiate among the circumstances surrounding an injury in determining the applicability of accidental injury leave, resulting in the capricious application of the law to a certain class of officers and employees for injuries which could conceivably be experienced by any public officer or employee. Your Committee finds that this bill shall achieve some equity in the application of accidental injury statutes by clarifying the intent of the accidental leave provisions.

Your Committee further finds that in the City and County of Honolulu alone, 748 employees were awarded accidental injury leave in FY 75-76 for a total of 12,196 lost working days of which 35.4% of this total time was for injuries sustained in non-hazardous situations.

Your Committee notes that officers or employees who are injured under non-hazardous conditions remain eligible to receive full workers' compensation benefits. This bill would curtail the relatively expensive practice of continuing such employees on the regular payroll at full pay for a maximum of 120 calendar days.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 594 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 484 Human Resources on S.B. No. 377

The purpose of this bill is to permit the deduction of an injured government workers' regular retirement system contribution from the employees workers' compensation benefit checks.

Your Committee finds that Act 124, Session Laws of Hawaii 1967, provides that when an employee is absent because of injuries and receiving workers' compensation benefits that employee was entitled to earn vacation, sick leave, and retirement credits "as though he was not absent but performing duties of his regular job." Contributions to the Retirement System were deducted from the member's benefit checks until it was learned that this process was contrary to law. As a result, an inconvenience and hardship occurred when the member was required, at a later date, to make up the deficiency in his contributions.

Your Committee further finds that deductions from a member's workers' compensation benefit would be in the amount equivalent to what would have been deducted from his regular salary. By mandating this deduction, it will impose a hardship to those who do not elect to supplement their workers' compensation benefit checks with one-third sick leave pay as permitted under Act 88, Session Laws of Hawaii 1967.

Your Committee recognizes the problem and amended the bill to grant the employee the option to approve such deductions by changing the word "shall" to "may elect to."

Your Committee is in accord with the intent and purpose of S.B. No. 377, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 377, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 485 Human Resources on S.B. No. 752

The purpose of this bill is to rehabilitate the disabled worker who is injured and unable to continue in his prior occupation by restoring the individual's earning ability and self-respect. The State will permit the disabled employee to receive his weekly benefits, travel and living expenses, and vocational and/or physical rehabilitation services. The disabled worker will also continue to receive income maintenance benefits on a proportionate basis to the disabled worker who successfully completes vocational and/or physical rehabilitation.

Your Committee finds that one of the primary goals of Workers' Compensation is to physically and emotionally restore and retrain the disabled worker for his return to the ranks of the gainfully employed.

Your Committee further finds that a worker who is no longer entitled to weekly income benefits (temporary total disability), has no other source of income, and is unable to return to his previous occupation, usually cannot be motivated to enroll in or pursue a vocational retraining program. His primary concern is, understandably, finding some immediate means of economically maintaining and sustaining himself and his family. The remedy or relief usually sought is public welfare assistance. There is a gradual deterioration of the worker's pride and a lack of desire to return to any form of employment.

Testimony presented before your Committee asserted a need for a rehabilitation program(s) but as S.B. No. 752 is written, could provide more income to an injured worker after injury than he received before and contrary to the intent and purpose of this bill. Therefore, with the cooperation of government officials and employers, your Committee has corrected the bill to amend the bill accordingly.

The amendments would require the employer to refer a disabled worker to a vocational or physical rehabilitation service plan approved by the director. In the case where there is no plan, the director may refer the worker to the Department of Social Services and Housing. All employees under the vocational or physical rehabilitation will be provided the necessary expenses for tuition, books and necessary equipment and training by the employer. Travel and living expenses based on the State's per diem rate will be paid by the employer (not less than \$7.50 per day), with reimbursement from the special fund. The bill also proposes that permanent partial disability determinations shall not be made until the employee returns to work or completes his rehabilitation program, whichever occurs first. The total of the benefits should not exceed 75 per cent of the employee's average weekly wages before the injury.

Your Committee believes that a worker who knows that he will be receiving weekly

income maintenance while he is enrolled in an approved physical and rehabilitation program will have the assurance that he and his family will be provided for. He will have the necessary motivation to undertake and complete the physical and vocational training program.

Your Committee is in accord with the intent and purpose of S.B. No. 752, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 752, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 486 Human Resources on S.B. No. 856

The purpose of this bill is to establish a 75th Anniversary Commission which shall have charge of all arrangements for the commemoration of the seventy-fifth anniversary of the coming of Filipinos to Hawaii.

Our State thrives on the collective achievements and contributions of a culturally diverse yet civically unified population. The ethnic facet of our community is rich in heritage, traditions and achievements. Your Committee finds that this bill affords the people of our State an excellent opportunity to enhance their knowledge of the culture, character, contributions and history of our Filipino community via the objectives of a commission as set forth therein. Your Committee further finds that there are other benefits to be derived from the establishment of a 75th Anniversary Commission beyond obvious educational enrichment. The efforts of a commission in this instance could serve as a prototype for similar endeavors by our other ethnic groups in the future, thereby stimulating ethno-cultural interaction within our community.

Your Committee has amended this bill to more clearly reflect its intent as ascertained during testimony. None of this bill's provisions have been amended.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 856, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 856, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 487 Human Resources on S.B. No. 1155

The purpose of this bill is to amend present law relating to Workers' Compensation to provide immunity for general contractors against commonlaw tort actions by subcontractor's employees if they are employers of such employees for the Workers' Compensation Law.

Your Committee finds that section 386-1, the definition of the Workers' Compensation Law, states that whenever an independent contractor undertakes work under a contract, he is deemed the employer of all subcontractors, performing work thereunder. This makes a general contractor the employer, for workers' compensation purposes, of all employees who may be employed on a construction project and contingently liable for the payment of benefits to injured employees although they may not be on his payroll. The liability would arise if a subcontractor employer fails to provide the require benefits for his employees.

Another section of the law, section 386-5, immunizes employers against common-law tort actions filed by their employees. It makes the remedies provided by the Workers' Compensation Law the exclusive remedies employees have against their employers for work injuries. Common-law tort actions for work injuries, however, may still be brought against third parties if they are negligent. This immunity is justified because the employer provides and pays for benefits coverage under Workers' Compensation Law.

Your Committee further finds that the Hawaii Supreme Court has recently held that the immunity from employee tort actions does not extend to a general contractor in a case where an employee of a subcontractor files suit against the general contractor for his negligence, even though he is the statutory "employer" who may be liable for payment of compensation benefits to such employee. The decision was based partly on the Court's opinion that an intent to insulate general contractors against tort filed by employees of their subcontractors was not clearly expressed in the law.

Your Committee is of the opinion that where an employer is made contingently liable for the payment of workers' compensation benefits, the legislature also intended that he should be insulated against tort action flowing from the injury for which benefits may be payable to him. Where there is a possible liability for compensation benefits, there should be immunity from common-law tort actions. It has therefore amended S.B. No. 1155 to substitute language which would clearly express the foregoing intent for the original

language of S.B. No. 1155 as it would be equitable to provide immunity for general contractors if they are employers of such employees for purposes of the Workers' Compensation Law.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1155 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1155, S.D. 1, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 488 Human Resources on S.B. No. 1472

The purpose of this bill is to accord civil service status within the meaning of Chapters 76 and 77 without the necessity of examination to those currently exempt permanent employees who are employed as senior citizen program aides at Honolulu Community College, Community Services Section.

Three positions of senior citizen program aide were recently converted from exempt to classified status as a result of a job audit which was conducted by the Department of Personnel Services. The three exempt employees who were occupying these three positions were thereby displaced, but are now working as educational assistants on extended contracts. Upon the expiration of their contracts as educational assistants, however, these employees shall lose their jobs altogether. Your Committee finds that civil service "grandfather" protection should be accorded to these affected employees.

Your Committee recommends that the phrase "are employed as senior citizen program aides," on line 4, page 1 be deleted and replaced by the phrase "were employed as senior citizen program aides and are presently working as educational assistants at" in order to more clearly describe the current status of the situation involving these employees.

Your Committee on Human Resources is in accord with the intent and purpose of S.B. No. 1472 as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1472, S.D. 1.

Signed by all members of the Committee except Senator Anderson.

SCRep. 489 Transportation on S.B. No. 1364

The purpose of this bill is to accomplish the transfer of motor carrier safety regulation functions and activities from the Public Utilities Commission to the Department of Transportation and to provide the means for improved coordination of state and county highway safety programs.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1364 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 490 Ways and Means on S.B. No. 795

Thirteen collective bargaining units are in negotiations for contracts for the fiscal biennium 1977-79. The purpose of this bill is to provide a vehicle whereby appropriations from the general fund and expenditures of federal, special, and other funds may be authorized to meet the collective bargaining cost items for the executive and judiciary branches.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 795 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 491 (Majority) Ways and Means on S.B. No. 572

The purpose of this bill is to amend section 3, Act 83, Session Laws of Hawaii 1973, by specifying the uses for which the moneys appropriated for planning and economic development of Kauai may be used. It further amends the section by stating that the Kauai Task Force Loan Specialist shall be exempt from chapters 76 and 77, Hawaii Revised Statutes.

Since the inception of the Kauai Task Force in 1973, all administrative costs such as travel and per diem, printing, and personnel, have been borne by the departments'

regular appropriations, thereby causing severe hardships to other on-going programs. Due to the complexity of Task Force programs as well as the need to continually monitor approved projects, early last year a loan specialist was hired to perform these tasks. The cost of this position was also borne by other department of agriculture on-going programs.

Your Committee has amended the bill by making reference to the correct Act of the Session Laws of Hawaii 1973, Act 82, which is the subject of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 572, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 572, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.
Senator Soares did not concur.

SCRep. 492 Ways and Means on S.B. No. 391

The purpose of this bill is to allow the department of planning and economic development to waive wholly the matching requirements for those fragile or fledgling industries which have potential for growth but which are not able to meet the matching requirements.

Your Committee has amended the bill to allow discretionary waiver of matching requirements for the first three years of any contract. The matching requirement in such cases for the fourth year of any contract has been set at 20 per cent which is one-half of the present statutory requirement, and for the fifth and all subsequent contract years, your Committee has provided that the full 40 per cent matching shall be required.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 391, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 391, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 493 (Majority) Ways and Means on S.B. No. 1407

The purpose of this bill is to provide for a general aviation airport on Oahu to be located in the south central valley in Kunia.

Your Committee finds that the establishment of a general aviation airport on Oahu is essential to reduce the costly and dangerous flight conditions at Honolulu International Airport, caused by the impractical mix of general aviation aircraft and military and commercial jets. Objections have been carefully considered but have been found to be outweighed by the safety of the almost 9 million passengers emplaned and deplaned at Honolulu International Airport in CY-76. In addition, the U.S. Navy has requested plans be made for the return of Ford Island, borrowed in 1970 on a temporary basis. As this is the second busiest airfield in the State, it is doubtful the return of civil flight training to Honolulu International Airport would be a workable or acceptable solution. In fact this would only serve to compound an already serious problem.

It is the further finding of this Committee that the labor spent by air traffic controllers to provide for the safe separation of aircraft, results in expensive delays. In August, 1976, Honolulu International Airport dominated a Civil Aeronautics Board list of the 10 worst markets for ontime flight performance. Ultimately, it is the air traveler who pays for the wasted fuel, equipment, time, depreciation, salaries, and missed connections. With an activity approaching 1,000 operations a day, this wasted time has an important impact on travelers to, and within this State. Actions to alleviate these conditions are needed.

Your Committee has amended the bill by appropriating \$50,000 for the purposes stated.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1407, S.D. 1, as amended herein, and recommends that it pass third reading in the form attached hereto as S.B. No. 1407, S.D. 2.

Signed by all members of the Committee except Senators Young and Anderson.
Senator Kuroda did not concur.

SCRep. 494 Ways and Means on S.B. No. 1464

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes which shall institute a litter control program for the State of Hawaii.

Your Committee agrees with the necessity of this bill to collect all littering laws in one place for appropriate administration. Your Committee also notes that the appropriate role of the office of environmental quality control is to coordinate the provisions of this bill and not to involve itself with the administration thereof.

Your Committee has amended the bill by making various technical, spelling, and grammatical corrections.

Section -3(c) has also been amended by deleting the phrase in the second sentence which reads, "...regulations promulgated thereunder to administer and implement the purposes of this chapter." The phrase was deleted as redundant.

Section -6 has also been amended to provide that owners and lessees of real property in state land use urban districts which are zoned for urban use be responsible for the litter maintenance of the public property immediately adjoining their real property. Previously the bill provided that all owners and lessees of real property be responsible for the litter maintenance of adjoining public property which would place an unsustainable burden on owners of large rural parcels.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1464, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1464, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 495 (Majority) Ecology, Environment and Recreation on S.B. No. 577

The purpose of this bill is to amend chapter 291, by adding a new section to control motor vehicle muffler noise by prohibiting the selling, buying, transferring, using or installing of mufflers for use on motor vehicles which emit noise at a level greater than the normal level of noise emitted by a factory muffler supplied as part of the original equipment.

Your Committee heard testimony from the Honolulu Police Department, the Department of Health, the Environmental Center, University of Hawaii at Manoa, the Office of Environmental Quality Control, Citizens against Noise and the Hawaii Business League.

Your Committee, at the suggestion of the Honolulu Police Department, has amended the bill to place the proposed subsection on motor vehicle mufflers under chapter 291 for better enforcement and has made language changes for clarity.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.B. No. 577, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 577, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee. Senator Hara did not concur.

SCRep. 496 Judiciary on S.B. No. 348

The purpose of this bill is to amend the Motor Vehicle Safety Responsibility Act as follows:

(1) Increase the property damage threshold in accident cases from \$100 to \$300 to coincide with the State Traffic Code threshold on damages and keep pace with repair costs. This bill provides that the driver of every motor vehicle which is in any manner involved in an accident within this State in which any person is killed or injured or in which damage to the property of any one person, including himself, in excess of \$300 is sustained, shall within 24 hours after the accident, report the matter in writing or in person to the chief of police.

(2) Eliminate the 60 day period required for the chief of police to process accident reports because the timetable is unrealistic. Often the investigation of accident cases takes longer than 60 days. Under existing law the chief of police shall, within sixty days after the receipt of the above mentioned report, suspend the license or permit of each driver and the license of the registered owner of the motor vehicle in any manner involved in the accident, unless the driver or owner or both have satisfied the requirements of Section 287-5, Hawaii Revised Statutes, or have deposited security in the sum determined by the chief of police.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 348 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 497 Judiciary on S.B. No. 854

The purpose of this bill is to amend section 481B-5 to permit the retailer to retain shipping and postage charges on goods ordered for a customer if the goods are returned for a refund. It also will allow the retailer to exclude certain categories of goods from his regular refund policy. Thirdly, the amended section would allow refund policy statements to be printed on sales receipts in lieu of posting of placards in a prominent location in the retailer's place of business.

Your Committee concurs with the findings of your Committee on Consumer Protection as contained in Standing Committee Report No. 211.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 854, S.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 498 Judiciary on S.B. No. 1280

The purpose of this bill is to grant the circuit courts of the State of Hawaii jurisdiction to order that emergency medical procedures be performed upon a patient upon making a finding that such procedures are necessary to save human life.

Your Committee concurs with the findings of your Committee on Health as expressed in Standing Committee Report No. 91.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1280 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 499 Judiciary on S.B. No. 1489

The purpose of this bill is to improve enforcement against littering.

Your Committee concurs with the findings of your Committees on Ecology, Environment and Recreation and Consumer Protection as expressed in Standing Committee Report No. 296.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1489, S.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 500 Judiciary on S.B. No. 243

The purpose of this bill is to reflect the correct intent of Section 291C-101, Hawaii Revised Statutes, by amending the word "curb" to "curve". This is a housekeeping measure.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 243 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 501 Judiciary on S.B. No. 346

The purpose of this bill is to enforce certain laws and ordinances against juvenile violators when such laws and ordinances limit enforcement by means of citations only.

Laws and ordinances are being enacted that require enforcement by means of citations only. Chapter 571 (Family Court Act), Hawaii Revised Statutes, allows the issuance of citations to juveniles only for violations involving the operation of motor vehicles. If Section 571-21(b), Hawaii Revised Statutes, is not amended, the police will not be able to enforce certain laws and ordinances against juvenile violators when such laws and ordinances limit enforcement by means of citations only.

Some of the offenses that are enforceable only by citations are:

Litter Violations: Chapter 26, Article 8, Revised Ordinance

Leash Law: Chapter 13, Article 31, Revised Ordinances
Smoking Ordinance: Ordinance 4561, City and County of Honolulu
Fish and Game Law: Section 187-9, Hawaii Revised Statutes
Allows for both citation or physical arrest
Harbor Boating Law: Section 266-24.1, Hawaii Revised Statutes
Airport Ramp Violation: Airport Rules and Regulations, Department of Transportation

Your Committee recommends that this bill be amended for technical reasons without affecting any of the substantive provisions thereof.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 346, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 502 Judiciary on S.B. No. 799

The purpose of this bill is to increase the capital requirement applicable to industrial loan companies desiring to engage in the industrial loan business and to issue investment or thrift certificates or debentures from \$100,000 to \$500,000. The capital stock requirement of at least \$500,000 will be applicable to industrial loan companies which presently issue investment or thrift certificates or debentures to the public when such companies open an additional office or place of business after July 31, 1977.

Your Committee finds that this increase in the capital requirement will insure that industrial loan companies which receive public investments have a larger capital base for their operations. This will benefit the thrift account holders of the company.

This bill also provides that industrial loan companies desiring to engage in the industrial loan business but not to issue investment or thrift certificates to the public shall have at all times a capital stock of not less than \$100,000, which capital stock shall be fully paid to the corporation in cash.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 799 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 503 Judiciary on S.B. No. 1047

The purpose of this bill is to clarify the existing law by clearly establishing the Attorney General as the chief law enforcement officer in this State with full power and authority to prosecute or direct the prosecution of criminal cases.

Your Committee finds that there have been questions concerning the authority of the Attorney General to prosecute criminal cases where the attorney of a county or city and county responsible for criminal prosecution has made some decision contrary to the judgment of the Attorney General.

In Special Proceeding No. 4207, the Circuit Court of the First Circuit, State of Hawaii, in the case entitled Amemiya vs. Sapienza, recognized that the Attorney General is the chief law enforcement officer of the State; is authorized statutorily to appear personally or by deputy in all criminal cases in which the State may be a party or be interest (Section 28-1, Hawaii Revised Statutes); has common law powers; and is superior in authority to the Prosecuting Attorney in prosecuting criminal cases, even though the Prosecuting Attorney is not a deputy of the Attorney General and cannot be removed by him.

The Court recognized that the charter of every county provides that the Prosecutor prosecutes under the authority of the Attorney General or under the control and direction of the Attorney General. The Court also recognized that the Attorney General may supersede the Prosecuting Attorney in a given case, where such action is predicated on sufficient facts and that such action was not taken arbitrarily or capriciously.

The bill merely clarifies the existing laws concerning the powers, duties and responsibilities of the Department of the Attorney General and hopefully will minimize the role that the

courts will have to play in defining the Attorney General's role in local prosecutions.

The provisions investing the Attorney General with all the rights, powers and privileges of the county prosecutors in such instances is in accordance with the definition of "prosecutor" as presently used in the Hawaii Rules of Penal Procedure.

Rule 54(c), H.R.P.P., states in relevant part:

As used in these rules, the following definitions shall apply:

- (2) "prosecutor" means the State attorney general, the county prosecutor or county attorney, and any of their respective assistants or deputies, who are authorized to prosecute defendants in the courts.

This is significant in light of Rule 6(d), H.R.P.P., as to who may be present while the grand jury is in session and Rule 7(c), H.R.P.P., which refers to the signing of indictments returned by the grand jury.

Your Committee recommends that this bill be amended by deleting the words, "by clearly establishing the attorney general as the chief law enforcement officer in this State with full power and authority, the decisions of any county or city and county attorney notwithstanding, to prosecute or direct the prosecution of criminal cases."

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1047, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504 (Majority) Judiciary on S.B. No. 1304

The purpose of this bill is to allow savings and loan associations the right to charge, contract for, receive, collect in advance, or recover interest, discount, and other charges at the same rates and in the same amounts as permitted by law in the case of loans made by industrial loan companies and banks.

Savings and loan associations are presently limited under existing law to a maximum interest charge of twelve per cent per annum on real estate loans, home improvement loans and share loans. This bill provides for equal treatment of savings and loan associations, banks, and industrial loan companies.

Your Committee recommends that this bill be amended for clarification purposes by deleting the words "for any loan company or loan association" after the word "law" and by adding the words "in the case of loans made by industrial loan companies licensed under chapter 408, if in relation to the contract such savings and loan association shall be in compliance with sections 408-15 and 408-17 applicable to licensees under chapter 408".

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1304, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1304, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator Kawasaki did not concur.

SCRep. 505 Judiciary on S.B. No. 1312

The purpose of this bill is to amend the enacting law pertaining to loans on life insurance policies by increasing the maximum rate of interest which the insurer may charge the policyholder from six per cent to eight per cent.

There are 35 states, including the District of Columbia, with no statutory limit on policy loan interest or a maximum limit of eight per cent per annum. There are 16 states that currently have a limit of six per cent or lower. Hawaii is one of the 16 states and the statutory maximum interest here has been six per cent since 1956. Prior to that time, Hawaii's insurance laws had no maximum rate provisions. Since 1972, 11 states have raised their policy loan limit to eight per cent per annum. Your Committee finds that the proposed increase is in the best interests of all policyholders.

According to the 1976 Life Insurance Fact Book, "The amount of policy loans outstanding more than doubled during the six years prior to year-end 1975, increasing to \$24.5 billion." The policy loan interest rate has been far more favorable than could be obtained elsewhere. Policy loans are easy to obtain and automatic in that the loan is a contractual right. However,

they are "hard" to repay in that there is no repayment requirement. Evidence tends to indicate that policy loans are rarely repaid in cash, but are collected by the insurer via deduction from the proceeds payable when the policy matures. This practice tends to undermine or largely defeat the original purpose of the policy. Further, the rapid and continuing increase in policy loans drains insurers' funds from various investments such as mortgages which would bring a much higher return. To this extent, the relatively low interest rate on loans discriminates against the non-borrowing policyholders.

Your Committee feels that the policy loan interest rate should be more closely related to interest rates in general so that the loan provision will again be regarded as more of an emergency benefit and not an end in itself.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1312 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 506 Judiciary on S.B. No. 1452

The purpose of this bill is to further clarify the debtor exemption laws of the State of Hawaii which are enacted to protect debtors from the actions of creditors in order that debtors will not be totally without the necessities of life or become a burden on the State.

Your Committee finds that in 1976 the legislature enacted Act 136 which rewrote the debtor exemption laws for this State. In reviewing Act 136, however, your Committee finds that further clarifications are necessary in this area and in particular Act 136 should be further tightened. This bill provides the necessary language.

The bill provides in particular for:

1. An appropriate procedure is provided to allow the debtor to claim his exemption upon the service of process and a hearing to determine the debtor's right to an exemption, if any, and the amount thereof which may be offset against the creditor. The bill further provides for the necessary procedures to allow the creditor to move forward on his process.
2. The bill sets forth the policy of the legislature that contract provisions shall not waive these legislatively provided exemptions, except when contained in a mortgage or security interest for the purchase price of real or personal property. This policy is found to be in line with the legislature's policy against confessions of judgment and prevents nullification of the exemption policy in the area of secondary loans.
3. The bill rewrites the provisions of Act 136 concerning appraisers to conform to the new provisions on proceedings to determine the exemption and its amount, if any, and allows the creditor, the owner, or the court to provide for an appraisal, if appropriate.
4. Section 5 of the bill clarifies that both the husband and wife may claim an exemption. It also deletes the one acre limitation to clarify the fact that the exemption may be claimed on farm and other property whose minimum acreage due to subdivision and other land use laws may be more than one acre.

The section further clarifies the legislature's intent that a person may only claim one real property exemption on one parcel of real property in the State. As presently written more than one claim may be possible. Clarification is also provided concerning which creditor and government claims come before an exemption.

5. Section 6 clarifies when material injury to land may occur which is not presently in the law and provides for the distribution of proceeds after sale in a manner similar to other sections of the law. Your Committee finds that the present law discriminates unfairly against the creditor in this area.

The section also clarifies the legislature's intent that the 6-month exemption of proceeds from a sale applies to a voluntary sale and to the proceeds even though the proceeds have changed their form and have been used to purchase real property. As the law is presently written, if the proceeds are not used to buy real property the proceeds are safe for 6 months; however, if they are used to buy real property and the buyer does not take possession of the real property, the buyer would lose the 6-month exemption.

6. Section 7 recognizes the legislature's intent that in real property sales by execution, there shall be no deficiency judgments in this State. The legislature finds that it has moved in this direction over the years by providing that no confessions of judgment may

be made and by providing for prejudgment garnishment hearings. Your Committee also finds that while this provision protects the debtor from a seldom ending scenario of judgment and sale, judgment and sale, etc; creditors may also protect themselves, by bidding on the property so that the proceeds are ample. Such a provision will also prevent sales at abnormally depressed prices which hurt both debtors and creditors.

7. Section 8 clarifies the personal property exemptions by recognizing that televisions are now considered a necessity and by allowing the debtor to keep food and household provisions sufficient for 3 months. Other exemptions are added by providing that 75 per cent of the debtor's disposal earnings is exempt which is similar to the federal garnishment law formula. The bill also protects allowances for support and maintenance in the hands of a spouse who has been ordered to pay such allowances to another spouse. The bill provides an exemption for private pension plans which is similar to that now provided for public employee pension plans and eliminates this unnecessary discrimination. The bill also provides an exemption for disability proceeds from private insurance and clarifies that such an exemption shall in the future be similar to that provided public employees for temporary disability insurance.

Your Committee has amended the bill by:

1. Amending the first section in section 5 to provide that the single parent shall be treated as the head of a family and given the \$30,000 exemption allowed the head of a family. This amendment is accomplished by eliminating the reference to a divorced or deceased spouse in section 651- (I)(C). Your Committee feels that this amendment is necessary in today's world.
2. Amending section 7 to add a requirement that the bid required at the execution sale of real property shall also include the amount of the levy under which the sale is being made. Such an addition is necessary to provide against deficiency judgments and to carry out the intent of the bill.
3. By deleting the word "recorded" in the section amended in section 10. Since most personal property security interests are not recorded such a requirement appears unnecessary and burdensome.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1452, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1452, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 507 Judiciary on S.B. No. 1460

The purpose of this bill is to clarify the existing attachment and garnishment laws as to the point in time when the garnishee-financial institution must effect the withholding required by the garnishee summons and to establish the amount that the garnishee-financial institution must secure.

This bill provides that a writ of attachment cannot be used in situations where garnishment is authorized under Chapter 652, Hawaii Revised Statutes. This is aimed at the current practice of creditors using writs of attachment, which can be obtained without the procedural safeguards necessary for a garnishment, in order to reach a debtor's depository account. Since there is a substantial question as to the validity of an attachment in these circumstances, the financial institution is subject to potential double liability when the attachment proceedings are used.

This bill removes the ambiguity as to whether the garnishee-depository is required to hold funds received after the service of the garnishment summons as part of the garnishee fund. Under this bill, only those monies, goods and effects, etc. in the garnishee's possession at the time the summons is served would be subject to the court's order.

The court will be required to specify in the garnishee summons the amount or value of money, debt or goods and effects which are to be held at that amount could not exceed 120 per cent of the amount claimed by the creditor. This is in line with Chapter 651, Hawaii Revised Statutes, which specifies the same 120 per cent of the claim or attachments. It is aimed at preventing the situation where attachments for a minor claim have tied up substantial excess monies in the debtor's depository accounts.

This bill clarifies that a debtor may post a bond at the initial hearing on whether a garnishment summons would issue and thereby avoid garnishment.

This bill further requires the court to make a determination at the hearing to decide whether or not the garnishment process should issue, and also as to whether or not any of the property which the creditor seeks to garnish is exempt from execution. This is aimed at the problem of depository accounts which may contain funds which, because of their source, are exempt from execution.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1460, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 508 Judiciary on S.B. No. 347

The purpose of this bill is to allow the fingerprinting and photographing of any juvenile who has committed an act which, if committed by an adult, would be a felony.

Your Committee finds that juveniles are considered responsible for a great majority of burglary and larceny offenses; the persons responsible are often repeaters. Identification of these persons so that they may receive proper treatment to deter them from such activity is paramount.

In 1975, there was a total of 43,612 Part I offenses reported to the police in the City and County of Honolulu, of which 6,734 persons were arrested. Juveniles accounted for 4,320 or 64 per cent of those arrested. Only 170 juveniles had their fingerprints taken.

Also in 1975, there were 13,287 burglary cases reported in the City and County of Honolulu, 1,348 persons being arrested for the offense of burglary. Juveniles accounted for 838 or 62 per cent of these arrests. Burglary is one of the offenses in which fingerprints are often found at the scene of the crime. It is the police's contention that the fingerprinting of these juveniles would be instrumental in the identification of responsible persons.

Rule 156 of the Hawaii Family Court Rules, promulgated by the Hawaii Supreme Court and effective February 15, 1977 provides for the seeking of the prior approval of a judge of the Family Court in order to fingerprint and photograph children. The rules also provide that a child may be fingerprinted or photographed without prior consent if an emergency exists requiring immediate action for the safety of the community or the child and a Family Court judge is not reasonably available. The Court rules also provide for retention of fingerprint cards and photographs of children with the court's permission. However, when the alleged offense is murder or non-negligent manslaughter, forceable rape, aggravated assault, robbery, burglary, purse-snatching, or malicious conversion, or where there is reasonable belief that fingerprints or photographs are required to prove the identity of the child and he or she is between 14 and 18 years of age, the Court's permission to retain the prints and photos is not necessary.

Your Committee received testimony from the police department that in actual practice, the Family Court judges require a written consent prior to the fingerprinting or photographing of any juvenile in each instance. This causes undue hardship on the investigating officer as he must interrupt his investigation to obtain the written permission of a judge. It often causes unreasonable confinement of the juvenile. When the case occurs in the rural area, the officer must travel all the way to Family Court in Honolulu to obtain permission to photograph or fingerprint. The juvenile remains in custody during this period.

Your Committee finds that the fingerprint or photograph could clear a juvenile suspected of an offense, and would prove detrimental to the juvenile only if he is responsible for further criminal activity. Police records are kept confidential and the photographs and fingerprints would be used only by police.

Your Committee recommends that this bill be amended by adding a new Section 2 which amends Section 571-84, Hawaii Revised Statutes, bringing it into conformity with the intent of this bill. However, your Committee feels the restrictions as established by the Family Court on the use or circulation of a child's photographs or fingerprints should be maintained.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 347, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 347, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 509 Judiciary on S.B. No. 1345

The purpose of this bill is to increase the penalty for tax evasion cases.

Except under Act 71, SLH 1972, which relates to organized crime, the failure to make returns, filing false returns and aiding and abetting such activities are merely misdemeanors under existing state tax laws.

Your Committee finds that increasing the penalties for violations of the tax laws would be a stronger deterrent to any wrongdoing. The State Department of Taxation has also testified that this bill will enable a more effective administration and enforcement of Hawaii's tax laws.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1345 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 510 Judiciary on S.B. No. 119

The purpose of this bill is to amend chapter 324, by adding a new section allowing the Department of Health to collect health data without running the risk of causing legal liability on the part of the provider of such health information or the releaser or publisher of the findings, conclusions and summaries of the program.

To protect the rights of the individual about whom such information is collected, the bill provides that the name of that individual shall be held confidential. The bill further provides that none of the findings, conclusions or summaries pertaining to that individual which results from the studies provided for in the bill may be used in any legal proceedings.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 119 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 511 Judiciary on S.B. No. 271

The purpose of this bill is to safeguard the public health, safety, and welfare, protect the public from being misled by incompetent, unscrupulous, and unauthorized persons, to assure the highest degree of professional conduct on the part of occupational therapists and occupational therapy assistants, and to assure the availability of occupational therapy services of high quality to persons in need of such services, by regulating the practice of occupational therapy.

Your Committee concurs with the findings of your Committee on Consumer Protection as expressed in Standing Committee Report No. 84, but is aware that a bill is pending before this legislature to repeal each board or commission and each licensing program within the professional and vocational licensing division of the Department of Regulatory Agencies. Accordingly, your Committee amended this bill to provide that it shall be amended to conform with S.B. No. 460 if enacted and that the repeal date of the chapter established by this bill shall be effective on December 31, 1980.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 271, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 271, S.D. 1.

Signed by all members of the Committee.

SCRep. 512 Judiciary on S.B. No. 324

The purpose of this bill is to delete the restriction that the word "saloon" not be used in any advertisements, posters, or signs to describe the liquor business or the licensed premises of any licensee.

Your Committee concurs with the findings of your Committee on Intergovernmental Relations in Standing Committee Report No. 78.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 324 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 513 (Majority) Judiciary on S.B. No. 1202

The purpose of this bill is to qualify the State of Hawaii to participate in the benefits of P.L. 93-205 (Endangered Species Act of 1973) and to clarify certain provisions with respect to the taking of endangered or threatened plants.

Your Committee concurs with the findings of your Committee on Ecology, Environment and Recreation as expressed in Standing Committee Report No. 306.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1202 and recommends that it pass Third Reading.

Signed by all members of the Committee. Senator Hara did not concur.

SCRep. 514 (Majority) Judiciary on S.B. No. 1251

The purpose of this bill is to allow a closed hearing where a board is conducting an investigation and where the privacy or civil rights of individuals may be affected.

Individuals have been requested to testify in instances where the board was engaged in the investigation of the operation and function of a governmental unit, e.g. Kohala Task Force and Kukui Plaza development. Testimony taken in those instances may have affected the safety or civil rights of individuals involved in the investigation. Under those circumstances, a closed meeting would be more conducive to the eliciting of information and would be less prejudicial to the rights of individuals.

Your Committee amended this bill by providing for a closed hearing when a board is taking testimony rather than when a board is conducting an investigation, that may affect the privacy or civil rights of individuals involved in the investigation of the operations of a unit of the State, government or its political subdivisions.

Your Committee is in accord with the intent and purpose of S. B. No. 1251, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S. B. No. 1251, S. D. 1.

Signed by all members of the Committee.
Senators George, Saiki and Leopold did not concur.

SCRep. 515 Judiciary on S.B. No. 1479

The purpose of this bill is to change the quoted language of one of the acts constituting grounds for invoking the enforcement provisions from any wilful departure from or disregard of accepted "trade standards for good and workman-like repair in any material respect without consent of the customer" to "practices or workmanship".

The word "wilful" should not be deleted, notwithstanding possible staff difficulties in proof, in light of authorized sanctions which may deny a dealer or mechanic his livelihood for unintentional actions on such a judgmental factor.

Your Committee concurs with the findings of your Committee on Consumer Protection as expressed in the Standing Committee Report No. 74.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1479, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 516 Ways and Means on S.B. No. 380

The purpose of this bill is to provide certain sewer workers with the opportunity to retire with twenty-five years of service at any age without reduction of benefits as normally would be required by law.

Under present law, policemen, firemen and corrections officers, regardless of age, are entitled to full retirement benefits after twenty-five years of service without penalty because of the hazardous nature of their work.

Your Committee finds that sewer workers are subject to equally hazardous conditions due to frequent exposure of the workers to toxic gases and to various deadly diseases, and therefore should be afforded similar opportunity to retire upon twenty-five years service.

Your Committee has made typographical corrections to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 380, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 380, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 517 Ways and Means on S.B. No. 22

The purpose of this bill is to continue and expand public service employment in proportion to the level of unemployment. The State Comprehensive Employment and Training Program under Act 151, Session Laws of Hawaii 1975, is extended to June 30, 1978 and the sum of \$4,000,000 is appropriated therefor.

Your Committee heard testimony from Joshua C. Agsalud, Director of Labor and Industrial Relations, who testified that there will be a carryover of unexpended appropriations of \$8,133,500 which together with the bill's appropriation of \$4,000,000 means that \$12,133,500 will be available for the program. With that sum, approximately 1,554 job slots could be established for the year, approximately 150 positions less than the 1,700 currently employed. Mr. Agsalud recommended favorable action.

Your Committee has found a minor typographical error in section 4, has corrected June 20 to read June 30 as in the original Act 151, Session Laws of Hawaii 1975, and has made other minor technical changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 22, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 22, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 518 Ways and Means on S.B. No. 1348

The purpose of this bill is to extend the State Program for the Unemployed two years to June 30, 1979, utilizing unspent funds and to make both major and minor changes in the program.

Your Committee finds that the current economic condition of the State warrants continuance of the program. Your Committee further finds it necessary to eliminate the inherent sex discrimination found in the referral of program applicants by eliminating head of household from the definitions and priority groups. This amendment would facilitate use of federal funds in the program.

Your Committee believes that the training subsidies component of the program should be expanded to more applicants by eliminating the disadvantaged criteria from applicant eligibility criteria, and expanded to more job opportunities by allowing training for public sector employers.

Your Committee further feels that provision of exempt status for needed administrative staff and of program close-out activity beyond the program's expiration date should be made part of the enabling legislation.

Due to great uncertainty regarding projected needs at this time, your Committee has amended the bill to extend the program for one year instead of two, to June 30, 1978. Your Committee also urges the department of labor and industrial relations to consider proposing permanent amendments to the Hawaii Revised Statutes to alleviate the need for yearly amendments to Act 151 of 1975. Your Committee has also made minor technical amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1348, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1348, S.D. 1.

Signed by all members of the Committee except Senators Young and Anderson.

SCRep. 519 Ways and Means on S.B. No. 1308

The purpose of this bill is to establish a crime commission composed of representatives of the population of the State, which will study, review, and make recommendations in the crime control area.

Your Committee finds that crime adversely affects every person in the State, and that all steps necessary to prevent crime should be taken. Your Committee feels that one preventive measure is to secure public input into determining the ways in which crime can be controlled. The establishment of a crime commission, therefore, for such a purpose, is appropriate to the ultimate goal of controlling crime.

Your Committee has amended the bill by reducing the number of members required for the commission from 60 to 11, to provide a more manageable body and has reduced the size of the executive committee to a more appropriate size. In addition, your Committee has further amended the bill to provide an appropriation of \$150,000 for the commission, to support and facilitate the performance of its duties.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1308, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1308, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 520 Ways and Means on S.B. No. 735

The purpose of this bill is to amend section 286-51, Hawaii Revised Statutes, to provide an additional fifty-cent fee to be assessed and collected annually by any county with a population of 100,000 or more, to be used and administered by such county for the purpose of beautification of county highways and disposition of abandoned vehicles. The bill adds language that was mistakenly repealed by Act 237, Session Laws of Hawaii 1976.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 735 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 521 Ways and Means on S.B. No. 47

The purpose of this bill is to give the state postsecondary education commission the authority to promulgate rules and regulations as may be required from time to time to enable the State to participate in certain federally funded programs available to postsecondary institutions.

Your Committee agrees with your Committee on Higher Education on the need for this bill, however, your Committee has made certain technical amendments and deleted section 2 and will consider the appropriation for inclusion in the operating budget.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 47, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 47, S.D. 2.

Signed by all members of the Committee except Senators Kuroda and Young.

SCRep. 522 Ways and Means on S.B. No. 530

The purpose of this bill is to eliminate a 20 cents fee charged for prints or copies made from tax map tracings and permit the director of Taxation to establish by rules and regulations a uniform fee for the use of Tax Map Tracings and prints.

The Department of Taxation presented testimony that they cannot enforce the existing statute and that the establishment of a uniform fee would be more desirable.

In the existing statute the problem arises in that the 20 cents charge for every print or copy made from these tracings means that every time someone reproduces a map by xeroxing or similar duplicating machine they would have to remit this 20 cents fee to the State. An impractical way to collect the fee.

Your Committee is in accord with the intent and purpose of S.B. No. 530, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 523 Ways and Means on S.B. No. 1297

The purpose of this bill is to retain the status quo in the taxation of newspapers.

Since 1939, the newspapers have been taxed under several categories of the general excise tax, and since 1965 have paid use taxes on the proportions of newsprint and ink equivalent to the percentages of newspapers sold at retail and sold to distributors and retailers for resale. The bill's change of statutory language will eliminate any doubt that for the purposes of the general excise tax, newspapers will continue to be taxed at the rate of 1/2 per cent on receipts from newspapers sold at wholesale, 4 per cent on receipts from newspapers sold at retail, and 4 per cent on receipts from printing of advertisements. The change in language will also avoid any misinterpretation that for purposes of the use tax, newsprint and ink are purchased for resale as component parts of the newspaper and therefore not taxable or taxable at 1/2 per cent depending upon whether they are resold in such manner as to result in a further tax on the particular activity of the newspaper.

The enactment of this bill is recommended to eliminate any confusion and any question of an unconstitutional discrimination in taxation of newspapers for performing essentially the same activities as job printers.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1297, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators O'Connor and Young.

SCRep. 524 Ways and Means on S.B. No. 496

The purpose of this bill is to prohibit employment discrimination against former cancer patients.

Your Committee finds that former cancer patients are sometimes subjected to unjustified discrimination because of misinformation about the employability of such persons, resulting in nonhiring or other discriminatory actions by employers. Such unfortunate and unwarranted discrimination should be addressed by law so that the employment rights and capabilities of former cancer patients are fully recognized and protected.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 496, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 525 Judiciary on S.B. No. 330

The purpose of this bill is to codify the existing Horizontal Property Regimes Act and at the same time provide for some substantive amendments to said Act.

Your Committee recommends that this bill be amended to the original Senate Bill No. 330 without any substantive amendments to the existing Horizontal Property Regimes Act. Your Committee recommends that the effective date of the Act should be January 1, 1978, to allow adequate lead time for the practitioners to become familiar with the new Section numbers in the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 330, S. D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S. B. No. 330, S. D. 2.

Signed by all members of the Committee.

SCRep. 526 Judiciary on S.B. No. 460

The purpose of this bill is to establish a mechanism for the periodic review of the practices of State regulatory boards and commissions to determine whether or not these bodies should be continued, modified or allowed to expire.

Your Committee recommends that this bill be amended by adding a new Chapter to the Hawaii Revised Statutes entitled "Hawaii Regulatory Licensing Reform Act". The proposed Act establishes policy guidelines to be used in evaluating existing boards and commissions beginning in 1978. Any new regulatory proposals would be evaluated with reference to these policy guidelines before such proposals are considered by the legislature.

A repeal date (December 31) is established for each board or commission and each licensing program within the professional and vocational licensing division of the department. The numerous boards and commissions are divided into six groups for purposes of periodic

evaluation. Evaluation of a board's performance is keyed to an impact statement prepared by the board. The statement is designed to obtain all relevant facts by which the board can be judged on its compliance with the policy guidelines. The statement shall recommend the continuance, demise or modification of the board's enabling legislation.

The impact statement is to be filed by the board on October 1 of the year preceding the year of the repeal date. Thereafter, it will be reviewed by a joint legislative committee. The committee shall prior to January 1 of the year of the repeal date report its conclusions as to whether the regulation is in accord with the policies established in the bill. It shall also report its recommendation as to disposition. The committee's report shall be filed with the clerks of both legislative chambers after a public hearing has been held. Unless the legislature takes action at the following regular session to toll the repeal date established in the bill, the board's enabling legislation will be automatically repealed.

In addition, persons advocating the passage of new regulatory measures are required to file an impact statement containing such information as the Director of Regulatory Agencies may require. The assessment report will be in substantially the same format as the sample "regulatory impact statement" submitted as part of the department's study of boards and commissions submitted in response to H.R. 559. It, like the impact statement to be prepared by existing boards, is designed to gather all reasonably obtainable factual data regarding the providers and consumers of the service or activity to be regulated.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 460, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 460, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 527 Judiciary on S.B. No. 120

The purpose of this bill is to amend section 338-18 relating to the disclosure of certain vital statistics records. This bill further restricts the disclosure of these records and criminalizes the act of presenting false information in order to obtain such records.

Your Committee concurs with the findings of your Committee on Health as expressed in Standing Committee Report No. 87.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 120, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 528 Judiciary on S.B. No. 475

The purpose of this bill is to amend Act 130, Session Laws of 1976, to allow police officers to take persons who are threatening or attempting suicide to a psychiatric facility for emergency examination, to allow physicians to arrange transportation for a patient to a psychiatric facility for emergency examination, to further protect a patient's right to privacy and to clarify procedures relating to civil commitment to a psychiatric facility, such as service of process and notification of relatives.

Upon further consideration, your Committee made the following amendments to S. B. No. 475, S. D. 1:

1. Returning the definition of "dangerous to property" to that contained in Act 130, Sessions Laws of Hawaii 1976, except that the limiting phrase, "in the context of an emergency admission," is deleted to make the definition applicable to its use as a criterion for involuntary hospitalization as well as emergency admission.
2. On page 1, line 16 of S.D. 1, changing the word "whom" to "who" to make it gramatically correct.
3. On page 1a lines 3 and 4 of S.D. 1, inserting the phrase "and transport to any facility designated by the director" after "custody" and before "any" to clarify what is to be done with the person taken into custody by the police.
4. Clarifying the procedure for making application to a judge for an ex-parte order.
5. Renumerating the subsection on physician-arranged transportation from (b) to (3) to indicate that there are 3 ways to initiate emergency admission, through the police, the court and the examining physician and, in conformity, returning the subsections

on Emergency evaluation, Release from emergency examination, Emergency hospitalization and Release from emergency hospitalization to their original lettering as set forth in Act 130, S.L.H. 1976.

6. Deleting the provision allowing an examining physician to call a judge for an order authorizing emergency hospitalization since a physician is able to hospitalize on an emergency basis without court order provided the physician concludes that the person meets the criteria for emergency admission.

7. Providing that an examining physician at a psychiatric facility may arrange for the transfer of a patient to another psychiatric facility within the State for emergency hospitalization. This is to provide for those situations where a facility may not have beds available or a transfer would be in the best interests of the patient.

8. Deleting the requirement that a patient have the mental capacity to make a rational decision with respect to notification before he may waive notification to family members. Since a patient is presumed competent to make this kind of request, it should be honored in conformity with the patient's right to privacy.

9. Deleting the provision mandating that a physician call a judge before discharging a patient if the judge had ordered emergency hospitalization since the provision allowing a physician to ask a judge for such an order is deleted.

10. Providing that notice of hearing shall be served upon the person who has had principal care and custody of a minor during the sixty days preceding the date of the petition only if such person can be found within the State.

11. Deleting the requirement that an adult may waive notification of the hearing only if he is capable of making a voluntary and knowing waiver for the same reason as stated in number 8 above.

12. On page 16, line 8, deleting the word "shall" and inserting the word "may" so that a court may order transportation other than by the police if appropriate.

13. Providing that the original period of commitment and the first period of recommitment should not exceed 90 days but if, at the end of a recommitment period, the judge determines that the criteria for involuntary hospitalization are likely to extend beyond 90 days, subsequent recommitment periods may be for a period not to exceed 180 days. The court would still have discretion to order a commitment shorter than that allowed and the hospital would still be required, under Act 130, S.L.H. 1976, to discharge a patient as soon as the criteria for involuntary hospitalization no longer exists. Furthermore, if the hospital should fail to discharge a patient although the criteria for involuntary hospitalization are no longer present, the patient would still have available the habeas corpus remedy.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 475, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 475, S.D. 2.

Signed by all members of the Committee.

SCRep. 529 Judiciary on S.B. No. 804

The purpose of this bill is to amend Section 294-2 by adding a new definition of a temporary substitute vehicle. A new section to be appropriately titled, "Priority of insurance coverages" is added to Chapter 294 to relieve all registered auto repair shops and licensed motor vehicle dealers of insurance liability of a vehicle loan to a customer without charge.

This service is provided to a customer who needs temporary auto vehicle transportation while his own vehicle which is insured under the no-fault law is being repaired.

Your Committee has amended the definition of a temporary substitute vehicle to restrict the term to a motor vehicle as defined in the Hawaii No-Fault Law.

Your Committee has further amended Section 2 of the bill to clarify that the insurance on the vehicle means the no-fault insurance which meets the requirements of Chapter 294, Hawaii Revised Statutes.

Your Committee concurs with the findings of your Committee on Consumer Protection in Standing Committee Report No. 297.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 804,

S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 804, S.D. 2.

Signed by all members of the Committee.

SCRep. 530 Judiciary on S.B. No. 731

The purposes of this bill are to increase efficiency in the search of land titles; to reduce the cost of title searches through increased efficiency; to provide for a uniform, statewide method of record search based on a parcel identifier system; to provide for public disclosure of the consideration for the conveyance so that prospective buyers can be more aware of the fair value of the land.

Your Committee received testimony in favor of this bill from the State Department of Taxation, a title company, appraisers, and the Hawaii Association of Realtors.

The question was raised as to what would happen if the tax map key number were incorrectly stated in the deed or other document. Your Committee is of the opinion that this would not invalidate the legal description as it is an addition to it. The number would also subsequently be verified. The same situation presently exists if the address of the grantor were incorrect; it would not invalidate the legal description.

The tax map key number is not the legal description; it is an identification number used to distinguish one property from another. For all practical purposes the tax map key number is being used extensively by appraisers, title companies, the Department of Taxation and the layman in identifying a particular property, initiating title searches, comparable sales data, and tax information.

Although the public is required to file a State conveyance tax affidavit with the document and although the affidavit has a tax map key number on it, these numbers are not available to abstractors of the Department of Taxation when they prepare their initial input of the digest of the document. If the tax map key number is on the document, these abstractors can type the tax map key numbers directly onto the Tax Map Bureau transfer sheets. This will greatly simplify departmental operations.

Further, the American Bar Association is on record for using assessor's numbers on documents. In its draft of the "Uniform Land Transaction Act," which many states are now considering adopting, Section 8-206 of the draft provides that "if practical, the recorder shall use duplicates of existing tax assessment maps." By enactment of this bill, Hawaii would be in the position of being able to be the first state to provide such information for searchers at the Bureau of Conveyances.

Your Committee recommends that this bill be amended to clarify a situation when there is a new condominium or subdivision whereby specific tax map key numbers are not available prior to recording by stating that the tax map key number recorded will be the one last assigned by the Department of Taxation. Your Committee further recommends that the section relating to Element of Consideration be deleted from this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 731, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 731, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 531 Judiciary on S.B. No. 991

The purpose of this bill is to conform the personnel laws of the State of Hawaii to the Hawaii State Constitution concept that the Judiciary is a separate branch of State government.

Act 159, Session Laws of Hawaii, 1974 was adopted to amend those portions of the Hawaii Revised Statutes which were not in conformance with the constitutional principles of separation of powers and co-equal status of the Executive, Judicial and Legislative branches of State government. Your Committee finds, however, that the Act 159 amendments to Title 7, Public Officers and Employees, Hawaii Revised Statutes did not entirely bring those statutes relating to personnel matters into conformance with these constitutional principles.

Your Committee further finds that the relationship of the Judiciary to the Legislature is not affected by this bill. It establishes a separate and independent personnel system for the Judiciary. The existing collective bargaining relationship is not disturbed. The governor remains as the employer, in the case of the Judiciary, for the purposes of

collective bargaining.

Your Committee heard testimony in support of the concept of this bill from representatives of the Department of Personnel Services and the Hawaii Government Employees Association, as well as from the Administrative Director of the Courts. Clarifying technical improvements were suggested by HGEA and are reflected in an amendment to section 6 of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 991 as amended herein and recommends that it pass Third Reading in the form attached hereto as S.B. No. 991, S.D. 1.

Signed by all members of the Committee.

SCRep. 532 Judiciary on S.B. No. 1408

The purpose of this bill is to completely revise Hawaii's criminal laws relating to obscenity conforming them to the latest decision of the United States Supreme Court. It is also the purpose of this bill to expand and strengthen the prohibitions against involvement of minors in the production, traffic and viewing of pornography.

Your Committee received testimony from the Office of the Prosecutor, City and County of Honolulu, and the Honolulu Police Department that the present obscenity statutes (Chapter 12, Part II, Hawaii Penal Code) are not being enforced because their constitutionality is in question. However, both agencies and several other parties testified in favor of passage of the proposals now contained in S.B. No. 1408, S.D. 1.

Your Committee has amended this bill to make a comprehensive bill on this subject matter by incorporating S.B. 1410 and S.B. No. 331 in it. As amended the bill primarily does the following:

1. Conforms the definitions of pornography to the tests articulated in *Miller v. California* 413 U.S. 15, 93 S.Ct. 2607, 37 L.Ed.2d 419 (1973);
2. Raises the definition of minors in this section from any person less than sixteen to eighteen so that all minors less than eighteen are protected from involvement with pornography;
3. Expands the definition of "sexual conduct";
4. Raises the penalty one step for most offenses in the area. Providing pornography to a minor or producing pornography using a minor is made a class B felony.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1408, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1408, S.D.1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 533 Judiciary on S.B. No. 1281

The purpose of this bill is to permit the stockholders of a Hawaii corporation which is in proceedings under Chapter X of the Federal Bankruptcy Law to amend the Bylaws and Company Charter pursuant to Chapter 416, Hawaii Revised Statutes, to allow new classes and types of stock holdings for additional investment; and to permit new management by or for these new stockholders by transferring voting rights to them or otherwise allowing them to democratically reorganize.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1281, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S. B. No. 1281, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 534 Judiciary on S.B. No. 1367

The purpose of this bill is to amend Section 574-5, Hawaii Revised Statutes, to enable a court, as an incident to divorce, to restore a surname to a man who, at the time of marriage had under the authority of Section 574-1, Hawaii Revised Statutes, declared a new surname to be used by him as a married person. As presently written said Section 574-5 gives this authority with reference to restoring a former surname to a woman. This bill will equalize the court's power in this regard as to both men and women.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1367 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 535 Judiciary on S.B. No. 1370

The purpose of this bill is to clearly and specifically define the authority, which has been exercised by long custom and practice, of the Family Courts of the State of Hawaii in their discretion in domestic relations cases, under already accepted criteria and guideline, which are restated in one instance in this bill, to make appropriate orders:

(1) Relating to the payment, by the parties in divorce actions, of the debts and their attorney's fees, costs and expenses in the initial action, in actions to modify or enforce previous orders of the court and on appeal;

(2) Relating to the support of the parties in divorce actions and their children during the pending of any appeal from an order of court; and

(3) Relating to the support and maintenance of the adult and minor children of the parties in a divorce action who are dependent by reason of their need for education or by reason of their being incompetent.

This bill also provides for certain style changes by providing numbering of subparagraphs and rearranging the wording within Section 580-47, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1370 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 536 Judiciary on S.B. No. 1371

The purpose of this bill is to eliminate the cost and expense of divorced persons being required to petition for, and the expense of the time of Family Court in hearing, petitions for the termination of the payment of alimony after the remarriage of the recipient former spouse. This bill will automatically terminate the duty to pay alimony if the spouse to whom it is being paid remarries, except in those cases where the decree or order or an agreement of the parties specifically provides for the continuation of alimony payments after the remarriage of the payee.

In cases where a decree or agreement provides for the continuation of alimony payments after marriage this bill grants the Family Court power, in its discretion following the remarriage of the recipient of alimony, to "modify and revise" the former order, using the same guidelines as are provided in Section 580-47, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1371 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 537 Judiciary on S.B. No. 855

The purpose of this bill is to amend Section 188-25, Hawaii Revised Statutes, by allowing the sale of speared fish with the exception of any fish which is smaller than the minimum size for the fish as specified in Section 188-40, Hawaii Revised Statutes.

Your Committee made the following amendments to the bill:

1. Retaining in Section 188-25(a) the phrase "or to pursue, take or kill any crustacean with a spear", but inserting "other than prawns" following the word "crustacean" in page 1, line 7;
2. Retaining the present Section 188-25(c) but deleting from it the words "or fish other than sharks" in line 12 and "or fish" in page 1, line 13;
3. Retaining the words "or offered for sale" in Section 188-25(d) in page 1, line 16.

Your Committee is in accord with the intent and purpose of S.B. No. 855, as amended

herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 855, S.D. 1.

Signed by all members of the Committee.

SCRep. 538 Judiciary on S.B. No. 1059

The purpose of this bill is to make various amendments to the laws relating to the medical malpractice insurance system and medical torts in order to more effectively meet the problem of rising medical malpractice insurance rates.

Upon consideration of this measure, your Committee has some amendments to the bill. As amended, this bill provides as follows:

Section 1 of this bill amends the purpose clause of Act 219, Session Laws of Hawaii 1976, by deleting the statement that one of the purposes of the Act is to impose appropriate sanctions on errant health care providers. Some physicians have objected to the statement on the basis that it implies that there are large number of errant health care providers. In order to provide assurance that no such implication was intended, your Committee has deleted the statement from the purpose clause of Act 219.

Section 2 of the bill amends the definition of "health care provider" in Act 219 to clarify that the physicians and surgeons included within the definition are those physicians and surgeons licensed under Chapter 453, Hawaii Revised Statutes.

Section 3 of the bill amends the provision of Act 219 dealing with attorney's contingent fees. Act 219 limited attorney's contingent fees in medical malpractice cases to 33 1/3 per cent or 40 per cent of the amount recovered, depending on when recovery is made.

Your Committee agrees that such limitations on fees are arbitrary and that depending on the circumstances, fees of more or less than 33 1/3 or 40 per cent may be reasonable and appropriate. Accordingly, the provision has been amended to provide for reasonable contingent fees as approved by a court. Court approval of the amount of contingent fees would be required whether a claim resulted in a settlement before or after a suit is initiated. It is your Committee's intention that in determining the reasonableness of a fee, the court consider all circumstances of the case, including without limitation, the experience of the attorney, the complexity of the case, the time spent by the attorney on the case and the size of the recovery.

Section 4 of the bill adds a new section to Act 219 dealing with periodic payments of future medical expenses. Under present law the portion of a recovery awarded to cover future medical expenses is not specifically identified and the entire amount of the recovery is paid to the injured party in one lump sum. If a sizable amount is awarded for future medical expenses and the injured party dies shortly after the recovery, the heirs receive a windfall in the amount awarded for such expenses but which have not been expended.

Your Committee believes that if a substantial award is made for future medical expenses, there should be some procedure to insure that the award is utilized for that purpose. To that end, the bill provides that in cases where an award for future medical expenses exceeds \$25,000, the defendant or his insurer shall pay the amount to the Insurance Commissioner as custodian. The Insurance Commissioner will make periodic payments for medical expenses as they arise and in the event of the death of the injured party before the award is exhausted, the remaining balance will revert to the defendant or his insurer.

Section 5 of the bill increases the number of attorneys and physicians from which the medical claims conciliation panels established by Act 219 are formed. Present law provides for a list of 25 attorneys and 25 physicians. Testimony received from the Department of Regulatory Agencies indicates that although attorneys and physicians have been cooperative in contributing time to serve on the panels, an increase in the number of prospective panel members is desirable to decrease the workload for all. This amendment will increase the list of panel members to not less than 35 attorneys and not less than 35 physicians.

Sections 6 through 14 of the bill affect the mandatory medical malpractice insurance requirements for health care providers and the patients' compensation fund established by Act 219, Session Laws of Hawaii 1976.

Present law requires that all physicians and surgeons maintain medical malpractice insurance coverage as a condition of obtaining and maintaining their Hawaii medical licenses. Further, all physicians must contribute to the patients' compensation fund which insures physicians for liability in excess of the basic insurance required for licensure.

Your Committee finds that because of the relatively high cost of medical malpractice insurance, the mandatory insurance requirement has caused hardship for some physicians. Physicians who are starting out in practice may be unable to afford the coverage required. Physicians who are semi-retired and have a limited practice find it economically unfeasible to carry malpractice insurance because the income derived from their limited practices cannot offset the cost of insurance. The present law, in effect, requires all physicians to carry unlimited insurance coverage and physicians in lower risk categories do not feel the need to carry such coverage.

In order to rectify these difficulties, the bill removes the mandatory insurance requirement, makes participation in the patients' compensation fund optional, limits the liability of the fund and allows the insurance commissioner to set the coverages to be offered by the fund.

Under the bill, health care providers who wish to participate in the fund must purchase medical malpractice insurance in the private market in the following amounts: For individual physicians and surgeons \$100,000 per claim and \$300,000 per policy period aggregate; for hospitals and other health care providers \$100,000 per claim and \$1 million per policy period aggregate. The fund will offer coverage in excess of the basic coverage in amounts to be set by the insurance commissioner to a maximum liability of the fund of \$1 million per claim and \$5 million per policy period aggregate. The limitation of the liability of the fund should allow a reduction in the surcharge for the fund and the flexibility in offering coverage by the fund will allow the insurance commissioner to offer coverage suited to the needs of health care providers.

The bill also eliminates the present requirement that the patients' compensation fund accumulate \$5 million by September 1, 1981. The elimination of this requirement will give the insurance commissioner flexibility to set the surcharge based on the actual loss experience of the fund and the number of physicians who elect to participate in the fund. It will permit lower surcharges if the fund has a low loss experience and it is determined that a longer period to accumulate \$5 million is actuarially sound. However, if on January 31 of any year the fund exceeds \$5 million, the insurance commissioner will reduce or waive the surcharge to maintain the fund at an approximate level of \$5 million.

In order to meet the so called "long tail" problem in setting medical malpractice insurance rates, Section 11 of the bill provides for the payment by the patients' compensation fund of the entire amount of any recovery made for any claim instituted more than 6 years after the occurrence of the medical tort on which the claim is based.

Because of the length of the statute of limitations for medical torts and the tolling of the statute of limitations for any period during which an injured party is under a disability because of minority, insanity or imprisonment, there is a possibility of a long delay between the time an alleged medical tort occurs and the time that an action based on the tort is initiated. Insurance companies claim that because of inflation and the increasing number of medical malpractice claims, this potential long delay, or "long tail" leads to uncertainty in setting premiums for malpractice insurance and results in higher rates.

The provisions of Section 11 would remove this uncertainty for insurance companies for health care providers who participate in the patients' compensation fund by having the fund pay for any recovery based on a claim initiated more than 6 years after the occurrence on which the claim is based. This coverage would only extend to medical torts which occur after September 1, 1977. In effect, the potential liability of an insurer of a health care provider who participates in the patients' compensation fund would be limited to 6 years after any occurrence of malpractice. Although this will increase the exposure of the patients' compensation fund and increase the surcharge for the fund, your Committee believes that the overall effect should result in a stabilization of medical malpractice insurance costs.

In addition to removing failure to maintain financial responsibility, i.e., malpractice insurance, as a cause for revocation, suspension or limitation of a medical license under Section 453-8, Hawaii Revised Statutes, Section 14 of this bill also amends subparagraph (7) and (12) of Section 453-8.

Subparagraph (7) is amended by deleting past addiction to drugs as a cause for disciplinary action against a physician. In making this amendment your Committee reaffirms the principle that fully rehabilitated persons should not be indefinitely punished for past transgressions.

Subparagraph (12), which makes the performing of any surgical or medical treatment which is contrary to accepted medical standards a cause for disciplinary action is deleted entirely. Your Committee agrees that the language of the subparagraph may tend to inhibit the use of new or innovative techniques and treatment which may not be considered as within "accepted medical standards" but which may be proper treatment under the circumstances.

Your Committee believes that the intent of the subparagraph is to prohibit improper and incompetent treatment and such conduct is covered under subparagraph (10) which makes professional misconduct, gross carelessness or manifest incapacity cause for revocation, suspension or limitation of a medical license.

Section 15 of the bill amends the current law which allows a patient access to all of his or her medical records. The amendment limits patient access to hospital records. Your Committee finds that there is a basic difference in a physician's office records relating to a patient and a patient's hospital records. A physician's office records may contain his observations about the patient, conjecture and other comments which may be misinterpreted by a patient who obtains the records and lead to a deterioration of the doctor-patient relationship. Hospital records, on the other hand, are factual records of the course of the patient's treatment while hospitalized and should be made available upon request.

Section 16 of the bill amends Section 657-7.3, Hawaii Revised Statutes, which sets the statute of limitation of medical tort actions. Section 657-7.3 provides that a medical tort action must be brought within 2 years after a patient discovers, or should have discovered, an injury caused by any alleged occurrence of malpractice with an outside limit of 6 years after the occurrence regardless of the time of discovery. The section further provides that the time limitation is tolled for any period that the person who caused the injury fails to disclose any occurrence of malpractice which is known to him or through the use of reasonable diligence, should have been known to him.

It could be argued that a health care provider, through the use of reasonable diligence, should be aware of any act of malpractice which he may have committed. Your Committee is concerned that if such an interpretation of the law was made, there would be no time limitation on bringing medical malpractice actions. In order to avoid this result, your Committee has amended the last sentence of Section 657-7.3 to toll the time limitation only if the health care provider had actual knowledge of an occurrence of malpractice and failed to notify the patient.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1059, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1059, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 539 (Majority) Judiciary on S.B. No. 331

The purpose of this bill is to amend the existing definition of the word, "pornographic", contained in section 712-1210 of the Hawaii Penal Code.

Any material or performance is defined as pornographic by this bill if (a) the average person, applying contemporary community standards would find that the material or performance, taken as a whole, appeals to the prurient interest; (b) the material or performance depicts or describes sexual conduct in a patently offensive way; and (c) the material or performance taken as a whole, lacks serious literary, artistic, political, or scientific value.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 331 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator Takitani did not concur.

SCRep. 540 Judiciary on S.B. No. 1074

The purpose of this bill is to make changes, mostly technical, in the Hawaii version of the Uniform Probate Code (Act 200, Session Laws of Hawaii 1976). Listed below is a brief description of each amendment to Act 200 made by the bill and the reason for making the amendment:

1. Change: As introduced, S.B. No. 1074 amends section 1-108 of Act 200 so as to delete reference to the registration of trusts. Your Committee believes that requiring the registration of trusts is desirable (See Change 38 below) and, accordingly, recommends that section 1-108 not be amended.

Reason: See comment to Change 38 below.

2. Change: As introduced, S.B. No. 1074 deletes the requirement of section 1-401

that notices in probate and guardianship proceedings be sent by registered or certified mail, return receipt requested, deliverable to the addressee only, and substitutes first class mail in its place. Your Committee recommends that section 1-401 be amended so as to permit first class mail as an alternative only if personal service or delivery is not possible.

Reason: Your Committee wants actual notice to be effected if at all possible, and feels that first class mail should be used only as a back-up if some other method of service which guarantees actual receipt of notice is not possible. Your Committee envisions that the first attempt at giving notice may be by certified or registered mail and, if the return receipt is not returned or someone other than the person entitled to notice signed it, first class mail could be used.

3. Change: Section 2-102 of Act 200 is amended to provide that the surviving spouse inherits the entire intestate estate if the decedent left neither issue nor parents surviving him.

Reason: Act 200 gives the surviving spouse one-half of the intestate estate if the decedent left any brothers or sisters surviving him. Your Committee is concerned for the welfare of surviving spouses who may have lost their principal source of support. This amendment provides greater protection for surviving spouses than does the language of Act 200.

4. Change: Section 2-103 of Act 200 is amended so as to provide that great grandparents and their issue take in an intestacy prior to escheat to the State.

Reason: Your Committee feels that providing for escheat to the State if the intestate decedent leaves neither grandparents nor issue of grandparents cuts off easily discoverable relatives.

5. Change: Section 2-205 of Act 200 is amended to provide for a uniform method by which a widow elects her dower interest, if any, and her elective share. Your Committee has included a cross reference to section 533-1.

Reason: Act 200 provides that a widow is presumed to elect her dower interest and not to elect her elective share if she permits the probate to close without taking action. The amendment to section 2-205, coupled with the repeal of HRS sections 533-14 and -15 (see Change 39 below) is designed to correct this inconsistency by providing that the widow must file with the court an election to take her dower interest and her elective share if she desires to take against her husband's will or in lieu of her intestate share. The reference to section 533-1 is intended to direct persons to that section which specifies the limited circumstances in which dower will exist after July 1, 1977.

6. Change: Section 2-206 of Act 200 is amended to make reference to the widow's dower interest, if any. Your Committee has also moved language appearing in Section 6 of S.B. No. 1074 (section 2-207) to this section.

Reason: See the discussion under Change 5 above. The language from section 2-207 is rearranged for clarity. Such language incorporates existing Hawaii statutory provisions which enable a testator to permit his spouse to take a statutory share in addition to a testamentary bequest.

7. Change: Section 2-207 of Act 200 is amended to make reference to the widow's dower interest.

Reason: See the discussion under Change 5 above.

8. Change: Section 2-403 of Act 200 is amended to delete the \$6,000 limitation on the family allowance.

Reason: Present Hawaii law does not provide a ceiling for the family allowance and your Committee has heard testimony to the effect that the \$6,000 ceiling may work a hardship on some families.

9. Change: Section 2-404 of Act 200 is amended to authorize the courts to award a family allowance in excess of \$6,000. As amended, this section permits the personal representative to authorize an allowance of up to \$6,000, but an interested person may petition the court for the award of a greater or lesser amount.

Reason: See comment to Change 8 above.

10. Change: Section 2-902 of Act 200 is amended to make clear that a person possessing a will of a decedent has the duty to come forward with it without demand having first been made.

Reason: As it is drafted in Act 200, section 2-902 appears to permit the possessor of the will of a decedent to retain the will until requested by an interested person to produce it. Your Committee is concerned that interested persons may not know who possesses the decedent's will and, accordingly, will not be able to make the request which triggers the possessor's duty to produce the will. The amendment to section 2-902 makes clear that the possessor has the duty to produce the will in the absence of any request.

11. **Change:** Section 3-108 of Act 200 is amended by adding a new paragraph (d) which imposes a 12 month time limit for initiating a proceeding to contest a testacy status determination made in an informal proceeding.

Reason: The new paragraph is similar in effect to language originally included in S.B. No. 79 but deleted prior to its final passage last session. The purpose is to provide greater certainty to testacy determinations made in informal proceedings by making such determinations conclusive 12 months after the close of the informal proceedings. Your Committee has added a reference to section 3-503 to make clear that certain determinations made in informal proceedings are not binding if supervised proceedings are commenced on account of the discovery of additional assets.

12. **Change:** Section 3-203 of Act 200 is amended by adding a new paragraph (9) which requires the clerk of the court to serve as the personal representative if no other person is willing to so serve.

Reason: Under both Act 200 and present Hawaii law, there is no clear procedure for appointing a personal representative for an estate if no one is willing to serve. An example of this type of situation is a decedent who negligently killed himself and another party. The estate of the other party wishes to sue the estate of the decedent so as to seek recovery against the decedent's liability insurer, but no one is willing to be appointed as the personal representative of the decedent's estate. The amended language would require the clerk of the court to serve as personal representative in this situation.

13. **Change:** Section 3-301 of Act 200 is amended in minor technical aspects.

Reason: The amendments add clarity and tie in with the time periods set forth in section 1-401. Paragraph (b)(4) is deleted since it conflicts with section 3-303(b). The amendments to paragraphs (c) and (d) made clear that published notice is not required in informal proceedings unless required under section 1-401 (e.g. a party entitled to notice cannot be located).

14. **Change:** Section 3-302 of Act 200 is amended so as to shorten the period between the filing of an informal application and the issuance of letters.

Reason: Act 200 would have required the registrar to wait 40 days before issuing letters. This period was derived from the published notice provisions of section 1-401(a)(3). Since published notice is not required in informal proceedings, the amended section permits the registrar to issue letters as soon as 14 days after the last mailing or other delivery of notice to interested persons unless published notice is required, in which case the registrar would have to wait at least 40 days.

15. **Change:** Section 3-303 of Act 200 is amended in minor technical aspects.

Reason: The amendments incorporate provisions relating to ancillary proceedings for clarity.

16. **Change:** Section 3-307 of Act 200 is amended by deleting a requirement that the registrar delay issuance of letters for 30 days after the death of a nonresident decedent.

Reason: This language, found in the national version of the Uniform Probate Code, is designed to insure that interested persons have time to learn of the death of a nonresident decedent. Since the Hawaii version requires that notice be given and does not rely on the passage of time for people to learn of the decedent's death, the 30 day delay serves no purpose in this State.

17. **Change:** Section 3-308 of Act 200 is amended to include a reference to ancillary proceedings.

Reason: As drafted, section 3-308 appears to give the impression that the time limitation of 3-108 apply to ancillary proceedings when in fact such is not the case.

18. **Change:** Section 3-502 of Act 200 is amended to make reference to proof of service and to make clear that a personal representative may commence a supervised proceeding for any reason.

Reason: The amendments add clarity.

19. Change: Section 3-503 of Act 200 is amended to deal with the problems which arise when a probate is commenced informally and additional assets are discovered which bring the gross assets of the estate above the jurisdictional limit for informal probates.

Reason: As drafted, Act 200 does not specify the consequences which flow from the after-discovered assets. Under this bill, distributions made in good faith in the informal proceedings will not be disturbed, but the undistributed and after-discovered assets are to be administered in supervised proceedings. Your Committee feels that the informal determinations as to (1) whether or not the decedent left a valid will and (2) who is entitled to succeed to the decedent's estate should not be binding in the supervised proceedings since it is conceivable that interested persons may have chosen not to participate in the informal proceedings on account of the small size of the estate. Your Committee feels that these persons should have the right to participate in the supervised proceedings and to advance evidence relating to the testary status and successors of the decedent.

20. Change: Section 3-706(b) of Act 200 is amended in minor technical aspects.

Reason: The amendments add clarity.

21. Change: Section 3-707 of Act 200 is amended to establish a procedure for resolving a contested valuation of an asset of the estate.

Reason: Your Committee anticipates that conflicts may arise over valuations of estate assets set either by the personal representative or his appraiser or by a court appointed appraiser. The amendment provides that the conflict shall be resolved at a court hearing.

22. Change: Section 3-801 of Act 200 is amended in minor technical aspects.

Reason: The amendments add clarity.

23. Change: Section 3-803(c) of Act 200 is amended to make clear when a suit against the decedent's liability insurer must be brought.

Reason: The amendment adds clarity.

24. Change: Section 3-805(a) of Act 200 is amended to rearrange the classification of claims and to limit the amount of the family allowance with priority over creditors' claims to \$6,000.

Reason: Your Committee has recommended that the \$6,000 ceiling on the family allowance be eliminated. (See Change 8 above). Your Committee does not intend that the entire estate be paid out in the form of a family allowance if to do so is to disadvantage creditors. The amendment rearranging the priority of payment is designed to accord higher priority to the allowances for spouses and dependents (family and homestead allowances) than to the allowance which does not turn on dependency (exempt property).

25. Change: Section 3-1001 of Act 200 is amended to accord the court discretion to extend the time within which final accounts must be filed in supervised proceedings and is amended in other minor technical aspects.

Reason: Granting the court discretion to extend the time within which to file final accounts is a continuation of present Hawaii law (HRS Section 531-31). The other amendments add clarity.

26. Change: Section 3-1003 of Act 200 is amended to accord the registrar discretion to extend the time within which final accounts must be filed in informal proceedings and is amended in other minor technical aspects.

Reason: See comment to Change 29 above. The technical amendments add clarity.

27. Change: Section 3-1201 of Act 200 is amended to require that a death certificate accompany an affidavit in which the affiant seeks collection of the decedent's assets.

Reason: As drafted, Act 200 permits affidavit collection without clear proof of the decedent's death. The amendment seeks to plug this loophole.

28. Change: Section 3-1202 of Act 200 is amended to refer to section 3-1201.

Reason: The amendment adds clarity.

29. Change: As introduced, S.B. No. 1074 would increase the jurisdictional limit of the small estates clerk from \$10,000 to \$30,000. Your Committee recommends that this amendment not be made and has deleted it from S.D. 1.

Reason: This amendment would have made the jurisdictional limit of the small estates clerk equal to the ceiling for informal probates. The purpose was to give persons interested in an under \$30,000 estate an alternative method by which to secure the probate of the decedent's estate. Your Committee is concerned that the increased workload on the small estates clerks would adversely affect the efficiency of that office. In addition, your Committee is concerned that estates in the \$10,000 to \$30,000 range may entail situations which have legal implications outside probate and that persons using the services of the small estates clerk will assume that all problems concerning the estate, including problems other than probate, are being handled by the clerk when in fact such is not the case.

30. Change: Sections 3-1209 and 3-1210 of Act 200 are amended to make reference to section 3-805.

Reason: The amendments are intended to make clear that the allowances and exempt property set forth in Article II apply in small estates proceedings.

31. Change: A new section designated as section 4-207 is added to Act 200.

Reason: The amendment makes clear that ancillary proceedings are governed by the other provisions.

32. Change: Section 5-102 of Act 200 is amended to permit consolidation of protective and guardianship proceedings.

Reason: Where consolidated proceedings can be permitted without disrupting court procedures, savings in both time and money can be realized. Your Committee thinks it desirable that the courts have the option to permit such consolidation.

33. Change: A new section designated as section 5-105 and relating to the compensation of guardians ad litem is added to Act 200.

Reason: The amendment makes clear that the family court has the authority to award reasonable compensation to guardians ad litem.

34. Change: Sections 5-204, 5-304 and 5-401 are amended to permit the appointment of a nonresident as a guardian if nominated by the will of a parent.

Reason: Without this amendment, a Hawaii resident would have to nominate another Hawaii resident as the guardian of his children. Thus, a person whose entire family resides elsewhere would be precluded from nominating a family member as a guardian. Your Committee considers this to be an unwise and unjust provision.

35. Change: Sections 5-207, 5-303, 5-404, 5-405 and 5-407(b) of Act 200 are amended in minor technical aspects.

Reason: The amendments add clarity.

36. Change: Sections 5-501 and 5-502 of Act 200 are amended so as to make clear that all powers of attorney automatically terminate upon the death of the principal notwithstanding any language in the power of attorney and whether or not the attorney in fact has knowledge of the principal's death.

Reason: The amendments add clarity.

37. Change: Sections 6-107 and 6-113 of Act 200 is amended to include reference to the terminology "net contribution" which is defined in section 6-L01(6).

Reason: The amendments add clarity.

38. Change: Sections 45 through 50 of S.B. No. 1074 delete the provisions relating to the registration of trusts. Your Committee recommends that trusts continue to be registered and, accordingly, has deleted sections 45 through 50.

Reason: Your Committee is aware that one of the reasons for trust registration in the national version of the Uniform Probate Code is that the information derived therefrom is helpful in calculating the "augmented estate" against which a surviving spouse may assert his elective share. The Hawaii version of the Uniform Probate Code does not utilize

the augmented estate concept. Nonetheless, your Committee feels that, given the extensive use of trusts in this State, from a consumer protection viewpoint it is desirable to require trust registration, for persons who think they may be beneficiaries under a trust will have a reference source to which they may turn.

39. Change: Sections 533-14 and -15, Hawaii Revised Statutes, are repealed.

Reason: The relevant provisions of these sections are incorporated in sections 2-205, 2-206 and 2-207. (See comment to Change 5 above).

40. Change: Section 551-22(a), Hawaii Revised Statutes, is repealed.

Reason: This section conflicts with section 5-103.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1074, as amended herein, and recommends that it pass Second Reading in for form attached hereto as S.B. No. 1074, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 541 Judiciary on S.B. No. 1351

The purpose of this bill is to amend Chapter 294, Hawaii Revised Statutes, relating to Hawaii's No-Fault automobile insurance law.

Said Chapter 294 creates a system of reparations for accidental harm and loss arising from motor vehicle accidents, which compensates these damages without regard to fault, and limits tort liability for these accidents.

While the basic intent and purpose of said Chapter 294 remains valid, there is need to make further amendments and modifications in order to refine the motor vehicle reparations system.

These proposals have been submitted by the Motor Vehicle Insurance Division of the Department of Regulatory Agencies, based on their experiences during the implementation and transitional operation period. Input was also requested and obtained from representatives of public interest groups, industry and other governmental agencies. The proposed amendments range from housekeeping nature to those which could have a direct impact on improved benefits to the motor vehicle insurance consumers.

Upon consideration of this bill, your Committee has amended the bill by deleting several of the proposed changes and making other technical and substantive changes. This bill, as amended, makes the following changes to Chapter 294:

1. Section 294-2(10)(D). The definition of "No-fault benefits" is amended to clearly state that substitution services which may be provided through no-fault benefits do not include those to maintain or to generate income but to benefit the insured and his family.

This Section is also amended to eliminate the definition of "No-fault benefits" as amended by Act 80, Session Laws of Hawaii, 1976, which relates to no-fault benefits provided to the public assistance recipients. It is the intent of your Committee that these insurance coverages be paid for by the public assistance recipients, unless the State is required to provide these no-fault benefits.

2. Section 294-5. The title is amended to read, "Duplication of benefits not permitted." This amendment is to clarify the primacy of workers' compensation and other laws and to require the insured to apply for these primary benefits when the automobile injury was work related.

Additional language has been added to Section 294-5(b) to provide an adequate safeguard for the consumer if this claim is contested. In that case, the insurer would immediately step in and pay all no-fault benefits and if the claim was later found compensable under workers' compensation, he would be entitled to receive back those primary benefits paid.

3. Section 294-6(b). This Section is amended to clarify and to make consistent for all persons sustaining accidental harm from motor vehicle accidents to meet all of the tort threshold requirements before that person can exercise his right to receive benefits under his uninsured motorist bodily injury coverage.

4. Section 294-7. This Section is amended to clearly state the original intent of the Legislature when it passed the Hawaii No-Fault Law. Whenever any person effects a

tort liability recovery for accidental harm, whether by suit or settlement, the no-fault insurer is entitled to subrogate fifty per cent of the no-fault benefits, up to the maximum limit specified by Section 294-3(c). That limit is in the amount of \$15,000. Therefore, if the no-fault insurer paid no-fault benefits in excess of this \$15,000 amount; the proper application of the present law as specified in Sections 294-2(10), 294-3, 294-4, and 294-10, Hawaii Revised Statutes, leaves no room for interpretation; but that the maximum amount that the no-fault insurer may subrogate is in the amount of fifty per cent of \$15,000. The no-fault insurer cannot subrogate against the optional additional coverages, which by rules and regulations of the Commissioner of Motor Vehicle Insurance each insurer is required to offer each applicant.

The Commissioner of the Motor Vehicle Insurance Division has indicated a growing trend among insurers of abusing the present subrogation rights. Additionally, instances have been uncovered where subjective application of the present provisions may be inconsistent and to the detriment of certain consumers.

This amendment would further clarify the intent of the Legislature that a person sustaining accidental harm should be provided equitable and adequate reparation.

5. Section 294-11(a)(3). This Subsection is amended by adding a clarification to permit the provision of aggregate limits with respect to the optional additional tort liability coverages. Both the statute and the rules are silent as to provision of an aggregate limit per occurrence on the optional limits above \$25,000. All other lines of liability insurance is written with a maximum limit per accident (aggregate limit), as was automobile prior to no-fault. This bill would permit the use of an aggregate limit but even if the aggregate limit is reached, there would still be \$25,000 per person available regardless of the number of persons injured.

6. Section 294-13(j). This Subsection is amended to extend the present open-competitive rating system, which expires August 31, 1978, for an additional five years. In his Annual Report to the Legislature, the Commissioner of Motor Vehicle Insurance has indicated that the present open-competitive rating system is working to the benefit of the consumers. This appears to be the most workable and effective approach to automobile insurance rate regulation for Hawaii. As such, your Committee is in accord that the present rating system be retained, and that an extension of this system be allowed to give the Commissioner of Motor Vehicle Insurance more time to carefully analyze and evaluate the merits of this concept of open-competition.

7. Section 294-22 and Section 294-24. Both of these Sections are amended to eliminate the concept of "free" no-fault automobile insurance coverage for public assistance recipients.

When the present no-fault insurance was enacted, the Legislature believed that premiums paid into the Hawaii Joint Underwriters Plan, hereinafter referred to as "HJUP", by commercial vehicles would adequately fund the cost of the "free" insurance to the public assistance recipients. However, because of the availability of lower rates for commercial vehicles in the open, competitive insurance market, only eight per cent of the total vehicles in the HJUP are commercial vehicles as opposed to 77 per cent in the HJUP belonging to the public assistance recipients. The law also specifies that the automobile insurance companies would be assessed to finance the HJUP if funds were not sufficient.

The Commissioner of the Motor Vehicle Insurance in detailing cost of providing free insurance to public assistance recipients under the HJUP stated in his Annual Report to the Legislature that, the amount of premiums not realized from public assistance insureds totals \$3,187,809 as of June 30, 1976. All of the premiums not realized from public assistance insureds are required to maintain liquidity of the HJUP, and that as long as such premiums are not realized, insurers will continue to be assessed.

Your Committee has noted that Hawaii is presently the only State that provides free motor vehicle insurance coverage to public assistance recipients. While the overall HJUP program is operating efficiently, it is anticipated that the financial situation of the HJUP will not be resolved as long as the free insurance concept is retained and the population of the HJUP is not significantly changed. Under the present program, the insured motoring public would eventually assume, through rate increases, the cost of insurance to public assistance recipients.

Your Committee concurs with the findings of your Committee on Consumer Protection in Standing Committee Report No. 298 on S. B. No. 1438 relevant to these Sections.

8. Section 294-23(b). This Section is amended to preclude not only the owner or operator but also any passenger who has reason to believe that the vehicle was an uninsured motor vehicle from collecting no-fault benefits from the HJUP assigned claims plan.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1351, S. D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S. B. No. 1351, S. D. 2.

Signed by all members of the Committee.

SCRep. 542 Judiciary on S.B. No. 1355

The purpose of this bill is to amend Section 346-37, Hawaii Revised Statutes, to provide for the recovery of public assistance fraudulently received, from the estate of a deceased recipient and to subrogate the Department of Social Services and Housing to claim against a third party to recover medical payments made by the Department.

Your Committee concurs with the findings of your Committee on Human Resources as expressed in Standing Committee Report No. 268.

There has been some question as to the necessity of subparts (b) and (c) of Section 1 of this bill. The Attorney General's office has indicated that Hawaii Revised Statutes, Section 346-34 which sets forth criminal penalties for fraudulent receipt of welfare benefits is limited to the living recipient and not one who is deceased. They further indicate that the recovery of such benefits from the estate of a deceased recipient is currently prohibited if there exists one of the relatives listed in Hawaii Revised Statutes, Section 346-37(a), and that the Attorney General's office therefore concludes that the addition of subpart (b) is necessary to allow the State to seek recovery of benefits fraudulently obtained from the estate of a deceased recipient.

They further stated that subpart (c) is necessary to make it clear that funeral payments paid out by the State may be recovered if there are sufficient funds in the estate to cover funeral costs which were not properly expended prior to seeking State assistance.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 1355, S. D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 543 Judiciary on S.B. No. 1120

The purpose of this bill is to establish guidelines for the use of variable interest rate home mortgage instruments.

Your Committee concurs with the findings of your Committee on Housing and Hawaiian Homes as expressed in Standing Committee Report No. 212.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1120 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 544 Judiciary on S.B. No. 454

The purpose of this bill is to amend Chapter 403 of the Hawaii Revised Statutes by adding a new section which will allow a banking facility to be established at the University of Hawaii without regard to the existing restrictions in zoning as outlined in Section 403-53.

Your Committee finds that the establishment of a banking facility on the Manoa campus of the University of Hawaii is appropriate to meet the needs of the students, faculty and members of the administration, and groups located on campus.

Your Committee finds that the University falls within the boundaries of Zone II and that current regulations prohibit more than four branch banks of any one bank within each zone. As a result, three of the eight existing banks are presently prohibited from opening an office at the Manoa campus. This bill would allow all eight banks to bid for the establishment of banking facilities; and your Committee feels that by permitting all banks an equal opportunity to bid for the establishment of a banking facility on campus, the establishment of such a facility to serve the needs of students, faculty and members of the administration, and groups located on campus will be expedited.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 454 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 545 (Majority) Judiciary on S.B. No. 355

The purpose of this bill is to require any elected State or county public officer to resign before seeking nomination or election to any other public office, the term of which would begin prior to the expiration of the term of the original office to which he was elected.

Your Committee believes that it is the intent of the voting public, when electing a person to office, that such elected person devote the utmost energy toward fulfilling the duties of that office. To permit such a person to take time out to seek another office, and, if elected, to resign from his first office, is unfair to the people who originally elected him to office. It is also unfair to the people of the State as a whole since it may force the State and counties to hold special elections to fill the vacated offices. Finally, an elected official campaigning for another seat while retaining office holds an unfair advantage over other candidates.

It has been brought to your Committee's attention that various courts have held that a State legislature does not have the authority to impose a forced resignation requirement on those seeking election to federal offices. The rationale for these cases is that the United States Constitution prescribes very specific eligibility requirements for the various elected federal offices. A legislative act requiring an incumbent to resign from his present office prior to running for a federal office would be an imposition of a qualification for office in addition to those now contained in the United States Constitution with respect to the second office and, therefore, cannot be sustained.

Your Committee has accordingly amended the bill to impose the forced resignation requirement on only those public officers, including federal officers, seeking to run for a State or county public office. Your Committee has also amended the bill to indicate that the resignation shall take place at least forty-five (45) days prior to the filing deadline for a primary, special primary or special election.

Your Committee has amended this bill to include a severability clause.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 355, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 355, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators George and Saiki did not concur.

SCRep. 546 Judiciary on S.B. No. 518

The purpose of this bill is to enact a Land Trust Act in the State of Hawaii.

A land trust is an arrangement under which title of record is held by the trustees, but at the same time all the rights and benefits of ownership are retained by the beneficiary. A land trust is evidenced by a recorded instrument where the real estate is conveyed to the trustee; and by an unrecorded trust agreement in which the terms and provisions of the trust and the rights and obligations of the parties are clearly defined.

In a land trust, the beneficiary retains complete control of the real estate and manages it himself, or he may employ agents to manage it for him. He collects and distributes income, he insures, develops, finances and directs the lease or sale of the property as he sees fit. He may terminate the trust at any time or add property to the trust as he wishes. Exclusive and full power in all such matters rests in the beneficiary. The trustee executes deeds, mortgages and leases and otherwise deals with title only upon written direction.

After title to real estate is held in a land trust, the interest of the beneficiary becomes personal property and he may assign the interest without the formality of executing and acknowledging a deed, and his spouse need not join in the subsequent assignment.

Some of the advantages derived from a land trust include the following: (1) limited liability under mortgages and other contracts, (2) simple succession of ownership, (3) protection against risks involved in joint ownership, (4) simplicity in conveyance of title, (5) protection against partition suits, (6) privacy of ownership, and (7) the right (where a group of owners is not considered an association taxed as a corporation) to deduct depreciation for improvements on the personal income tax returns.

Statutory authorization for a land trust is necessary for two reasons in the State of Hawaii. The first is the so-called "statute of uses," which has been in effect in Hawaii since 1855; and the second is the "doctrine of equitable conversion" as applied in Hawaii. The statute of uses provides that where a trustee has no duties, other than to simply hold title, the

trust will not be considered as a valid trust. The doctrine of equitable conversion would prevent a beneficiary's interest in the trust property being considered as personal property and make it impractical for the trustee to convey good title.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. 518 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 547 Judiciary on S.B. No. 1368

The purpose of this bill is to encourage foreign lenders to make equity investments in the State by specifically providing them with the authorization to do so without losing their foreign lenders' status. Income from the equity investment will, however, be subject to taxation under the income and general excise tax laws.

Presently a foreign lender may lend money to borrowers in Hawaii without being subjected to the State law on banking, fiduciary and investments, savings and loans, insurance, and foreign corporations and without being subjected to taxation from engaging in such business activities in the State except real property taxes on property it owns in the State. While the law is clear with respect to the strictly lending activities of foreign lenders, the law is not clear as to whether foreign lenders may make equity investments in Hawaii without losing their foreign lenders' status.

Your Committee finds that the result has been a reluctance on the part of foreign lenders to make equity investments in the State which could provide an extremely valuable financing tool and often makes the difference between success and failure in getting together a financing package.

The bill, as presently drafted, permits a foreign lender to open an office here provided it does not receive deposits or derive more than 50 per cent of its business within this State. This change is not essential to the primary purpose of the bill which is to permit equity investments by foreign lenders. It does, however, seem to expand the scope of activities that foreign lenders can engage in and thus your Committee recommends that the amendments found on page 1 and on Section 2 of this bill be deleted and the existing language retained.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1368, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1368, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 548 Judiciary on S.B. No. 869

The purpose of this bill is to permit banks to issue to savings depositors either a passbook or other record evidencing the savings account. Under existing law banks are required to issue a passbook to each of their savings depositors.

The existing law was enacted in 1931 and has remained substantially unchanged since then except for minor amendments. The existing law requires a savings passbook to be issued to every savings depositor for recording of each deposit and withdrawal. Additionally, payment on the account is prohibited unless a passbook is presented. Excepting for good cause and acceptable assurance, failure to present a passbook means a savings customer may not be able to withdraw funds unless (1) a surety bond is given in favor of the bank; or (2) a notarized affidavit attesting to a lost or stolen passbook releases the bank of any liability. Obviously, such a situation is most inconvenient and may be costly to the savings customer.

This bill will place banks in parity with the savings and loan associations with respect to the issuance of passbooks. This bill will permit banks to issue a passbook or other record evidencing the depositor's account. Deposits could then be evidenced by the entry in the passbook or by a deposit receipt. Withdrawals would no longer require presentation of the passbook, but could be made upon direction of the depositor. Furthermore, this bill prescribes that if a passbook is not presented then the bank is to issue a written statement showing the balance in his account, including accrued interest, as of the date of the statement and all transactions since the date of the previous statement, to the depositor at least biannually.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 869 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 549 (Majority) Judiciary on S.B. No. 321

The purpose of this bill is to amend the existing law by adding a new Section to the Hawaii Revised Statutes by providing that if any public work or public improvement is suspended, delayed, or interrupted by a court action other than labor disputes, and the party bringing the court action shall be decided against or shall terminate the court action prior to a final decision, that party shall be liable to the contractor and the contracting body for all reasonable costs which are the direct result of such suspension, delay, or interruption of work under the contract.

Your Committee concurs with the findings of your Committee on Intergovernmental Relations as expressed in Standing Committee Report No. 77.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 321 and recommends that it pass Third Reading.

Signed by all members of the Committee. Senators Chong and George did not concur.

SCRep. 550 Judiciary on S.B. No. 761

The purpose of this bill is to update those provisions in the Hawaii Penal Code originally designed to provide more effective means of protection to the public from theft and traffic of stolen merchandise on which manufacturer or owner serial numbers or identification marks have been affixed. These provisions prohibit the defacing, erasing or alteration of such numbers or marks and possession of merchandise so defaced, erased or altered.

Your Committee concurs with the findings of your Committee on Consumer Protection in Standing Committee Report No. 73.

Your Committee recommends that this bill be amended for technical reasons without affecting any of the substantive provisions therein.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 761, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 761, S.D. 1.

Signed by all members of the Committee.

SCRep. 551 (Majority) Judiciary on S.B. No. 244

The purpose of this bill is to remove the requirement that motorcycle and motor scooter drivers and passengers wear a safety helmet when operating these vehicles on a public highway.

Your Committee concurs with the findings of your Committee on Transportation as expressed in Standing Committee Report No. 226.

Your Committee recommends that this bill be amended by providing that persons less than eighteen years of age, operating or riding on a motorcycle be required to wear a safety helmet. The purpose of this amendment is to bring this bill into conformity with federal requirements.

Your Committee on Judiciary is in accord with the intent and purpose of S. B. No. 244, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 244, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator F. Wong did not concur.

SCRep. 552 (Majority) Judiciary on S.B. No. 86

The purposes of this bill are to eliminate the gubernatorial appointment of Intake Service Center directors for the neighbor islands, thereby qualifying these positions for civil service status under Chapters 76 and 77, H.R.S.; to divest the ISC of the responsibility for short-term residential detention for persons awaiting judicial disposition, thus limiting the ISC's responsibility in this area to non-custodial and program services; to accord civil service status within the meaning of Chapters 76 and 77, H.R.S., without the necessity of examination and subject to certain conditions, to all full-time employees of the Intake Service Centers who are currently not in civil service.

This bill was considered extensively in the Senate Committee on Human Resources and

much of the substantive intent of the bill was reported in Standing Committee Report No. 52 of the Senate Committee on Human Resources.

Your Committee on Judiciary concurs with the action taken by the Senate Committee on Human Resources.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 86, S.D. 1, and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Taira and F. Wong. Senators Hara and Kawasaki did not concur.

SCRep. 553 Judiciary on S.B. No. 1203

The purpose of this bill is to provide that no more than 15 per cent of the voting stock of a Hawaii corporation can be held by any corporation from other countries or by nonresident aliens except where an applicable treaty provides otherwise. The bill further provides that if more than 15 per cent of the voting stock issued prior to the effective date of this bill, if enacted, is permitted to be owned by corporations from foreign countries or by nonresident aliens, then 100 per cent of all voting stock subsequently issued or reissued of such Hawaii corporation, shall not be permitted to be held by such alien corporations or nonresident aliens, unless at least 85 per cent of the resulting total voting stock issued and reissued by the corporation meets such restriction.

Your Committee recommends that this bill be amended to apply only to banks regulated by the Director of Regulatory Agencies under Chapter 403, Hawaii Revised Statutes, and to prohibit aliens from acquiring no more than 30 per cent of the total bank voting stocks of a bank unless written approval is obtained from the Director of Regulatory Agencies.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1203, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chong, Taira and F. Wong.

SCRep. 554 (Majority) Transportation on S.B. No. 533

The purpose of this bill is to provide a category of motor vehicle to be known as, "motor-bike", to be distinguished from a bicycle and a motor scooter. This bill also provides for certain safety requirements for these vehicles.

Your Committee has amended the name of the vehicles subject to this bill from "motor-driven bicycle" to "motor-bike".

Your Committee has amended the definition of "motor-bike" such that it be identified as being every device propelled by automatic transmission and by a motor with a displacement of fifty cubic centimeters or less, or by a motor of not more than one and one-half horsepower.

It is the Committee's further recommendation that certain provisions be made to insure the safety and operating efficiency of these vehicles and their operators. Section 9 has been further amended to include four new sections, designated (d), (e), (f), and (g); which impose a maximum speed of 25 miles per hour, prohibit operation without a license, require an annual safety inspection similar to those required of motorcycles and motor scooters, and prohibit the operation of a "motor-bike" with standard transmission on public highways and bikeways. In addition, section 4 has been amended to provide that a person be deemed adequately licensed if licensed in one or more of the categories contained in section 286-102, Hawaii Revised Statutes.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 533, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 533, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee. Senator Soares did not concur.

SCRep. 555 Legislative Management

Informing the Senate that S.C.R. No. 125, S.R. Nos. 328 and 329 and Stand. Com. Rep. Nos. 516 to 554 and 556 to 559 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 556 Energy/Natural Resources on S.C.R. No. 86

The purpose of this resolution is to request the Energy Resources Coordinator to study the impediments to the development and widespread use of the solar energy systems. The study shall include recommendations for legislative action to remove or mitigate the identified impediments and to accelerate and encourage the development and use of solar energy systems. The energy resources coordinator shall submit a report of his findings and recommendations to the legislature at least twenty days prior to the convening of the Regular Session of 1978.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.C.R. No. 86, and recommends its adoption.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 557 Energy/Natural Resources on S.R. No. 62

The purpose of this resolution is to request the Energy Resources Coordinator to study the impediments to the development and widespread use of the solar energy systems. The study shall include recommendations for legislative action to remove or mitigate the identified impediments and to accelerate and encourage the development and use of solar energy systems. The energy resources coordinator shall submit a report of his findings and recommendations to the legislature at least twenty days prior to the convening of the Regular Session of 1978.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 62, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 558 Energy/Natural Resources on S.C.R.No. 90

The purpose of this resolution is to urge the Energy Research and Development Administration and the National Aeronautic and Space Administration to select Kaena Point, Hawaii as one of the two sites for the testing of the wind turbine system currently under development by the General Electric Company.

Testimony provided on this resolution suggested that the Title be amended to read Oahu instead of Kaena Point and the Energy Research and Development Administration instead of General Electric Company. Also that the body of the resolution be changed to reflect these two changes. Your Committee accepts these suggestions.

Your Committee concurs with the intent and purpose of S.C.R. No. 90 as amended herein, and recommends the adoption in the form attached hereto as S.C.R. No. 90, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 559 Energy/Natural Resources on S.R. No. 251

The purpose of this resolution is to urge the Energy Research and Development Administration and the National Aeronautic and Space Administration to select Kaena Point, Hawaii as one of the two sites for the testing of the wind turbine system currently under development by the General Electric Company.

Testimony provided on this resolution suggested that the Title be amended to read Oahu instead of Kaena Point and the Energy Research and Development Administration instead of General Electric Company. Also that the body of the resolution be changed to reflect these two changes. Your Committee accepts these suggestions.

Your Committee concurs with the intent and purpose of S.R. No. 251 as amended herein, and recommends the adoption in the form attached hereto as S.R. No. 251, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 560 Legislative Management

Informing the Senate that S.C.R. Nos. 126 to 128, S.R. Nos. 330 to 336 and Stand. Com. Rep. No. 561 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 561 Ways and Means on S.B. No. 3

The purpose of this bill is to make appropriations for capital improvement projects for the 1977-79 fiscal biennium and to authorize the issuance of bonds.

STATE FINANCING TRENDS

Your Committee is extremely concerned with the State's increasing debt commitments. The State's total outstanding debt is now approximately \$1 billion. Debt service costs, the periodic amounts required to pay principal and interest to bondholders, have risen from \$42.5 million in 1971-72 to \$109 million in the current fiscal year.

The following table illustrates the State's potential debt problem.

FISCAL YEAR	DEBT SERVICE (million)	BOND ISSUANCE (million)	% DEBT SERVICE TO NET GENERAL FUND REVENUE
72	\$ 42.5	\$ 110.0	10.2%
73	48.7	190.0	10.4
74	62.5	110.0	11.4
75	72.1	125.0	11.4
76	91.8	225.0	13.2
77	109.0	176.4	14.7
78	120.0	225.0	14.8
79	146.2	150.0	16.3

By 1980-81, it is estimated that debt service costs will increase to \$163 million.

These indicators of the magnitude of the State's debt clearly call for prudence and restraint in authorizing new capital investments which require financing through the issuance of general obligation bonds. There are timely lessons to be learned from the fiscal problems which befell New York City--problems attributable to that city's excessive borrowing policies. The State of Hawaii currently enjoys a favorable credit rating in the municipal bond market. However, that rating could be affected and borrowing costs could soar if the State's debt gets out of hand. Generally, bond market authorities believe that annual debt service costs should not exceed approximately 12 1/2% of net general fund revenues. As can be seen from the table, we are exceeding that level. The State has been cautioned about the possibility of fiscal difficulties and instability. Such a condition should not be allowed to develop. It is your Committee's belief that fiscal restraint needs to be exercised to limit the growth of the State's debt and the associated debt service costs.

Our belief has been reinforced by observations on the need for fiscal restraint in the State's debt contained in the report of the Governor's Ad Hoc Commission on Operations, Revenues and Expenditures, November 1974 and also in the reports on the Review and Evaluation of the State of Hawaii Debt Program by Peat, Marwick, Mitchell & Co., November, 1976.

During the 1976 session, the Legislature initiated a policy of lowering the State's debt obligations and thus improving our fiscal stability. We did this by limiting our net general obligation bond authorizations to the approximately \$150 million level. It is our intent to continue this policy in this bill and other bills now under consideration this session. It is our hope to strive to maintain the \$150 million authorization level. Towards this end, we have made certain reductions and deferrals in the capital improvement requests submitted by the Administration--requests which were already restrained, we are pleased to note--and we have also imposed limits on the additional projects which are recommended in this bill.

UNIVERSITY OF HAWAII

Because the major part of our adjustments to the Administration's requests was centered on the University of Hawaii, some special comments are warranted at this point.

Your Committee has deleted the funds requested for the construction of new facilities at the University of Hawaii at Manoa, the one exception being for the School of Law which is needed for accreditation. We have, however, approved funds for the renovation and upgrading of existing facilities.

Our action in disallowing new facilities for Manoa was taken in light of our concern that the campus is becoming overly developed. The open spaces and natural settings which once graced the campus are disappearing--supplanted by concrete, glass and steel.

On a system-wide basis, your Committee is also concerned about the apparent propensity

for constructing administrative and office facilities rather than classrooms and other instructional-use facilities. Space utilization statistics indicate that the "classroom" category accounts for a very small portion of assignable space. Your Committee requests that the criteria for need for new space and the allocation of existing space be reviewed by the University administration.

In conjunction with our deletion of the new facilities requested for Manoa, your Committee requests that the University administration review on the system-wide basis the total facilities needs for the foreseeable future and then reconsider the new facilities being requested in this context. A report on the findings and recommendation of this review should be submitted to the 1978 Legislature.

Your Committee believes that this bill represents a reasonable balance between providing funds for the necessary capital improvements projects of our State while concomitantly keeping overall spending and bond authorizations at a reasonable level.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 562 Legislative Management

Informing the Senate that S.C.R. No. 129, S.R. Nos. 337 to 342 and Stand. Com. Rep. Nos. 363 to 365 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 563 (Joint) Government Operations and Efficiency and Intergovernmental Relations on S.R. No. 312

The purpose of this resolution is to request the Senate committees on Intergovernmental Relations and Government Operations and Efficiency to jointly review and examine the recommendations proposed by the commission on organization of government during the interim and to take all appropriate action deemed necessary.

Your Committee held a joint hearing on S.B. 1476, Relating to the Reorganization of the State Government; Establishing Council on Revenues and Expenditures and State Career Executive Service; and Making Appropriation Therefor. Due to the major changes proposed to the structure of the Executive Branch, it was recommended, after much discussion, that your Committees examine the Commission's proposals and recommendations during the interim for action in the 1978 legislative session.

Your Committees on Government Operations and Efficiency and Intergovernmental Relations concur with the intent and purpose of S.R. No. 312, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 564 Public Utilities on S.C.R. No. 44

The purpose of this concurrent resolution is to endorse the recommendations of the Intergovernmental Relations Committee of the National Conference of State Legislatures for strengthening the nation's electric utility industry, including a rejection of proposed federal legislation which would provide federal regulation of utilities and the establishment of federal standards governing state regulation.

Your Committee has amended the concurrent resolution to delete those portions which are applicable to conditions on the mainland, but not Hawaii. Your Committee has also added language to emphasize the uniqueness of Hawaii's geographical position.

Your Committee on Public Utilities is in accord with the intent and purpose of S.C.R. No. 44, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 44, S.D. 1.

Signed by all members of the Committee.

SCRep. 565 Public Utilities on S.R. No. 110

The purpose of this resolution is to endorse the recommendations of the Intergovernmental Relations Committee of the National Conference of State Legislatures for strengthening

the nation's electric utility industry, including a rejection of proposed federal legislation which would provide federal regulation of utilities and the establishment of federal standards governing state regulation .

Your Committee has amended the resolution to delete those portions which are applicable to conditions on the mainland, but not Hawaii. Your Committee has also added language to emphasize the uniqueness of Hawaii's geographical position.

Your Committee on Public Utilities is in accord with the intent and purpose of S.R. No. 110, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 110, S.D. 1.

Signed by all members of the Committee.

SCRep. 566 Legislative Management

Informing the Senate that S.C.R. Nos. 130 to 132 and S.R. Nos. 343 to 347 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 567 Legislative Management

Informing the Senate that S.R. Nos. 348 to 353, Gov. Msg. Nos. 288 to 314 and Stand. Com. Rep. Nos. 568 to 640 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 568 Human Resources on H.B. No. 170

The purpose of this bill is to increase the membership of the Commission from a minimum of 12 and a maximum of 18 to a new total of 20 members.

Your Committee finds that Hawaii receives more than \$2.0 million in federal vocational education funds annually. In order to continue receiving funds under the federal Vocational Education Act of 1963, a state advisory council on vocational education must be established. Since 1970, the Commission on Manpower and Full Employment has served this function.

On October 12, 1976, Public Law 94-482 amends the existing statute by requiring a minimum of 20 members on the council. This necessitates the amendment of Section 201-1, Hawaii Revised Statutes, to conform to the new federal law. The new membership must be appointed to FY-78.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 170 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569 Human Resources on H.B. No. 208

The purpose of this administration bill is to relax the work hour restriction for minors under 16 years of age to promote more employment opportunities.

Your Committee finds that Section 390-2(c)(4) of the Child Labor Law presently permits minors 14 and 15 years of age to work between 7:00 a.m. and 7:00 p.m. during the school year and between 6:00 a.m. and 8:00 p.m. from June 1 through the day before Labor Day.

Your Committee further finds that many minors have found employment opportunities restricted because of the 8:00 p.m. limitation. As numerous businesses adhere to a 9:00 p.m. closing, employers are reluctant to accommodate a minor who must stop working by 8:00 p.m.

The Hawaii law governing Child Labor Law is more stringent than the federal government which permits the employment of 14-15 year old minors up to 9:00 p.m. during the summer. Your Committee believes that the amendment will not adversely affect the health, safety and well-being of minors, will not conflict with curfew requirements, will increase job opportunities for minors and will be compatible with federal child labor regulations.

Your Committee is in accord with the intent and purpose of H.B. No. 208 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 570 Human Resources on H.B. No. 210

The purpose of this bill is to seek reinstatement of the provision which would allow the payment of actual expenses up to the statutory maximum of \$1,500 for funeral and burial expenses to the surviving spouse or the estate of a deceased worker where the deceased provided for a prepaid funeral and burial plan.

Your Committee finds that Act 64, SLH 1973, provided that payments for funeral and burial expenses could be made directly to the surviving spouse or the decedent's estate if the deceased has a prepaid funeral and burial plan. In 1974 when Act 153, providing for increased workers' compensation benefits was passed, the provision relating to this direct payment of funeral and burial expenses was inadvertently deleted from the law.

Under present law, therefore, an employer is liable up to \$1,500 for such expenses in any one death with payment to be made directly to the mortuary and owner of the cemetery. Further, the employer is relieved of this expense where a worker paid and provided for a prepaid plan.

In 1973 the premise cited was that a prepaid plan presupposes relief for surviving family members in the event of a nonwork-connected death, and that in the event of an industrial death the surviving spouse or the deceased worker's estate, if there be no surviving spouse, should be entitled to reimbursement of expenses up to \$1,500 presently allowed.

Your Committee finds that the premise is still valid.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 210 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 571 Human Resources on H.B. No. 213

The purpose of this bill is to amend Section 388-6, Hawaii Revised Statutes, by clarifying the language of the law and prohibiting illegal deduction for cash shortages in sole control situations where no accountability procedure exists.

Your Committee finds that the present law prohibits unauthorized deductions and lists certain deductions that are considered illegal even if authorized in writing by an employee. The provision is meant to protect employees from deductions or collections for losses over which employees have no control, for which employees have no direct responsibility, or which were purely accidental. Some of the employers have attempted to circumvent the law by coercing employees into making "voluntary" payments for the cost of damages or losses even where an employee in a sole control situation is not allowed to account for the total amount received at the beginning of a shift and to account for the total amount turned in at the end of a shift.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 213 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 572 Human Resources on H.B. No. 218

The purpose of this bill is to specifically state in the law that no provision of the Hawaii Wage and Hour Law may be waived by private contract or agreement.

Your Committee finds that presently the law prohibits the employer from paying wages below established minimum and requiring the employees to work more than an established number of hours per week without paying overtime pay.

Your Committee further finds that although most employers are covered by the federal Fair Labor Standards Act which presently prohibits an employee from waiving his rights to overtime compensation, there have nonetheless, been a number of situations in which the employer and the employee have agreed to work overtime at straight time and in some cases, to work for less than the minimum wage. This bill would void such agreements.

Your Committee believes that the intent of the Declaration of Policy which states: "It is declared to be the policy of this chapter: a) to establish minimum health, efficiency

and general well-being of workers; b) to safeguard existing minimum wage and hour standards detrimental to the health, efficiency and general well-being of workers; c) to increase employment opportunities", still to hold true.

This bill would make it clear that the Wage and Hour Law may not be circumvented by private agreements between employer and employee.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 218 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 573 Energy/Natural Resources on H.B. No. 1713

The purpose of this bill is to sustain the momentum generated by the aquaculture planning program by insuring that immediate actions will be initiated to encourage and promote commercial development of aquaculture in Hawaii and to undertake the culture of species with potential for Hawaii.

It is also the purpose of this bill to qualify Hawaii for participation in federally assisted programs and projects in aquaculture by providing funds and in-kind services to match such federal funds as may become available.

Your Committee feels this bill would eliminate the problem that nothing can be done during the next fiscal year because of the lack of legislative authorization. The aquaculture plan is scheduled for completion by the end of this fiscal year, while the Legislature will not be meeting again until January 1978. Your Committee feels it would be imprudent to allow any slippage of time to occur in that interval of time. Therefore, this bill provides the means to continue interim actions that are vital to promoting and sustaining aquaculture development.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of H.B. No. 1713, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 574 (Majority) Consumer Protection on H.B. No. 772

The purpose of this bill is to amend Section 712-1200, Hawaii Revised Statutes, to make the customer as well as the prostitute subject to arrest for the offense of prostitution.

Under the present law, only the prostitute, the one who receives payment for engaging in sexual conduct, is subject to arrest for prostitution.

Your Committee believes that this bill would be instrumental in the suppression of prostitution within the State. The customer, knowing that he would also be liable for the crime, would be greatly hesitant if not totally discouraged in dealing with prostitutes.

Concern has been voiced regarding the dilemma of the uninformed visitor to Hawaii who assumes that he is not culpable as a customer of a prostitute. Your Committee has learned that the Community Relations Division of the Honolulu Police Department in conjunction with the Hawaii Visitor Bureau has an aggressive program to inform our visitors of our laws and possible problem areas. Information brochures are provided to car rental and tour agencies, airline companies, hotels and also tour agencies and newspapers in Asia, Canada and mainland U.S. Additionally, the HPD is provided space in the Waikiki and Tourist Press for similar purposes. Representatives of the HPD and HVB believe that this medium will be an effective means to educate the uninformed visitor on Hawaii's new legislation affecting him.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 772 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator O'Connor.
Senator Kawasaki did not concur.

SCRep. 575 Consumer Protection on H.B. No. 929

The purpose of this bill is to include in the definition of "consumer commodities," meat

and poultry products sold at retail in stores and restaurants. This bill also provides that: (1) regulations adopted by the Federal Food and Drug Administration relating to standards for food be adopted by the State Department of Health; (2) the provisions whereby the state standards of weights and measures are not affected by the Food, Drug and Cosmetic Act are repealed.

The State Department of Health stated that the department has been checking the quality of meat and poultry standards for many years. The provisions of this bill would clarify its authority to do so. The department also indicated that the Federal Food and Drug Administration regulations which would be adopted by the Department of Health under this bill are useful, necessary and applicable to the department's everyday inspection of food processing firms.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 929, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 576 Consumer Protection on H.B. No. 1113

The purpose of this bill is to permit applicants for a motor vehicle salesman's license to begin work immediately upon the filing of his application with the Motor Vehicle Industry Licensing Board and provides that the dealer submits an affidavit certifying that the applicant is employed by and is under the supervision of such dealer.

Presently, persons who apply for a salesman's license after the Board meeting must wait as long as thirty days before the Board can act on their applications. This bill attempts to overcome this problem.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 1113, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 577 Intergovernmental Relations on H.B. No. 326

The purpose of this bill is to provide \$803,000 as an additional one-time grant-in-aid to the City and County of Honolulu as an adjustment due to the establishment of the sixty per cent real property tax assessment ratio.

Your Committee finds that during the 1976 legislative session, similar grants-in-aid were made to the neighbor island counties to experience no loss of real property revenues below fiscal year 1975-1976 level.

Your Committee received testimony from the City and County of Honolulu which indicated that the State Department of Budget and Finance used an alternate formula to compute the grant-in-aid to the City and County of Honolulu, and that if the same formula as applied to the neighbor island counties were used, the City and County would be entitled to over \$3.5 million in grant-in-aid. Your Committee, mindful of the State's current fiscal situation, suggests that the Committee on Ways and Means properly consider using the same formula as applied to the neighbor island counties for the City and County of Honolulu to provide equity.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 326, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 578 Intergovernmental Relations on H.B. No. 1144

The purpose of this bill is to require the counties to hold a public hearing and to receive the approval of the respective councils prior to the designation of any lands for both low-income and experimental and demonstrative housing projects. In this manner, both the private sector and the respective county councils would be allowed to have input into the administrative designation of areas for housing projects.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. 1144, H.D. 1, and recommends that it be referred to the Committee on Housing and Hawaiian Homes.

Signed by all members of the Committee.

SCRep. 579 Ecology, Environment and Recreation on H.B. No. 155

The purpose of this bill is to amend Chapter 225 of the Hawaii Revised Statutes to define a "functional plan" and to require functional plans to be adopted by the legislature to concurrent resolution.

Your Committee heard testimony from the Department of Planning and Economic Development and the Department of Health. Upon the recommendation of the Department of Planning and Economic Development, your Committee has amended Section 2 on page 2 of House Draft 1 (lines 18-24) to read:

"Sec. 225 - Functional plans. Functional plans prepared by State agencies shall be in consonance with and further implement objective and policy statements of the State Plan and shall be submitted to the legislature for its consideration for adoption by concurrent resolution."

It is the intent of your Committee that this bill primarily apply to major functional plans and that initially, "functional plans" as defined in this section shall include, but not be limited to such plans as the Tourism Master Plan, Agriculture Master Plan, State Comprehensive Health Plan, Statewide Transportation Plan, State Housing Plan, Historic Preservation Plan and State Comprehensive Outdoor Recreation Plan.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 155, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 155, H.D. 1, S.D. 1, and be referred to the Committee on Economic Development.

Signed by all members of the Committee.

SCRep. 580 Human Resources on H.B. No. 98

The purpose of this bill is to amend Chapter 237, Hawaii Revised Statutes, by adding a new section to exempt persons, age 60 and over, from taxes on purchases of prescription drugs.

Your Committee finds that the Master Plan for the elderly developed by Gordon Associates revealed that there has been a significant drop in income for people age 60 and over. A tax exemption on prescription drugs would help to ease the load on the generally limited income of the elderly. This bill intends to exempt persons age 60 and older from such taxes. The exemption shall be granted by retailers of prescription drugs upon the presentation of some kind of identification of age such as a driver's license, birth certificate, or a State or county identification card.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 98, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 581 Human Resources on H.B. No. 136

The purpose of this bill is to amend Section 2029, Hawaii Revised Statutes, to expand the responsibilities of the State Immigrant Services Center to include a preembarkation orientation program in countries sending immigrants to the United States to apprise them of economic and employment conditions in Hawaii and other states.

Your Committee finds that there has been a large number of immigrants admitted to Hawaii over the past few years. Research and monitoring done by the State Commission on Manpower and Full Employment have revealed that many immigrants have been experiencing problems in adjusting to the new socio-economic conditions in Hawaii. The intent of this bill is to provide for an organized preembarkation orientation program to prepare immigrants for the type of life that they will have to encounter. There is also an appropriation of \$50,000 to be expended by the Office of the Governor for the 1977-79 fiscal biennium for this expansion of services to the immigrants.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 136, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 582 Human Resources on H.B. No. 137

This bill amends Act 151, Session Laws of Hawaii 1975, which established the State program for the unemployed (SPU), by extending the program through fiscal year 1977-78. It also expands the SPU by specifying that the department of labor and industrial relations may subsidize forms of job training under Part III, State assistance for certain employment, and establish job training in public service employment. The "economically disadvantaged" category under Part III is eliminated.

Act 151, Session Laws of Hawaii 1975, established the State Program for the Unemployed (SPU) which was designed as a one-year program to alleviate the effects of the State's high unemployment rate through public service jobs and other employment programs. In 1976, the Legislature extended and funded SPU for an additional year through Act 134.

Your Committee finds that unemployment in the State is still at a very high level, and believes that the State program for the unemployed must be continued as one effort to alleviate the problem of unemployment.

Your Committee is concerned that, although SPU has been successful in providing temporary, immediate employment to Hawaii's jobless, it is but an artificial stimulus in alleviating the problem of unemployment. Efforts need to be directed to the areas of encouraging and stimulating private industry to create jobs of a permanent nature. Your Committee realizes that many of the unemployed should be counseled as to the areas in which employment opportunities exist, and subsequently, be trained or re-trained so as to be employable in these areas. This bill therefore authorizes the department of labor and industrial relations to provide job training in public service employment, and to subsidize job training in the private sector.

The deletion of references to "heads of household" and replacing them with the word "individuals," so as to eliminate the inherent sex discrimination found in prioritization of referrals to the SCET program will make it possible to utilize federal funds. A new section has also been added, granting civil service exemption to the temporary administrative staff of SPU which implies the nature of the program as temporary.

Your Committee has taken into account the instability and unpredictability of economic conditions of our State. Your Committee believes that there is a need to extend the State program for the unemployed for one more year. Should conditions next year justify further extension of this program, the Legislature could once again consider to do so. Your Committee has appropriated \$16 million for the State Comprehensive Employment and Training (SCET) program. With this amount, the program will be able to continue the program on a slightly expanded level over its current operations. In addition \$1,000,000 has been appropriated to carry out the State Assistance for Certain Employment Program (Part III) and the State Loans for Certain Employment Program (Part IV). For more efficient accounting practices, your Committee has chosen to lapse prior appropriations as of June 30, 1977 under Act 151, Session Laws of Hawaii 1975 and Act 134, Session Laws of Hawaii 1976, and reappropriate the required amounts for purposes of this Act.

Your Committee has amended this bill accordingly to delete some of the inconsistencies that have been inadvertently left in. Section 10 of this bill has been amended to delete the "close out" clause. The purpose of this bill is continue the philosophy of Act 151, Session Laws of Hawaii, 1975, which is to alleviate the effects of a high rate of unemployment. To terminate the program is an assumption that the unemployment problem has been resolved. The unpredictability of economic conditions in our State and nation stipulate the need for the SPU program to be continued as the economic environment dictates such a need.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 137, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 137, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 583 (Majority) Human Resources on H.B. No. 168

The purposes of this bill are to eliminate the gubernatorial appointment of Intake Service Center directors for the neighbor islands, thereby qualifying these positions for civil service status under Chapters 76 and 77, H.R.S.; to divest the ISC of the responsibility for short-term residential detention for persons awaiting judicial disposition, thus limiting the ISC's responsibility in this area to noncustodial and program services.

The appointment of the Oahu ISC director as overall executive director of all ISC's has

essentially converted the neighbor island directors' positions into middle management and nonpolicy making ones which are thus comparable to the administrator of the Community Correctional Center. Testimony by the Executive Director of the Oahu/State Intake Service Centers indicates that the professional nature of the three neighbor island directors' positions dictates that these positions should be career civil service and should be part of the classified personnel structure of the State's personnel system.

The same testimony by the Executive Director of Oahu/State Intake Service Centers indicates that the function of residential detention should be transferred to the Community Correctional Center, which has since integrated facilities with ISC. The main objective of this integration of facilities was to relieve the ISC of certain functions which could be accomplished by CCC, one of them being the function of residential detention. The administrator of the CCC supports this arrangement.

Your Committee finds that according civil service status to the neighbor island directors' positions would add stability to these positions and would enhance the chances of retaining qualified personnel in these jobs. Your Committee further finds that because of the professional nature of the executive director's position, this position should likewise be accorded the same considerations as are being accorded to the neighbor island directors. Your Committee recommends that the appointive nature of the executive director's position also be eliminated by amending this bill to reflect such a provision.

Your Committee further finds that the functions of the ISC are currently being performed by temporary employees in all counties. Under current law, these temporary employees are exempt from the provisions of Chapters 76 and 77 (civil service). Each of the four county center directors are likewise exempt by virtue of their being governor's appointees as heretofore described.

Testimony by the Executive Director of the Oahu/State Intake Service Centers indicates that the ISC must be prepared to implement programs and activities in accordance with the Hawaii Correctional Master Plan upon the completion of the neighbor island ISC/CCC facilities on or about July, 1977. The current ISC employees are already knowledgeable of the comprehensive provisions and complexities of the Hawaii Correctional Master Plan, and it is imperative that this current working relationship and established knowledge be utilized for effective and immediate implementation of operations. Upon the approval of the ISC budget request for State appropriations, the ISC risks the loss of their current temporary staff due to the time lapse involved in the classification, recruitment and examination procedures which are inherent in Chapters 76 and 77, and will then be applicable to these staff positions. With no reasonable assurance of eventual placement in a position, the temporary staff may look toward alternative employment during the interim.

Your Committee further finds that should new personnel indeed be hired under the civil service procedure as heretofore described, the training and orientation of these new personnel will further delay the timely implementation of the programs and activities which are embodied in the Hawaii Correctional Master Plan. Your Committee therefore recommends that this bill be amended to accord civil service status within the meaning of Chapters 76 and 77, H.R.S., without the necessity of examination and subject to certain conditions to all fulltime employees of the Intake Service Centers who currently are not in civil service, with no exceptions.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 168, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 168, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee. Senators Henderson and Soares did not concur.

SCRep. 584 Human Resources on H.B. No. 197

The purpose of this bill is to exempt from civil service status those Department of Education employees who are engaged in the supervision of students during lunch periods and those employees who are involved in the cleaning of classrooms after school hours.

Present statutes require the Department of Education to yearly seek exemptions of the aforementioned positions from the Department of Personnel Services. This bill obviates such procedures.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 197, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 585 (Majority) Human Resources on H.B. No. 512

The purpose of this bill is to establish a permanent elections staff which shall be subject to the provisions of Chapters 76 and 77, and to accord civil service status without the necessity of examination to certain incumbent election employees.

Presently, elections staff positions are filled by temporary appointments of the Lt. Governor who is the Chief Elections Officer of the State. The duration of these appointments is limited by the Lt. Governor's term of office, thus, there is no guarantee of staff continuity from one administration to the next.

Your Committee finds that elections are a permanent activity of government and one that has become increasingly technical and specialized. The services of persons having the knowledge and expertise which is gained through years of experience are required to perform the elections staff functions. Therefore, this bill permits the Chief Elections Officer to employ a permanent staff subject to Chapter 76 and 77, as well as temporary election employees, none of whom shall be subject to Chapters 76 and 77, as he may find necessary.

This bill also allows employees presently occupying the following positions: (1) Director of Elections; (2) Voter Education Coordinator; (3) Voter Registration Coordinator; (4) Elections Logistics Coordinator; (5) Assistant Elections Logistics Coordinator; (6) Elections Accounts Clerk; (7) Elections Secretary I; and (8) Elections Secretary II, to be converted to civil service status within the meaning of Chapters 76 and 77, Hawaii Revised Statutes, without the necessity of examination. Your Committee further finds that the Lieutenant Governor supports this particular provision.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 512, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee. Senators Henderson and Soares did not concur.

SCRep. 586 Human Resources on H.B. No. 559

The purpose of this bill is to include state firemen in the definition of "firemen" for retirement benefits in the state retirement system.

Presently firefighters who are employees of the state are not included under the definition of "firemen" as provided in section 88-21, Hawaii Revised Statutes. Consequently, these firefighters are not eligible for retirement benefits provided for firefighters employed by the counties. By amending the statutory definition of "firemen" to include state employed firefighters, retirement benefits of county firefighters will be extended to these state employees.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 559 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 587 Human Resources on H.B. No. 733

The purpose of this bill is to appropriate \$183,650 for Fiscal Year 1977-78 for the continuation of the Corps of Civilian Workers Program (CCW).

The CCW program was established to alleviate economic distress in those areas which have experienced excessive unemployment and to help conserve and develop the natural resources of the State by employing individuals to work in the maintaining, improving and beautifying of the forest areas. It is the intent of the statute to activate and continue the CCW program while the unemployment rate of the State exceeds six per cent and will terminate the program when the said rate is below four per cent.

Your Committee finds that the unemployment rate continues to exceed six per cent of the total labor force at eight and eight-tenths per cent. As proposed in the administration's budget, the budget for the Department of Land and Natural Resources will not be able to support the twenty-four program participants, and will require an additional appropriation of \$183,650.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 733, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 588 Human Resources on H.B. No. 808

The purposes of this bill are to add those employees who are engaged in special and demonstration projects which are approved by the governor and for which federal funds are available to the list of positions which are classified as exempt from civil service under Section 76-16; to remove the one-year limitation for exemption for employees who are engaged in special, research or demonstration projects as heretofore described.

Your Committee finds that many federally-funded projects are being funded for one year with options to renew on a year to year basis for periods of up to five years in some instances. When a project does continue beyond the initial year, the Department of Personnel Services is then required to place the otherwise exempt employees of these projects into the civil service system. During the last year, the reduction of federal funds allotted to special, research and demonstration projects which were extended beyond the initial year has entailed civil service job placement action for those employees who were displaced by such reduction of federal funding.

Your Committee further finds that the Department of Personnel Services and the Conference of Civil Service Commissioners and Personnel Directors support this bill.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 808 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 589 Human Resources on H.B. No. 813

The purpose of this bill is to provide that only those public officers and employees who have tenure or permanent status may be granted a leave for the purpose of participating in any employment loan program with any other governments.

Your Committee finds that the current statute is ambiguous as to whether a temporary or an exempt employee can be granted such a leave. Testimony by the Director of the Department of Personnel Services indicates that guaranteed return rights for loan programs are not consistent with the nature of such exempt or temporary positions. Your Committee finds that problems could arise if an exempt or temporary employee with return rights were to be granted such a leave, and the position were to be abolished or no longer made available during the period of the leave.

Your Committee further finds that the Conference of Civil Service Commissioners and Personnel Directors, through the testimony which was presented by the State Director of Personnel Services, urges the adoption of this bill.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 813 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 590 Human Resources on H.B. No. 861

The purpose of this bill is to appropriate funds to continue the operations of the Kalihi-Palama Immigrant Services Center (KPISC).

The KPISC, operated by the Palama Interchurch Council, is a non-profit organization which provides information, referral and orientation services to immigrants in Honolulu. They assist immigrants with their employment, housing, health and other social needs.

Your Committee finds that the anticipatory appropriation to the KPISC through the State Commission on Manpower and Full Employment will not be enough to cover their operating costs. The KPISC is providing indispensable assistance to the immigrants of Honolulu and it is necessary that these services be continued to meet their needs. The appropriation of \$63,000 for the fiscal year 1977-78 is to be used for this purpose of providing needed support to the KPISC in the continuation of their operations.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 861, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 591 Human Resources on H.B. No. 962

The purpose of this bill is to make an appropriation to support the operations of the four Community Action Agencies in the State of Hawaii.

The Hawaii Community Action Agencies are private nonprofit organizations established to help alleviate the problem of poverty in Hawaii by coordinating services for the poor to attain skills, knowledge, and opportunities for selfhelp in improving their quality of life. The funding for these agencies was established through a partnership between federal, state and local governments.

Your Committee finds that the mandated increase in nonfederal matching requirement and increasing cost of operations due to the increase in cost of living have caused the Community Action Agencies to reach a difficult point in operation capacity. Although certain methods, like reductions in staffing, have been tried in the past in dealing with this problem, it has now reached a point where the effectiveness and the efficiency of the agencies are diminishing. There is a need to support the CAA's in the maintenance of a sufficient level of effectiveness in their operations.

Your Committee has amended the bill to provide for an appropriation of \$430,000 to be expended by the Hawaii Community Action Agencies for the fiscal biennium 1977-79. The funding is to support the activities of the following agencies: Hawaii County Economic Opportunity Council, Honolulu Community Action Program, Honolulu Community Action Program Directors' Association, Kauai Economic Opportunity, and Maui Economic Opportunity. The amount appropriated shall be reduced by the amount of federal monies available.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 962, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 962, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator R. Wong.

SCRep. 592 Human Resources on H.B. No. 1132

The purpose of this bill is to provide a grant-in-aid to the Welfare Recipients Advisory Council (WRAC) to create branch offices on the islands of Hawaii, Kauai, Lanai, Maui, and Molokai.

The WRAC advises and assists the Public Welfare Division of the Department of Social Services and Housing in the development of policies, rules, and regulations by providing the department feedback from the welfare recipients reflecting their concerns about the welfare program. It also serves as an advocate for the recipients by bringing to the attention of all City and State departments, the needs and problems that they encounter.

Your Committee finds that the WRAC has been sending staff members to the neighbor islands in response to requests for similar services. However, due to financial and staffing limitations, these services are not being adequately provided. The appropriation of \$86,460 for the fiscal year 1977-78 is intended to create WRAC branch offices on the neighbor islands so that the recipients may be provided with the needed assistance. The appropriation also includes funding for one coordinator/outreach worker on each island.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. 1132, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 593 Human Resources on H.B. No. 1175

The purpose of this bill is to increase the public employer's monthly contribution to the Health Fund's Dental Plan from \$3.26 to \$3.74 for each child under age 19, in order to maintain the current level of benefits for the children of State and county employee-beneficiaries enrolled for dental benefits.

Your Committee finds that an appropriation of \$354,000 is necessary to fund the State's share of the anticipated 15% increase in dental insurance premiums for the 1977-1979 biennium; \$175,000 for fiscal year 1978 and \$179,000 for fiscal year 1979.

Current Dental Plan benefits consist of a 100% payment for diagnostic services which

include annual exams, semi-annual teeth cleaning, x-rays as required, emergency care, and a 60/40% co-payment for other dental services excluding orthodontics.

Your Committee further finds that without additional funding, employee beneficiaries will be required to pay a higher portion of their family's dental bills because benefits will be reduced to a 100% payment for diagnostic services and a 50/50% co-payment for other dental services.

Based upon the intent of past Legislative session, the Health Fund has neither diminished nor impaired the level of employee benefits originally funded by the Legislature. Through its Board of Trustees, it has continuously maintained a uniform level of benefits over the years as well as improved the scope of such benefits only after evaluating and determining the medical, dental and group life insurance needs of all employee-beneficiaries.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1175 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 594 Human Resources on H.B. No. 1297

The purpose of this bill is to modify the Governor's Committee on Employment of the Handicapped to broaden its scope in addressing the wide needs of handicapped persons.

Your Committee finds that handicapped residents of the State of Hawaii have many needs which have gone unaddressed and which require appropriate attention and action. The Governor's presently existing Committee on Employment of the Handicapped was established on the basis of a House of Representatives Concurrent Resolution and Governor's Executive Order. It is hampered in its scope and effectiveness due to its impermanent status. By virtue of this Act, the Committee on Employment of the Handicapped is redesignated as the Commission on the Handicapped and shall assume the functions prescribed by this Act.

The function of the Commission on the Handicapped will include but shall not be limited to:

1. Reviewing and assessing the problems and needs, and the availability, of adequate services and resources for the handicapped in the State of Hawaii with regard but not limited to employment, education, health, social services, recreation, civil rights, public facilities, housing, vocational training, and rehabilitation.
2. Advising and making recommendations to the State and the counties on matters relating to the handicapped and on matters which affect the handicapped, including legislative matters.
3. Develop short and long-term goals in fulfilling the needs of the handicapped, to be undertaken by the Commission in facilitating the coordination of services and programs for the handicapped.
4. Educating the public on the problems, needs, potentials, and rights of the handicapped through affirmative public education programs.
5. Seeking and receiving funds and other forms of assistance from public and private sources to be used in providing improved circumstances for the handicapped in Hawaii.

The intent of this Act is not to jeopardize the receipt of any federal aid nor to impair the obligation of the State or any agency thereof to the holders of any bond issued by the State or any such agency.

Your Committee further finds that the composition of the Commission is too large to be workable; and that a significant handicapped population, namely children and mentally handicapped adults, has not been provided representation. Your Committee recognizes these problems and amended the bill to provide for the representation of parents or guardians of handicapped persons, and to provide that the directors of health, social services, labor and industrial relations, and personnel services, the superintendent of education and the president of the University of Hawaii be ex-officio non-voting members.

Your Committee is in accord with the intent and purpose of H.B. No. 1297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1297, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 595 Human Resources on H.B. No. 562

The purpose of this bill is to allow a public employee the option to continue contributing into the Retirement System during periods when the employee is receiving Workers' Compensation benefits.

Act 124, Session Laws of Hawaii, 1967, provided for an employee who is absent because of injuries and receiving Workers' Compensation benefits, that employee was entitled to earn vacation, leave, sick, and retirement credits "as though he was not absent but performing duties of his regular job". Contributions to the Retirement System were deducted from the member's benefit checks until it was learned that this process was contrary to law. As a result, when the member was required, at a later date, to make up the deficiency in his contributions, an inconvenience and hardship occurred.

Your Committee finds that this bill will permit public employees the option to continue contributing into the Retirement System. This contribution will be an amount equal to the employee's normal deduction and be deducted from the worker's compensation benefit payments upon the individual's authorization.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 562, H.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 596 Human Resources on H.B. No. 879

The purpose of this bill is to clarify the existing statute relating to fraud by public welfare recipients and permit the application of stricter penalties as provided in our Penal code.

Your Committee finds the present penalty clause too loose and ambiguous. A harsher one is needed to combat the large number of fraudulent cases and to act as a deterrent in the future. The amendments in this bill provide for a harsher penalty for these fraudulent cases by permitting the Department of Social Services and Housing to utilize provisions of the penal code. The addition of the words "food stamps" is also made where appropriate to broaden the definition of the term "welfare recipient" to include those who receive food stamps only.

Your Committee recommends that an addition be made to further clarify that the provisions in this section shall not prevent any other remedies the DSSH may have for recovery.

Your Committee further recommends that another amendment be made to this bill. The purpose of this amendment is to provide assistance to a person caring for a legal parent and who is, thus, required to remain in the home on a full-time basis.

The present statute does not provide for assistance in the problem of home-care for the infirmed and this amendment is intended to provide for this assistance with the assurance that the parent is in fact, needy and entitled to assistance, thereby avoiding the wasteful cost of institutional care that the department of social services and housing would have to pay. Another intent of the amendment besides the effect of averting institutional costs is also to sustain the infirmed in the home and to encourage filial responsibility.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. 879, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 879, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 597 Human Resources on H.B. No. 135

The purpose of this bill is to provide an adequate financing method which is designed to restore solvency to the Unemployment Trust Fund.

After hearing testimonies on various schemes for financing the Unemployment Insurance program, your Committee finds that the two dominant systems of financing the program are the reserve ratio system and the benefit ratio system. Both systems are based on the concept of a graduated taxing method which provides employers with the least incident of unemployment among their work force lower tax rates and higher tax rates to those

employers with the higher incident of unemployment. In the present fiscal condition of the Unemployment Trust Fund, which has a deficit of \$13.8 million as of January 31, 1977, both systems would require a maximum tax rate of 5.0% to 5.5% to provide a sufficiently graduated tax rate schedule to benefit the employers with the least incident of unemployment and the same time to bring in to the Unemployment Trust Fund adequate money to finance the payments of benefits.

The Department of Labor and Industrial Relations estimates indicates that \$59.0 million in benefits will be paid out in 1977 and \$65.0 million will be collected. The 1976 session of the Legislature amended the Employment Security Law to provide a flat 3.5% tax rate for all employers during calendar year 1977. The Department also estimates that a flat 3.5% tax rate, if continued in calendar year 1978, will bring in \$75.0 million in tax collection. During the same calendar year \$62.0 million in benefits is expected to be paid.

Your Committee has expressed the concern and belief that to establish a tax schedule with the maximum rate of 5.0% or 5.5% would severely affect employers in industries which are depressed under present economic conditions exemplified by the construction industry. The construction industry has experienced an unemployment rate of over 30% of their workforce.

Your Committee on Human Resources also believes that to increase the unemployment tax rate at this time would dampen the expressed policy of the Legislature to shape up the economy and thereby provide employment for the unemployed workers.

Although your Committee believes that the graduated tax more commonly known as experience rating would be a more equitable and fair taxing method, it finds that to continue the 3.5% tax rate for calendar year 1978 would be the most feasible solution under the present economic condition.

Your Committee has amended H.B. No. 135, H.D. 1, to provide for the continuation of the 3.5% tax rate for calendar years 1977 and 1978.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 135, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 135, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 598 Human Resources on H.B. No. 211

The purpose of this bill is to prohibit payment of premiums for ineligible employees.

The Temporary Disability Insurance law requires all subject employers to provide TDI benefits, an employer has the option to bear the entire cost himself or share it with his employees. However, in the case of an employee who is found ineligible because he failed to meet the requirements of Section 392-25, the employer has no option but to pay for the entire cost himself.

Your Committee finds that there are many employees in the labor force who work less than the qualifying 14 hours or whose work week is less than 20 hours and thus ineligible for benefits.

Your Committee further finds that it would be unreasonable to require the employer to pay premium for employees who are ineligible for benefits.

Your Committee has amended the bill to provide that any employee who works for more than one employer and whose combined wages and hours worked qualified that employee for benefits must be covered.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 211, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 599 Ways and Means on H.B. No. 230

The purpose of this bill is to provide limited insurance protection for public investors in industrial loan companies. The bill requires the establishment of the "Thrift Guaranty Corporation of Hawaii", a private institution, which will guarantee thrift accounts in

these companies up to \$10,000. Under the bill all industrial loan companies which have outstanding public thrift accounts are required to become members of the Guaranty Corporation and to pay assessments to a Guaranty Fund. The Guaranty Corporation which is subject to the regulation of the bank examiner is given authority to make payments to thrift account holders and to take other actions necessary to avoid public loss.

Your Committee agrees with Standing Committee Report No. 539 adopted by the House Committee on Finance, and in addition, your Committee has received Governor's Message No. 116 pursuant to Article VI, section 5 of the Hawaii Constitution, requesting immediate passage of this bill in advance of the general appropriations bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 230, H.D. 2, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Henderson.

SCRep. 600 Health on H.B. No. 91

The purpose of this bill is to appropriate funds to continue the programs of the Sex Abuse Treatment Center at Kapiolani Hospital. It is the recommendation of your Committee that the bill be amended to provide for an appropriation of \$404,762 for the biennium 1977-79 for this purpose.

Your Committee has further amended the bill to extend services of the Center to sexually abused children. Finally we have provided that the bill take effect upon approval.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 91, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 91, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nishimura and Henderson.

SCRep. 601 Health on H.B. No. 202

The purpose of this bill is to clear up ambiguities in the present law, to facilitate genealogical studies, and to provide a penalty for presenting false information to obtain access to or a certified copy of a vital record for fraudulent purposes.

The present section of the law prohibiting disclosure of illegitimacy is illogical since the mere compliance with the section discloses illegitimacy, as illegitimacy is the only circumstance when the department of health cannot issue a standard birth certificate to a requestor with an otherwise legal right to receive the record. Repeal of the section would permit the department to issue a standard birth certificate when requested by the registrant or his authorized representative.

Your Committee agrees that defining the persons to whom inspection or issuance of copies of certificates may be made is desirable in view of the problems involved with interpreting who are persons who has "direct and tangible interest" as is required under present law.

Your Committee also agrees with the changes to the law which would facilitate genealogical studies, and to the provision of penalties in cases where false information is presented by a person in order to obtain access to or a certified copy of a vital record to which he is not entitled.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 202 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Henderson.

SCRep. 602 Health on H.B. No. 481

The purpose of this bill is to continue the present operations of the Poison Information Center, located in the Kauikeolani Children's Hospital.

Your Committee has amended this bill to provide for an appropriation of \$79,800, which it believes will be adequate to ensure the continued operations of the Center.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 481, H.D.

2, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means in the form attached hereto as H.B. No. 481, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senators Nishimura and Henderson.

SCRep. 603 Health on H.B. No. 482

The purpose of this bill is to fund continuing private alcohol and drug treatment programs.

Your Committee finds that the continued existence of these programs is vital to the health of the people of Hawaii. In comparison with other components of the health services field, these programs typically make a very efficient use of limited resources, accomplishing the return of large numbers of former alcohol and drug abusers to society each year as productive citizens. Because of the continuing nature of these programs, your Committee strongly recommends that alcohol and drug abuse treatment programs be included in the Executive budget in the future.

Your Committee has decided to continue the funding of these programs at the levels more fully described below and has amended the bill accordingly:

	1977-1978	1978-1979	total biennium
Alcohol Programs:	\$735,730	\$772,516	\$1,508,246
Drug Programs:	\$563,389	\$591,558	\$1,154,947

These funds are to be distributed among those groups named in H.B. No. 482, H.D. 2, S.D. 1 so as to fund the programs at the current level of services as nearly as is practicable.

In addition, your Committee is appropriating an additional \$48,314, to fund the ongoing programs of the Big Island Council on Alcoholism, which was covered separately by S.B. No. 548, and \$32,595, to cover the ongoing programs of the Ke Ola Hou Program, a rehabilitation and residential crisis program for women operated by the Salvation Army, which had been receiving legislative grants since 1975 as part of the Alcoholism coalition but which was inadvertently omitted in the original draft of H.B. No. 482. This appropriation will match with federal grants at the rate of 3 to 1.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 482, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 482, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 604 Health on H.B. No. 927

The purpose of this bill is to repeal the statutory requirement to label wood alcohol containers with the statement "Poison: Laau Make."

Your Committee on Health is in agreement with the change in that sufficient safeguards in labeling and purchasing wood alcohol exist through regulations of the Food and Drug Administration and Chapter 16 of the Department of Health's Public Health Regulations which require that purchasers of wood alcohol products must be adults and must sign a record of purchase.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 927 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Nishimura and Henderson.

SCRep. 605 Health on H.B. No. 1003

The purpose of this bill is to make an appropriation for the continuation of the State's Vision and Hearing Screening Program.

Your Committee finds that this bill will benefit the health of the people of Hawaii through the early identification, referral for treatment, and followup of sensory deficiencies. The program has been in effect for almost 20 years, and has helped to identify large numbers of children at early stages of vision and hearing loss when their deficiencies were still treatable. Out of the total number of children screened, a ratio of 1 in 20 children have been found with medically referable vision and hearing defects.

Your Committee on Health has made minor wording changes in the bill and deleted Section 3 of H.B. No. 1003, H.D. 2, and has amended the bill to include an appropriation of \$320,601. Finally your Committee has deleted the specific provision in H.B. 1003, H.D. 2, for eight audiologists, and 10 hearing and vision technicians to provide the vision and screening with the assistance of school health aides.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1003, H.D.2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1003, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 606 Health on H.B. No. 1098

The purpose of this bill is to provide for the development of a statewide system to protect and advocate the rights of persons with developmental disabilities by establishing an advocacy and protection agency, independent of any agency providing services to the developmentally disabled, and requiring the establishment of a fair hearing and appeal procedure.

In 1970 Congress enacted the "Developmental Disabilities Services and Facilities Construction Act", P.L. 91-517, which made provision for the creation and operation of Developmental Disabilities Councils on the state level. In accord with the federal law, Act 198, Session Laws of 1975, created a Developmental Disabilities Council for the State of Hawaii with the responsibility to plan, coordinate, and evaluate services for the developmentally disabled.

Act 198 further provides that the Developmental Disabilities Council shall advocate for the needs of the developmentally disabled before the Legislature, public and to the governor, advise the Legislature and all concerned department heads, and serve as a channel for complaints.

Congress found the provisions of the 1970 law providing for the Developmental Disabilities Council to be inadequate in providing advocacy and protective services to this very special group of people. Therefore, in 1975, Congress enacted the Developmentally Disabled Assistance and Bill of Rights Act of 1975, P.L. 94-103 which amended P.L. 91-517. Section 113, of Title II, of that Act, states that the Secretary of the Department of Health, Education and Welfare, "shall require as a condition to a State receiving an allotment under part C for a fiscal year ending before October 1, 1977, that the State provide the Secretary satisfactory assurances that not later than such date (1) the State shall have in effect a system to protect and advocate the rights of persons with developmental disabilities, and (2) such system will (A) have the authority to pursue legal, administrative, and other appropriate remedies to insure the protection of the rights of such persons who are receiving treatment, services, or habilitation within the State, and (B) be independent of any State agency which provides treatment, services, or habilitation to persons with developmental disabilities."

In its findings, Congress stated that the developmentally disabled have the right to appropriate treatment, services, and habilitation; that such treatment services and habilitation should be designed to maximize the developmental potential of such persons; and that the federal government and the states have an obligation to assure that public funds are not utilized in programs which do not provide appropriate treatment, services, and habilitation or do not meet minimum standards of care.

Your Committee on Health finds that the implementation of this bill would meet the requirements of the federal law and, at the same time, provide an important link in the provision of a network of services. Your Committee received testimony that an advocacy system, specifically geared to speak for the individual, is necessary to guarantee that the system functions for the individual by providing linkages where gaps exist, and providing for the most effective utilization of services, by mediating, referring and assisting so that legal action will effectually be a last resort. Your Committee finds this service to be a vital connection in the system of individual program planning, system planning and evaluation of services.

Your Committee further finds that the Developmental Disabilities Council has identified this program as a top priority in needed services. It is envisioned that the goal of the advocacy agency will be to provide information and referral services, act as a receiving and investigating agency in complaints of violations of rights, provide advocacy services through volunteers, conduct advocacy training programs, provide public information, make available legal services by referral to appropriate counsel and provide technical assistance to public and private agencies in developing fair hearing procedures.

Your Committee finds that the Federal Guidelines for the implementation of the system of advocacy provide sufficient guidance in the establishment of priorities so as to provide

a determination of the cases and activities of the agency. Your Committee finds that provision of these services must be incremental and must rely heavily upon volunteer manpower.

Your Committee on Health has made minor wording amendments to the section of the bill relating to the intent and purpose and included definitions of "department" and "public agency" in the definition section as well as other minor word changes. Your Committee has further amended the wording of the section of the bill which designates that the Governor create an agency, public or private, to provide advocacy and protective services to persons with developmental disabilities.

Your Committee on Health has deleted Section 4 of H.B. 1098, H.D. 1, which delineates the rights of developmentally disabled persons. It was the feeling of your Committee that these are rights currently guaranteed.

On page 4, line 12 of H.B. 1098, H.D. 1, your Committee has added the words "On and after".

Your Committee has further amended the bill to include a section describing the nature and responsibility of the advocacy and protective services to be provided. A further amendment requires the advocate agency to adopt rules establishing procedures for the review and advocacy of complaints.

Finally your Committee on Health has amended the appropriation section of the bill to provide for an appropriation of \$140,000 for the biennium 1977-1979.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1098, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1098, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 607 Health on H.B. No. 1523

The purpose of this bill is to appropriate money for a grant-in-aid to the Hawaii Medical Library. The Hawaii Medical Library is the only major facility of its kind in the State, and is in constant use by the health care practitioners residing in Hawaii. Your Committee on Health amends the bill to provide an appropriation of \$153,000, which it believes is adequate for the purposes to be served by this bill.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1523, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1523, H.D. 1, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 608 Health on H.B. No. 1694

The purposes of this bill are:

(1) To ensure the pragmatic health planning of the State by providing a permanent vehicle for citizen input into the health planning process so that the total health services plan of the State will be based on informed decision making. Under the concept of the National Health Planning and Resources Development Act of 1974 and the stated purpose of the bill, local input into health planning would be generated through the designation of subareas in which subarea health planning councils are established.

Since the health care provider is one of the most important participants in the health care delivery system, the planning process must address the legitimate needs and concerns of the public and private providers if it is to achieve meaningful results. Therefore, the State should develop and use a variety of methods to ensure consumer and provider input. Thus, the State Health Plan would be an integration and coordination of local needs within State guidelines. Accompanying the health plan will be a State Medical Facilities Plan which will establish facilities development priorities, and an annual implementation plan, both based on the State Health Plan.

(2) To amend State law to conform with the requirements for federal funding in health planning and resources development under Public Law 93-641.

Your Committee has amended the bill only in making a technical correction on page 34, line 17 relating to exemptions from certificate of need requirements.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1694,

H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1694, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 609 Housing and Hawaiian Homes on H.B. No. 102

The purpose of this bill is to appropriate \$50,000 for the State elderly housing program.

Cognizant of the numerous housing problems faced by the elderly, the Legislature enacted Act 224 during the 1976 legislative session. This Act provided for a survey of elderly housing needs to be followed by an action program with elderly housing to be given priority in the Hawaii Housing Authority's overall housing development plans. However, no appropriation was made to implement this program, therefore, despite passage of this Act, housing remains a crucial problem for the elderly.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 102, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 610 Housing and Hawaiian Homes on H.B. No. 498

The purpose of this bill is to restate by renumbering, without substantive change, the Horizontal Property Act.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 498 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Henderson.

SCRep. 611 Housing and Hawaiian Homes on H.B. No. 575

The purpose of this bill is to exempt any loan wholly or partially secured by a guarantee or insurance under various Federal housing programs to eliminate the legal obstacle to implementing the innovative graduated mortgage payment program.

The program would violate the present usury law in that "interest upon interest" would be paid during the early years of the mortgage.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 575, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Henderson.

SCRep. 612 Housing and Hawaiian Homes on H.B. No. 715

The purpose of this bill is to provide \$1,000,000 from the State general fund for the operation of the State home renovation and rehabilitation program.

Under Act 178, SLH 1976, the Hawaii Housing Authority may make loans to homeowners for the purpose of rehabilitating or renovating their existing dwelling units. This would not only alleviate the growing need for housing through the preservation of existing structures, but would also maintain the unique lifestyles of older communities. Furthermore, the implementation of this program would help to boost the State's ailing construction industry by providing jobs for the many skilled and unskilled laborers presently unemployed.

Although the sum of \$1,000,000 was appropriated during the last legislative session for this purpose, these funds will lapse at the end of this fiscal year if not released. Your Committee believes that a continuance of funds is necessary in order that the Hawaii Housing Authority may begin implementing this program.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 715, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Henderson.

SCRep. 613 Housing and Hawaiian Homes on H.B. No. 1173

The purpose of this bill is to (1) consolidate funds by function and source; (2) standardize terms; (3) add two new funds as a depository for interest charges and borrowed money; (4) define parameters for use; and (5) increase the guarantee amount from \$8 million to \$13 million.

This bill, as referred to your Committee, proposed a number of significant policy changes in addition to modifying the department of Hawaiian home lands fund structure. Your Committee has heard and carefully considered much testimony on the department's program. In view of the fact that significant differences exist on the direction of the program, your Committee feels that it would be inappropriate to implement major policy steps, however thoughtful, without further examination. Therefore, your Committee has amended this bill to more clearly reflect the need for fund structure reform. The intent of your Committee is to substantially continue the Act in its current application, while affording the department more flexibility in fund use, increased ability to solicit loan money for the benefit of lessees, and greater accountability in fiscal operations.

Substantive amendments to this bill include:

Section 213. In that the existing ceiling of \$5 million on funds from state cane and water leases transferred into the various additional receipts accounts was reached in May, 1976, the ceiling on additional receipts has been raised to \$10 million.

In order to assure the continued success of programs established under the various additional receipts accounts and to provide the department with additional revenues, the share of state cane and water revenues transferred to the department has been raised from thirty per cent to fifty per cent.

In order to insure the maintenance of programs established by legislative mandate and to preserve the intent for which the additional receipts portion of cane and water receipts was established, the existing allocation of additional receipts has been retained and a Hawaiian home education fund has been established.

In order to maintain the integrity of the legislative appropriation process, the use of funds in all accounts in which the legislature has indicated a specific site or purpose has been limited to that specific site or purpose.

In order to insure that development under the operating fund and development funds remains within the purposes of this Act, projects developed under those funds have been restricted to those which principally serve occupants of Hawaiian home lands and those which are necessary to serve lessees.

The terms under which moneys set aside for educational projects may be used have been expanded to include projects approved by the department of education and the department of Hawaiian home lands. In addition, the bill expands the benefits of such educational projects to all children of native Hawaiians, and not only to children of lessees.

Language allowing the department to expend a sum from its administration account not in excess of the budget of the previous year in the event that the legislature does not take action on the budget has been deleted.

Language within the amended portion of the bill transferring moneys in existing funds to the appropriate new funds has been deleted and has been placed in transitional sections in that their presence in the body of the law unnecessarily clutter and confuse the text.

Section 214. The department's guaranteeing powers have been expanded to include the power to assure any portion of a loan made to lessees or a cooperative association.

The department's power to permit or approve loans made to lessees has been limited to those loans made or assured by the department and the department's rights necessary to protect the monetary and other interests of the department have been limited to those enumerated at the time of assurance.

Funds available as cash guarantees have been limited to available loan fund moneys or funds specifically appropriated for such purposes.

The department's exercising of the functions and rights of a lender of money or mortgagee of residential property for loans made to lessees by lenders other than the department have been limited to those loans assured by the department.

The paragraph empowering the department to contract with private agencies to service

loans made by the department to lessees or cooperative associations, with the fees for such servicing being assumed by the lessee or cooperative association has been deleted.

Section 216. The department's lien rights on the assets of a collective association, a member of which has made a loan from the department, have been limited to that member's share in the collective association.

The department's enforcement of its lien rights has been made subject to the Act and the procedures established by rule.

Section 217. All amendments to this section have been deleted in that the application of these amendments is predicated upon the passage of another measure before the legislature and therefore belongs as part of that measure. All other amendments predicated upon the passage of other measures have also been deleted.

Section 225. New material has been underlined.

Section 208. The sentence limiting the construction of homes to designated residence lots has been deleted.

In that extensive amendment to the existing paragraph 8 of this section leaves the remainder virtually meaningless, the subparagraph has been deleted in its entirety.

In order that the fiscal transfers necessary in this bill be efficiently and simply done, the effective date of the measure has been made July 1, 1977.

In addition to the abovementioned substantive changes, extensive non-substantive changes in numeration, language, and structure have been made for the purposes of clarification and simplification.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1173, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1173, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nishimura and Henderson.

SCRep. 614 Housing and Hawaiian Homes on H.B. No. 1678

The purpose of this bill is to make improvements in various aspects of the State Home Renovation and Rehabilitation Program established by Act 178, Session Laws of Hawaii 1976.

This bill authorizes the Hawaii Housing Authority to utilize participation loans in conjunction with housing rehabilitation and renovation efforts. Your Committee feels that the usage of participation loans will "increase" the total amount available without drawing upon limited State financial resources. In this way, the amount appropriated to this program will have a multiplying effect through the use of resources from the private sector.

Additionally, this measure proposes to ease the plight of the elderly faced with deteriorating dwelling units which the Statewide Housing Study (Daly and Associates, January 1977) makes specific reference to. Certain exemptions would be provided to a borrower who is aged 55 years or older and who is making a loan of \$3,500 or less. Specifically, these exemptions include submittal of plans and specifications; performance of work under licensed supervision; and execution of a mortgage securing the loan. Instead, loans made to these elderly would require the following: a written statement, cost estimate, and evidence of a building permit; inspection of the premises by the Authority before and after renovation work (a \$50 fee may be deductible from the loan); and provision to the Authority of a chattel mortgage on personal property.

Furthermore, any fees charged for counseling services may be included as part of a home rehabilitation or renovation loan.

Your Committee has amended the bill to include a new section to Chapter 359G. Restrictions on the transfer of dwelling units (the "buyback" clause) constructed by the Hawaii Housing Authority were imposed upon purchasers of those units in order to curb speculation. The legislature has amended the "buyback" clause several times, creating five different "buyback" clauses with differing specific provisions. The intent of this amendment is to allow purchasers who are bound by previous "buyback" clauses to modify existing contracts to incorporate the most recent "buyback" provision. This amendment would provide equity to all purchasers of State housing units.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1678, as amended herein, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means in the form attached hereto as H.B. No. 1678, S.D. 1.

Signed by all members of the Committee except Senators Nishimura and Henderson.

SCRep. 615 Education on H.B. No. 1162

The purpose of this bill is to support the activities of the Pacific and Asian Affairs Council. The Council initially relied on private funding but in recent years has had to seek support from the Legislature. The strength of this program has been the commitment and dedication of those involved in Council activities. As a private activity receiving some state support the Council has done an excellent job. To retain the vitality of this organization your Committee has decided that it should remain a private organization.

We have, therefore, provided for a grant in aid of \$85,000 as was provided during the current fiscal year and removed the provisions calling for the creation of the council as a State agency.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1162, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1162, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani, Young and Saiki.

SCRep. 616 Education on H.B. No. 1398

The purpose of this bill is to provide a grant-in-aid to the Honolulu Symphony for educational programs. The intent is to provide the funds necessary for the symphony to tour the neighbor islands and rural areas of Oahu which are normally unable to enjoy the benefits of having a first-class symphony in the State. We have amended the Act to provide that the amount of the grant shall be \$100,000, so that the program can be expanded.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1398, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1398, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Takitani, Young and Saiki.

SCRep. 617 Transportation on H.B. No. 162

The purpose of this bill is to provide for the establishment of a staggered work hour or variable time program for state employees in order to conserve energy and reduce peak hour traffic congestion.

It is your Committee's finding that staggered work hours or variable time programs used in conjunction with other transportation programs intended to reduce congestion and other traffic related problems, may lead not only to more efficient use of our highways but may also lessen the need to construct and fund other costly and perhaps unnecessary transportation facilities and programs.

Your Committee concurs with section 1 which states that staggered work hours or variable time programs of sufficient scope to noticeably affect traffic congestion should be initiated by the governor to include all state offices whose participation in the program would not unduly affect their delivery of services to the public. The staggered work hour or variable time programs should include identification of those offices capable of participation in the program, standards for monitoring the level of services provided to the public by these offices during the program's existence, and criteria to monitor the program's success in reducing traffic congestion.

In keeping with the State's policy of encouraging efficient and economic use of the automobile, your Committee has amended the bill to include schools in addition to other offices of the State in the program. This will allow for common opening hours for working parents with school aged children and facilitate the workability and acceptance of this program.

Your Committee has also made some technical amendments which do not have substantive effects on the bill.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No.

162, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 162, H.D. 1, S.D. 1, and be referred to the Committee on Human Resources.

Signed by all members of the Committee.

SCRep. 618 Transportation on H.B. No. 999

The purpose of this bill is to clarify the rights of a bicyclist proceeding in a designated bicycle lane.

In view of the increased popularity of bicycling, both for recreation and as a means of transportation, your Committee finds it necessary to clarify the rights of a bicyclist on roads to be shared with cars in order to provide for the continued safety of the bicycling community and the improved flow of traffic. The existing rules of the road afford inadequate protection to bikers. Confusion as to rights of way and the proper regard to be given to a marked bikeway pose dangers to the bicycling community. Your Committee feels enactment of this bill will make bicycling a safer and more attractive activity.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 999, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 619 Transportation on H.B. No. 1001

The purpose of this bill is to permit the use of fuel tax revenues for the acquisition, design, construction, improvement, repair, and maintenance of bikeways.

Both motorists and bicyclists benefit through increased safety and improved traffic flow brought about by the construction or designation of lanes to be exclusively used for bicycles. This measure provides that county fuel taxes may be used for bikeways as is already the existing practice, and ensures that highway funds will continue to be available for bikeways in the future to supplement the funds already available under section 249-17.5, Hawaii Revised Statutes.

This measure also provides that no person shall drive upon any bicycle lane or bicycle path except as is set forth under the provisions of this bill.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1001, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 620 Transportation on H.B. No. 1685

The purpose of this bill is to accomplish the transfer of motor carrier safety regulation functions and activities from the Public Utilities Commission to the Department of Transportation and to provide the means for improved coordination of State and county highway safety programs.

Your Committee has amended page 26 of this bill as follows:

1. The words "each of the months of July and January" have replaced the words "April of each year" on line 13.
2. The amount "\$15" has replaced the amount "\$5" on line 15.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1685, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1685, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 621 Transportation on H.B. No. 1687

The purpose of this bill is to permit the substitution of airport and harbor revenue bonds in lieu of reimbursable general obligation bonds authorized in past appropriation

acts for airport and harbor capital improvement projects, respectively.

In the event there is a curtailment in general obligation bond issuance by the State and essential and needed airport and harbor capital projects so authorized by reimbursable general obligation bonds must still be constructed, it is your Committee's recommendation that airport and harbor revenue bonds may be substituted for the previously authorized reimbursable general obligation bonds.

Your Committee has made technical amendments which do not have substantive effects on the bill.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1687, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1687, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 622 Human Resources on H.B. No. 1283

The purpose of this bill is to fund increased payments to operators of adult boarding and care homes for their services to public assistance recipients.

Your Committee finds that while adult boarding and care homes provide valuable services to many elderly and disabled public assistance recipients, their compensation for such services does not adequately reflect the quality of care provided nor the impact of inflation.

As amended, the bill appropriates \$100,000 for fiscal year 1977-78 to fund increased payments to operators of boarding and care homes.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1283, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Young, R. Wong and Henderson.

SCRep. 623 Ecology, Environment and Recreation on H.B. No. 117

The purpose of this bill is to prohibit the sale of aerosol sprays containing certain saturated chlorofluorocarbon compounds not containing hydrogen, with the exception that medical products using aerosol propellants are exempt from this prohibition, the effective date is delayed to January 1, 1979 to ameliorate any economic hardships that would result from an earlier effective date and the provisions of this section shall be superseded by the enactment or adoption of federal legislation or regulations prohibiting or restricting the sale of aerosol products containing saturated chlorofluorocarbons not containing hydrogen.

Your Committee heard testimony from the Department of Health; the Environmental Center, University of Hawaii; Makiki Electronics, Kenault Incorporated and Kaiser Aluminum & Chemical Sales, Inc.

At the suggestion of Kaiser Aluminum & Chemical Sales, Inc., your Committee has amended Section 2, subsection (b) to read as follows:

"The provisions of this section shall be superseded by the enactment or adoption of federal legislation or regulations prohibiting or restricting the sale of aerosol products containing saturated chlorofluorocarbons not containing hydrogen."

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 117, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 117, H.D. 1, S.D. 1, and be referred to the Committee on Consumer Protection.

Signed by all members of the Committee except Senator Hara.

SCRep. 624 Ecology, Environment and Recreation on H.B. No. 122

The purpose of this bill is to authorize a Hawaii State Coastal Zone Management Program that complies with the requirements of the National Coastal Zone Management Act. The controlling purpose is to provide for the effective management, beneficial use, protection, and development of the coastal zone. Where Hawaii's unique geographical and political circumstances result in the necessity of choosing between the intent of the federal legislation

and specific requirement, the intent has control.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 122, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Economic Development.

Signed by all members of the Committee except Senators Hara and Nishimura.

SCRep. 625 Ecology, Environment and Recreation on H.B. No. 309

The purpose of this bill is to wisely manage the State's coral resources by providing for the issuance of coral removal permits and by rules and regulations established by the department of land and natural resources.

Your Committee finds that the present laws are inadequate for controlling the taking of coral, that there are numerous instances where coral has been taken without regard to its impact on the habitat or the marine environment in general, and that there is a need to begin careful management of this valuable resource.

Your Committee has taken into consideration testimony from the department of land and natural resources about the administrative problems which would be created should permits be required in all instances, and should specific requirements be spelled out in the provision for rules and regulations, and has amended the bill to provide the department flexibility in the issuance of permits and in its promulgation of rules and regulations.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. 309, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 309, H.D. 1, S.D. 1 and be referred to the Committee on Economic Development.

Your Committee further wishes to express its concern about the problem as to just what "gear" means, and calls upon the division of fish and game to more clearly define "gear" in the promulgation of its rules and regulations.

Signed by all members of the Committee except Senators Chong, Hara and Soares.

SCRep. 626 Ecology, Environment and Recreation on H.B. No. 1425

The purpose of this bill is to require the Department of Health to publish an annual report on the quality of the State's coastal waters including statistical analysis and interpretation of the data on an annual basis by specific points (monitoring stations) as applicable.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 1425, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Health.

Signed by all members of the Committee except Senators Hara and Nishimura.

SCRep. 627 Ecology, Environment and Recreation on H.B. No. 1463

The purpose of this bill is to amend the State Exceptional Trees Act, Chapter 58, Hawaii Revised Statutes, to exclude from the definition of "exceptional trees" all trees planted for commercial forestry operations in each county within the State of Hawaii.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 1463, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Economic Development.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 628 Ecology, Environment and Recreation on H.B. No. 1221

The purpose of this bill is to amend Section 188-57, Hawaii Revised Statutes to: (1) establish a closed season during the months of June, July and August for the taking of Kona crab; (2) allow for the sale, during the closed season of Kona crab lawfully caught during the open season; and (3) increase the fine for violators of this section.

Your Committee heard testimony from the Department of Land and Natural Resources. Studies conducted by the Division of Fish and Game of this department on the Kona crab at Waialua and Waimea Bays, Oahu and in the vicinity of Penguin Banks off Molokai show that the proposed period of prohibition is in agreement with the results of the studies.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 1221 and recommends that it pass Second Reading and be placed on the calendar for third reading.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 629 Economic Development on H.B. No. 105

The purpose of this bill is to appropriate \$50,000 to provide needed governmental support to revitalize and strengthen the working effectiveness of the State's agricultural cooperatives and associations, including technical assistance, education programs, and various types of financial aid.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 105, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 630 Economic Development on H.B. No. 106

The purpose of this bill is to provide governmental support including financial assistance to strengthen and revitalize the transportation systems for Hawaiian agricultural commodities. The realization of the need for a comprehensive and integrated transportation system as the key to the survival of Hawaiian diversified agriculture has come into increasingly sharper focus over the past several years.

Your Committee finds that the local produce growers are facing severe problems in finding economic means of transporting their fresh Hawaii grown produce to the various consumer markets within the State. Your Committee feels it is imperative to maintain programs that will serve to slow the rising costs of living especially in the area of food costs.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 106, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 631 Economic Development on H.B. No. 142

The purpose of this bill is to enable additional visitor industry organizations to receive state funds to be used for promotional purposes through contracts with the department of planning and economic development.

Your Committee finds that currently, the Hawaii Visitors Bureau is the only organization with which the department of planning and economic development may contract such state funds. Your Committee finds that the increased concern for greater economic growth throughout the State, especially on the neighbor islands warrants greater state support of tourism marketing and promotional efforts directed towards specific areas, types of visitors, and similar specific tourist factors. The combined efforts of nonprofit trade associations may yield significant overall benefits to the State of Hawaii by increasing the attractiveness of Hawaii as a tourist destination area.

Your Committee has amended the bill to allow such contracting to be done only with nonprofit trade associations which have been in operation for three or more years to ensure that contracting organizations have the expertise and interest necessary to secure maximum benefits for tourism in the State of Hawaii. Your Committee has added an appropriation of \$200,000 for the purpose of the mass meeting market which will promote the development of tourism.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 142, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 632 Economic Development on H.B. No. 180

The purpose of this bill is to amend Section 155-8, Hawaii Revised Statutes, to allow

the Department of Agriculture flexibility in setting interest rates for all direct farm loans by pegging interest rates to going prime rates.

Your Committee finds that the ceiling of six per cent (6%) charged by the State has remained unchanged since 1968. Since the latter 1960's, the prime rate has generally fluctuated well above six per cent with wide gaps between the State's rate and private lenders' rates. The wide difference in rates placed heavy stress on State funds, especially during periods of "tight money."

Discrepancy of rates places private lenders in an untenable position. Although the applicant may qualify for a loan through a private lender, in order to retain the goodwill of the client, banks are often compelled to assist their client by rejecting the loan. For example, when the prime rate is at 9 percent, the banks rate of 11-12 per cent does not compare favorably with the State's ceiling of 6 per cent. At prime rate of 9 per cent for bank participation loans, a borrower, through the Farm Loan Program, may save up to 5 per cent on interest charges.

Your Committee finds that private lenders' share on participation loans is now pegged at two per cent (2%) above the prime rate. This amendment will set the maximum interest rate allowable on State funds at one per cent above the prime rate, with the Board of Agriculture continuing to set the rate of interest within the ceiling. Closing the gap in rates between the State and private lenders should encourage more participation loans. Other governmental lending agencies have adjusted their interest rates upward. The Farmers Home Administration of the U. S. Department of Agriculture charges 5 per cent for farm ownership loans and 8-3/4 per cent for farm operating loans.

The FHA has had the increased rate for operating loans for several years and considers it as feasible and successful. FHA has requested the Congress to lift the ceiling on farm ownership loans. Appropriations for farm ownership loans have been limited. The Capital Loan Program of the State's Department of Planning and Economic Development charges 7-1/2 per cent for all of its loans. The Farm Credit System's ceiling of six per cent was lifted by Congress in late 1968 to overcome spiraling costs in the bond market where their loan funds are obtained. Today, the Farm Credit System charges variable rates based on the cost of money in the bond market.

Two major commercial banks in Hawaii presently charge an average of 10 per cent, which is three per cent above the going prime rate.

The proposed amendment also provides that rates for Class D, Emergency Loans, be determined by the Board of Agriculture, within the statutory ceiling.

Your Committee finds that the Farm Loan Program is constantly confronted with shortage of funds. Bringing Farm Loan's interest rates more in line with those of other lenders will lessen the stress for State funds; thus, enabling more funds to be available to those farmers who cannot otherwise secure financing from other sources. Ultimately, the purpose and intent of the Farm Loan Act will be better served.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 180, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 633 Economic Development on H.B. No. 650

The purpose of this bill is to establish a revolving fund for the Aquarium into which shall be deposited the receipts from fees charged for admission to the Aquarium. The funds deposited in this account shall be expended to maintain, expand and develop marine education programs associated with the Aquarium and to attract increased public use of the Aquarium.

Your Committee has held a public hearing on this bill and has heard favorable testimony for the establishment of a revolving fund. Such a fund would serve the need for increased funding for the Aquarium educational program, while retaining administrative affiliation with the University of Hawaii at a time of increasing budgetary demands and fiscal constraint. There was raised a question by your Committee, however, over the general question of under which circumstances should money be allowed to go into a special fund, such as a revolving fund. Your Committee feels that this bill is appropriate, however, for the needs of the Waikiki Aquarium.

Your Committee on Economic Development is in accord with the intent and purpose of

H.B. No. 650, H.D. 1 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 634 Economic Development on H.B. No. 849

The purpose of this bill is to provide funding to the Department of Agriculture for a two-year feed and forage research program to determine if locally-grown feed can compete economically with feed now being imported for the livestock industry.

Your Committee finds that feed and forage research is essential to the development of a self-sufficient livestock industry. Your Committee finds that the College of Tropical Agriculture is the agency which should be logically contracted to conduct such experiments.

Your Committee finds the college has developed several hybrid strains of feed corn adaptable to tropical climates but because of lack of funding had not been able to conduct large-scale field-growing experiments. Additional funding for continued development of seed corn and other tropical seed varieties plus establishment of a seed inventory is considered essential for the development of a successful feed and forage program.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 849, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 635 Economic Development on H.B. No. 952

The purpose of this bill is to appropriate \$50,000 to the Department of Agriculture for the operation of a statewide young farmers program. The Cooperative Extension Service of the College of Tropical Agriculture, under contract to the Agriculture Department, has conducted 11 classes with a total enrollment of 253 young farmers on the Islands of Maui, Kauai, Oahu, and Hawaii, and is currently organizing five other classes with a projected enrollment of 175. Topics of certificated courses range from farm management to fruit tree plant propagation to farm structure carpentry.

In a public hearing, your Committee was favorably impressed with the current education program whose primary goals are to encourage young people in farming to help them make a commitment to the farming industry, and to develop their expertise in new techniques and methodologies of farming. In a state where the average age of the farmer engaged in diversified farming is 53, your Committee feels it imperative to provide government support in this much needed area.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 952, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 636 Economic Development on H.B. No. 973

The purpose of this bill is to appropriate \$20,000 to defray expenses involved in the sponsorship of the Pan Pacific Agricultural Conference in Hawaii.

Your Committee finds that the Hawaii Farm Bureau Federation, the Department of Agriculture, the College of Tropical Agriculture and the Department of Planning and Economic Development initiated planning for the first annual Pan Pacific Conference in 1976; the conference will be held in conjunction with the annual State Farm Fair.

Your Committee finds that the countries of Japan, the Philippines, Taiwan and South Korea have agreed to participate in the conference, the theme of which will be "Partnership in Agricultural Cooperatives and Government".

The conference will bring experts on agricultural cooperatives from various Asian countries as well as the continental United States, and will provide Hawaiian farmers with the opportunity to discuss the methods and operations that have made cooperatives such an important marketing tool in participating Asian countries.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 973, H.D. 2, and recommends that it pass Second Reading and be referred to

your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 637 Economic Development on H.B. No. 976

The purpose of this bill is to provide State support for the research programs of the Experiment Station of the Hawaii Sugar Planters' Association.

Your Committee finds the self-supported research efforts of the Hawaii Sugar Planters' Association for the last 82 years has been a significant factor making Hawaii one of the leading sugar producing areas in the world, and has made the HSPA Experiment Station one of the most recognized sugar research centers in the world.

Your Committee finds the research in new cane varieties, weed and pest control, irrigation, and fertilization, performed by the HSPA has given the Hawaiian sugar companies the ability to produce high-yield varieties of cane and react effectively against the threat of disease or pest.

Since the HSPA was organized in 1895, the research activities have been totally supported by the Hawaii sugar growers. In recent years there has been some assistance from the federal government and cooperation from the Experiment Station of the College of Tropical Agriculture of the University of Hawaii. Basic support and operating funds, however, are still provided by the members of the association.

Your Committee finds results of the HSPA's research are reported to member companies and independent sugar cane growers, and published in the experiment station's own journal. New varieties developed by the HSPA experiment station are available to all sugar cane producers in the state, including independents.

Your Committee finds one of the most basic and important programs of the experiments station has been the development of new sugar cane varieties. The breeding of sugar cane varieties and the selection of superior progenies, followed by thorough testing, has succeeded in producing the high-yielding varieties adapted to the many different conditions under which sugar cane is grown in Hawaii.

Most recently, the work at the experiment station has resulted in assisting the rapid and efficient mechanization of the entire sugar cane growing and milling operation. Hawaii leads the world in reducing the amount of manpower required to produce a ton of sugar and still leads. Hawaii also has the highest yields of sugar cane in the world.

Your Committee finds the 1977 research budget of the HSPA has been reduced about 20 per cent below the 1976 funding level. To maintain the level of research necessary to keep the Hawaii sugar growing industry in a competitive position, your Committee finds temporary supplemental financial help from the State is in the best interest of the entire agricultural program of Hawaii.

Your Committee would like to amend this bill to make an appropriation of \$1,000,000 for the purposes of the bill.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 976, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 976, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 638 Economic Development on H.B. No. 1086

The purpose of this bill is to appropriate \$30,000 for a feasibility study which shall contain findings and recommendations concerning site selection facility design, resource requirements and other considerations relating to the establishment and operation of a centralized egg processing facility.

Your Committee finds that Hawaii's egg industry represents a vital component of Hawaii's diversified agricultural industry. Presently, local eggs account for approximately ninety per cent of total egg consumption in the State. Yet, during periods of overproduction, mainland eggs could flood Hawaii's markets with comparatively lower priced eggs, thus placing the local industry in a competitive price disadvantage for periods of time. During these periods, Hawaii's eggs would perish, unless marketing alternatives are developed. A centralized egg processing facility would enable the processing and marketing of surplus

eggs during periods of glut and the efficient use of restricted eggs which are presently being discarded or sold on the farm to household consumers under the federal marketing laws.

Your Committee finds that under local conditions, shell eggs begin to deteriorate rapidly in quality after three months of storage under refrigeration. Primarily because of high feed costs, locally produced eggs cannot compete in the export market. Under this situation, Hawaii's egg producers would lose their marketing advantage and flexibility.

Your Committee finds that approximately 60,000 cases of "breakers" are produced on Oahu each year and these are sold directly to consumers at the various egg farms. These eggs could yield about two million pounds of egg products (yolks, whites, etc.) roughly equivalent to the amount imported each year.

The term "processing" in this bill includes the cleaning, breaking, pasteurizing, separating and packaging of shell egg including Grade B eggs and certain restricted shell eggs currently prohibited from sale through normal marketing channels. Such Grade B egg products may be frozen, kept liquid under refrigeration or dried. These "B" eggs are generally referred to as "breakers" in the trade and produce egg products used primarily by bakeries.

Your Committee believes the feasibility study requested in this bill is a necessary prerequisite to the detailed planning and construction of an egg processing plant on Oahu. The study should include: (1) a thorough discussion with all major egg producers; (2) site selection on Oahu with respect to availability and cost of land; (3) general design and estimated cost of an egg processing facility; and (4) estimated operational cost based on the available number of "breakers".

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1086, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 639 Economic Development on H.B. No. 1243

The purpose of this bill is to appropriate \$15,000 for papaya pesticide research to allow the pesticides to be registered with the Environmental Protection Agency.

Your Committee finds there are many EPA-registered pesticide products on the market which have clearance for use on major crops, but which are not cleared for use on papaya. One of the major reasons is the reluctance on the part of pesticide manufacturers to expend considerable sums of moneys to obtain full EPA registration where the usage of the product is known to be comparatively small, such as on papaya.

Your Committee finds the College of Tropical Agriculture has the technical staff to conduct such experiments to allow for the registration of pesticides with the EPA, and should be the contracted research agency.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1243, H.D. 1, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 640 Economic Development on H.B. No. 1373

The purpose of this bill is to provide for an appropriation for the development and implementation of a comprehensive master plan for diversified agriculture in Hawaii. It is intended that the master plan shall include, but not be limited to:

(1) The identification of the various commodities and industries currently comprising Hawaii's diversified agricultural industry as well as those commodities and industries not now commercially active in Hawaii but which can and should be developed;

(2) The evaluation of each of the commodities/industries so identified and using appropriate economic criteria such as growth potential, current economic value, comparative advantages for Hawaii, to prioritize each commodity/industry and subcategories, therein;

(3) The identification, documentation, and evaluation of the transportation systems currently utilized for the movement of the various commodities with a view toward recommending an integrated system built around an efficient and effective master system for shipping both intrastate and outbound commodities;

(4) Recommendations as to the feasibility of establishing a statewide cooperative mechanism to enhance the strategic programming of production, handling, and marketing activities of the various diversified agricultural commodities;

(5) With respect to paragraphs (3) and (4), identification and description of the resource requirements necessary to develop and implement the recommendations; and

(6) Other pertinent findings and recommendations including recommendations of a statutory nature.

Your Committee would like to amend this bill per the testimony of the Agriculture Coordinating Committee and designate the Department of Agriculture, under Section 3, as the expending agency as it would be more appropriate to assign the responsibility of developing and implementing such a comprehensive master plan to this State agency. The Agriculture Coordinating Committee can actively participate in coordinating and monitoring the progress of the formulation of the master plan and can also assist by having affected agencies, such as the University of Hawaii and the Department of Land and Natural Resources, participate fully in carrying out the intent of the bill.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1373, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1373, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee except Senators King, Nishimura and Henderson.

SCRep. 641 Education on H.B. No. 491

The purpose of this bill is to hold students responsible for damage that they cause to school buildings, facilities, or grounds. This bill is felt to be a necessity given the current problems that our schools face with vandalism and the ineffectiveness of current remedies. The bill provides for either monetary restitution or student work or a combination of both. These remedies will impress upon the students the seriousness of their actions while avoiding the stigma of a criminal record.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 491, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 642 Education on H.B. No. 1129

The purpose of this bill is to provide funds for historical and archaeological research on Kaho'olawe. Based on preliminary discoveries the island may well contain a wealth of data about life in ancient Hawaii, the Department of Land and Natural Resources has begun work in this area and these funds are to allow this work to continue.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1129, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 643 Education on H.B. No. 1347

The purpose of this bill is to provide a grant-in-aid to the Waianae Hawaiian Heritage Cultural Center. This Center provides a much needed cultural center for the residents of the Waianae coast. The Legislature has made clear its commitment to the preservation of Hawaii's cultural heritage and we view this program as an integral part of this effort.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1347, H.D. 2 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 644 Education on H.B. No. 1355

The purpose of this bill is to provide funds for the broadcasting of the labor education series entitled "Rice and Roses." This program provides a vital source of information

to the wage and salary earning segment of the public. We fully support the continuation of this vital public series of programs.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1355, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 645 Transportation on H.B. No. 1683

The purpose of this bill is to simplify and revise the existing vessel registration fee schedule, and to provide additional revenues required to aid in defraying the costs of administering, operating and maintaining a comprehensive State-wide boating program.

Your Committee finds it time-consuming to compute individual fees based on the length of a vessel expressed in feet or fractions thereof, in accordance with the existing graduated fee schedule. Department of Transportation testimony indicates it has also proved difficult to enforce this provision. A simplified schedule is found to be needed. The limited graduated fee schedule proposed is desirable as owners of boats towed on trailers to the water are assessed boat trailer registration fees in addition to vessel registration fees. A lower vessel registration fee for vessels in this category is desirable. The State Legislature has clearly expressed an intent that the State Boating Program be funded by the users. In view of the foregoing, an increased vessel registration fee should be adopted.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1683 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 646 Consumer Protection on H.B. No. 425

The purpose of this bill is to allow homeowners to perform emergency repairs on the water lines and appurtenances of their principal place of residence.

Your Committee agrees that homeowners should have the right to make certain emergency repairs. However, to insure safety, such exceptions to licensed activity should be a matter of the function and purpose of the repair instead of dollar value. The bill specifies that such emergency repairs do not involve the rearrangement of valves, pipes or fixtures, nor the replacement of fixtures served with backflow devices.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 425, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Kawasaki.

SCRep. 647 Consumer Protection on H.B. No. 978

The purpose of this bill is to require commercial and residential apartments to pay their fair share of the utilities costs of a horizontal property regime.

The original language of the bill has been changed to more accurately reflect the present law and practice governing horizontal property regimes.

Presently, utilities costs such as water, electricity, and gas are shared by owners of commercial apartments and owners of residential apartments in mixed used projects. Obviously, a commercial apartment, especially restaurants, bars, and laundries, will use utilities on a larger scale than a residential apartment. If the charges are not apportioned accurately among the owners, the residential owner may wind up subsidizing the commercial apartment owner who uses his unit for profit whereas the residential owner may live in his unit.

To alleviate this inequitable situation, Chapter 514, Hawaii Revised Statutes, is amended by adding a new section to require that, through metering or other device, the utility charges for commercial and residential apartment owners shall be separately determined and separately paid. This requirement shall apply only to commercial apartments whose construction begins after December 31, 1977.

Section 514-11 is amended to require that the contents of declaration include a designation of the parking stall or stalls assigned to the apartment so that a buyer or prospective buyer

will know where he will park his car .

Section 514-20 is amended to require that the by-laws provide for a method of disclosure of the minutes of meetings of the board of directors and association of apartment owners. This amendment will enable owners to get access to these minutes containing the record of decisions affecting the owners' apartment.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 978, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Housing and Hawaiian Homes.

Signed by all members of the Committee.

SCRep. 648 Consumer Protection on H.B. No. 986

The purpose of this bill is to amend several sections of Chapter 294, Hawaii Revised Statutes, relating to Hawaii's No-Fault automobile insurance law, to insure most consistent equitable and prompt settlement of claims.

Section 294-2 is amended by changing the wording of substitute services to conform to the approved no-fault endorsement being used by all companies. The intent of substitute services is to benefit the insured and his family and not be considered in any way a business interruption policy for the businessman.

Section 294-6 is amended to clarify and to make consistent for all persons sustaining accidental harm from motor vehicle accidents to meet all of the tort threshold requirements before that person can exercise his right to receive benefits under his uninsured motorist bodily injury coverage. The intent of this coverage is to provide a source of bodily injury liability protection when the insured is struck by an uninsured motorist or a hit and run driver.

Section 294-23 is amended to preclude not only the owner or operator but also any passenger who has reason to believe that vehicle was an uninsured motor vehicle from collecting no-fault benefits from the Hawaii Joint Underwriting Plan assigned claims plan.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 986, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 649 Economic Development on H.B. No. 7

The purpose of this bill is to establish a legislative economic advisory council to guide and assist legislative decision making.

As amended, this bill will establish a five-member economic advisory council composed of representatives from the business, academic, and financial community, selected from a list of ten names submitted by the ombudsman, the legislative auditor, and the director of the legislative reference bureau. The council will provide financial advice and information to both houses of the legislature at the joint request of the president of the senate and the speaker of the house of representatives.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 7, H.D. 2, and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 650 Economic Development on H.B. No. 107

The purpose of this bill is to provide funding for the production and marketing of Hawaiian agricultural commodities, specifically papayas, anthuriums and other cut flowers, and ornamental foliage. These commodities have contributed significantly to Hawaii's economic stability and hold exceptional potential for further growth.

Your Committee believes that such commodities including, but not limited to, papaya, anthurium and other cut flowers, ornamental foliage, and the macadamia nut industries have vast potential for development in Hawaii and can contribute greatly to Hawaii's economic stability if immediate action is taken to support them.

Your Committee also notes that the sum of \$900,000 was appropriated last year for the purposes of this bill, but we find, with great disappointment, that the funds were not released. If diversified agricultural products are to thrive in our economy they need additional support.

Your Committee has amended this bill to designate the Department of Agriculture as the expending State agency rather than the Agricultural Coordinating Committee. Under prior appropriations made, the Department of Agriculture was the expending agency.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 107, H.D. 2, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 107, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 651 Economic Development on H.B. No. 113

The purpose of this bill is to require the Land Use Commission to conduct public awareness and education programs in each County on a regular basis.

Your Committee finds that H.B. 113, H.D. 2 amended this bill to make an appropriation of \$30,000 to produce a film for the purposes of updating its educational material for public use. This film would cover various aspects of the law, the procedures, regulations, filing a boundary change petition and avenues for public participation.

Your Committee expressed the concern that if there are substantive changes in the duties and roles of the Land Use Commission during the Executive reorganization scheduled for next year the expenditure for the making of a film could be perhaps premature in light of these possible changes, thus making the film obsolete soon after its completion. There was agreement, however, on the intent of the bill and that at a later date the making of a film would be an excellent idea.

Your Committee has deleted the appropriation and recommends that your Committee on Ways and Means insert a reasonable appropriation to carry out the intent of the bill.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 113, H.D. 2, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 113, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 652 (Majority) Economic Development on H.B. No. 138

The purpose of this bill is to provide a vehicle by which the State will work with the visitor industry and all other government agencies associated with tourism to coordinate and implement comprehensive policies to achieve the State's desired goals and objectives of attaining a high quality of life for the people of Hawaii.

Fulfillment of this purpose is to be initially achieved by establishing an Office of Tourism which is attached to the Department of Planning and Economic Development for administrative purposes only.

Your Committee finds that the visitor industry is a major component of the economic base of our State and makes a significant contribution to income and employment within our community. Over the past ten years, tourism has replaced agriculture as the State's number one industry, and is the State's first multi-billion dollar enterprise. Your Committee feels that we are in a period when the need for participation in establishing guidelines for orderly future growth is recognized by all levels of government and sectors of the visitor industry.

The Office of Tourism established by this bill shall succeed to all the functions, rights and powers exercised, and all of the duties and obligations incurred by the Department of Planning and Economic Development in the administration, management, control, operation and implementation of its duties and functions established by this bill and transferred to the Office of Tourism hereby, whether the powers, duties, and obligations are mentioned in or granted by any law, contract, or other document.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 138, H.D. 2, and recommends that it pass Second Reading and be referred to

your Committee on Ways and Means.

Signed by all members of the Committee. Senator King did not concur.

SCRep. 653 Economic Development on H.B. No. 423

The purpose of this bill is to appropriate \$91,600 to complete a research project being conducted by the College of Tropical Agriculture, University of Hawaii, to induce uniform ripening of the coffee cherry.

The continued economic viability of the Kona Coffee industry depends in large part on being able to improve the highly labor-intensive harvesting techniques. In its natural state, coffee ripens over a three to four month period, thus the harvesting must be done by hand over this extended period for two crops per year. Consequently, harvest labor accounts for more than 50 per cent of the crops total cost.

In 1975, the College began a six-year experimental program to induce uniform ripening of the coffee cherry. Initial experiments involved the application of a chemical which occurs naturally in the coffee tree; simultaneous ripening did occur allowing pickers to "strip" the tree, increasing the per picker harvest volume by four times.

However, on completion of roasting, the quality of the chemically-induced ripened coffee was judged to be of a lower quality than non-treated coffee cherries. Research is now directed toward cultural practices: pruning, growth regulator application, fertilizer application and irrigation to induce uniform flowering of the plant. Uniform flowering could possibly make chemically-induced ripening practical and could also possibly allow for partial mechanization of coffee harvesting by utilization of a "tree shaker" developed several years ago by the College.

The total dollar value of the Kona Coffee industry has doubled in the last two years, due to world market conditions, and industry experts predict prices should remain high for several years. If the College could develop practical methods of inducing uniform ripening of coffee cherries, the economic viability of the coffee industry would be substantially increased.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 423, H.D. 2 and recommends that it pass Second Reading and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 654 Economic Development on H.B. No. 1504

The purpose of this bill is to establish a pilot project to investigate the feasibility of using secondarily treated sewage as a resource in agriculture, aquaculture and recharge of the ground water system.

Your Committee finds the water plan for Oahu shows that municipal and urban water requirements may exceed the available supply by the year 2000.

Studies in Florida, California, Massachusetts and elsewhere have shown that the technology is available to retrieve valuable nutrients from sewage. These nutrients that are now being discarded as waste can be used as the energy source for a valuable food production industry. The techniques of aquaculture make these activities possible.

By the application of already known sewage treatment techniques such as filtration, ozone and chlorination, the quality of this waste water can be raised to a level suitable for return to the environment as ground water recharge. The effect of such a program would be to double or triple the available water supply.

Your Committee would like to amend this bill by designating the Department of Health as the appropriate expending agency because the bill had health implications. The Board of Water Supply started the project and therefore would be the accountable agency and can continue to follow the research closely.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1504, H.D. 2, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 1504, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 655 Higher Education on H.B. No. 82

The purpose of this bill is to appropriate monies to enable the University Without Walls program to continue for fiscal 1977-78.

The bill has been amended to include the sum of \$150,000 and to designate the Department of Budget and Finance as the expending agency.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 82, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 82, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 656 Higher Education on H.B. No. 420

The purpose of this bill is to provide funds for athletic programs at the University of Hawaii.

Your Committee is aware that current financial constraints have affected the morale of coaches and athletes and, if this continues, the entire program might seriously be affected. Historically, the University athletic programs have been centered around football and basketball while the other sports have been programmed in a "piece-meal" fashion. It appears that there is currently a lack of commitment to non-income generating sports both in terms of funds and facilities. Your Committee is disturbed by this and feels that a well-balanced athletic program which is responsive to the varied needs of all student athletes should be provided. Consequently, your Committee feels that a master plan for the fiscal and proper management of intercollegiate athletics should be formulated to insure that student needs are met and to enable the University, as well as the Legislature, to better plan for future funding requirements.

Your Committee has amended the bill to: 1.) change the amount for men's athletics program to \$125,000 per annum and to delete reference to specific sports; 2.) delete the appropriation for women's athletic program because this item is included in the committee's recommended budget for the University; 3.) change the appropriation for athletics at the Hilo campus to \$50,000 per annum; and change the appropriation for a statewide inter-campus athletic program among community colleges to \$70,000 per annum.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 420, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 420, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 657 Higher Education on H.B. No. 1183

The purpose of this bill is to authorize the University of Hawaii to establish a centralized duplicating revolving fund in order to promote efficiency and economy in the operations of its essential, but high cost, duplicating and photocopying services.

The revolving fund would promote efficiency and economy by enabling closer centralized controls and accounting for duplicating and photocopying materials and labor, including supervision, and by creating cost consciousness among user departments which would be charged for requested services.

The establishment of this revolving fund requires no additional appropriations since the initial working capital will come from the duplicating and photocopying budget already reflected within the 1977-79 Executive Budget appropriation request for the University.

Your Committee notes that House Standing Committee Report No. 538 requests the University to limit the number of positions in the program. Your Committee on Higher Education is of the opinion that such restriction is impractical and contrary to the purpose of the revolving fund concept. The fund is to be created to account for a business type operation and all expenses are to be borne by the fund. Further, as the operation grows, (and it must be assumed the growth is inevitable), the number of positions must grow also. Because the program is to be self-supporting, financial control is automatic and artificial restrictions are not necessary.

Your Committee on Higher Education is in accord with the intent and purpose of H.B.

No. 1183 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 658 Higher Education on H.B. No. 1198

The purpose of this bill is to delete the requirement that an applicant for licensure as a degree granting institution be a non-profit educational corporation.

Present law stipulates that all degree programs must be offered by schools that are incorporated as non-profit. This law was initially adopted to protect consumers from fraudulent correspondence and residence schools.

Your Committee pursuant to a recommendation from Durward Long, Vice President for Academic affairs at the University of Hawaii, and with the approval of the Department of Regulatory Agencies, has amended the bill by deleting the following words in lines 12-16 on page 1 of the bill:

"or, if not accredited, that credits granted by the applicant in the specified educational program are accepted as if granted by an accredited institution by not less than three accredited institutions."

This amendment would ensure that only nationally accredited institutions would be licensed to grant degrees by the State. The last sentence in the same section was also amended to conform to the foregoing change.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1198, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Yim.

SCRep. 659 Higher Education on H.B. No. 1491

The purpose of this bill is to appropriate monies for the Center for Labor Education and Research at the University of Hawaii.

The Committee has amended the bill to include the sum of \$250,000 per annum.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1491, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1491, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 660 Education on H.B. No. 196

The purpose of this bill is to provide a classification and compensation plan for educational officers. Your Committee feels that this is an area where the legislature must maintain its current role. While the plan submitted by the department has merit, as a matter of policy this subject must remain within legislative oversight. We have amended the present statute in two ways. First we have provided in the new subsection (a) that these provisions cannot be overridden except by express legislative action. Secondly, we have added subsection (g) which provides for the creation of a grievance procedure and outlining certain minimum elements of that procedure. The basic outline of that procedure was taken from the proposal submitted by the department of education.

Your Committee feels that the present structure allows the department considerable flexibility and that it does not place any extraordinary burdens upon the department to have them propose amendments to the present statute. Your Committee has therefore kept the present statute intact except for the two amendments discussed above.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 196, S.D. 1, and be referred to the Committee on Human Resources.

Signed by all members of the Committee.

SCRep. 661 Education on H.B. No. 925

This bill was introduced to grant permanent status to the school health services pilot project created by Act 130, Session Laws of Hawaii, 1970. After a careful review of the existing situation we have determined that it is not feasible to grant permanent status to the program at this time. We commend the efforts of the school health aides and we are not unsympathetic to their real concerns as to their status. We do, however, need to restructure the current program and then, assuming that our intent in this matter is carried out, we will approach the issue of permanency.

We recommend that the school health aides portion of the project be expanded to cover every school. With the exceptions detailed below, we intend that the services of a nurse for every complex be provided. While we recognize the fiscal constraints that we, as a State, are operating under, we find that full implementation of the pilot project should be a high priority.

We have reviewed the operations of the pilot project, and we feel compelled to state our intent as to the implementation of this project.

We have considered the problem of the range of sizes among complexes and we have determined that any complex with less than eight schools should not be assigned a nurse but rather should look to the nearest health care facility for such support. Particularly on the neighbor islands, the problem of under-utilization of community hospitals is acute, and to allow the pilot project to contract for the complex nurse services would provide for better use of the health care facilities and at the same time provide nurse services for the school complex.

We have noted that Department of Health has already created a position entitled "nursing supervisor". We find that an added level of administration between the complex nurses and the School Health Branch is unnecessary. The combination of the existing District Health Officers and the School Health Branch office provides sufficient administrative and resource support.

We are also concerned with the use of "clerks" at the school level. Record-keeping is one of the principal duties of the health aides and there would seem to be no reason to employ additional personnel to perform such function. We have therefore added a proviso to our appropriation barring the use of such funds for the hiring of clerks in the schools.

We would also ask the Department of Health to do all future hiring at the RPN II level rather than the present RPN IV. Experience has shown that we do not need public health nurses in the school nurse position.

We also need to make clear our intent as to the role of the school health nurse and health aide in the schools. Their functions have to do with school health problems and they are not there for the purposes of general health education. Health education in the schools will remain the responsibility of the Department of Education.

We wish to make clear that our concerns do not reflect an overall dissatisfaction with the school health services project. The project has accomplished a great deal at the school level and we want to see it extended to cover every school. And we feel that the project has to maintain that school level emphasis. Our concerns are with the administration of the program.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 925, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 925, H.D. 3, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 662 Military and Civil Defense on H.B. No. 1075

The purpose of this bill is to provide tuition waivers for national guardsmen attending any campus of the University of Hawaii as an incentive to join the Hawaii National Guard.

Your Committee on Military and Civil Defense finds that a need for incentives to join and serve in the national guard does exist. However, your Committee feels that the members of the reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard provide similar services and share the same difficulty in recruiting, and should be included to receive the benefits provided by this bill.

Your Committee also feels that a 50% tuition credit would be adequate to accomplish

the objectives of this bill.

Your Committee further feels that the only necessary restrictions are that the guardsman or reservist maintain satisfactory performance within his unit and in his courses of study, and that the institution attended be a University of Hawaii campus.

Your Committee on Military and Civil Defense has, therefore, amended the bill as follows:

1. The coverage of the bill is expanded to include members of the reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard, as well as members of the Hawaii National Guard.
2. The tuition waiver is changed to a 50% tuition credit.
3. The requirement that the person receiving benefits under this bill not be receiving veteran's benefits is deleted.
4. The requirement that the person be a full time student is deleted.
5. The requirement that the person be "enlisted" is deleted.
6. The provision that the exemption shall be applicable only for the academic year excluding summer session and courses offered by the college of continuing education and public service is deleted.
7. The provision that the enactment of federal legislation providing for the same benefits shall preempt this Act is deleted.
8. A provision that the entitlement to the tuition credit is conditioned on the maintenance of satisfactory performance in his or her unit and at the academic institution attended is added.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 1075, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1075, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 663 Judiciary on H.B. No. 10

The purpose of this bill is to appropriate moneys out of the general revenues of the State for the payment of certain tax refunds, judgments and settlements, and other miscellaneous claims against the State.

Your Committee has reviewed the claims set forth in the testimony and transmittals from the Department of Budget and Finance and Department of Attorney General and your Committee proposes that these claims be incorporated in this bill.

Your Committee recommends that this bill be amended by increasing the appropriation from \$151,625.01 to \$274,456.09, an increase of \$122,831.08. This total amount of \$274,456.09, represents 33 individual claims. Your Committee recommends the payment of these individual claims be authorized by the Legislature.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 10, H. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 10, H. D. 1, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 664 Judiciary on H.B. No. 15

The purpose of this bill is to reorganize the Hawaii statute revisor program.

Your Committee amended this bill so that it now only provides for the increase in the salary of the Revisor of Statutes.

Your Committee finds that there is a gross imbalance between the salary fixed for the Revisor of Statutes and the salaries established for other positions.

The Senate Committee on Judiciary, in reporting out S. B. No. 512, which became Act 191, Session Laws of Hawaii 1959, which established the Office of Revisor of Statutes, stated:

"Your committee believes that the salary of the revisor should be sufficient to attract a well qualified person and suggests a salary comparable to that paid the assistant attorney general..." (Standing Committee Report No. 63)

The Revisor of Statutes is a legal position. Its basic concern is statutory revision. Statutory revision is the function of organizing the ever-growing bulk of laws into an orderly system so that the laws can be more easily found, understood, applied, and changed. It involves the harmonizing of the language of the entire body of statute law and the elimination of duplications and contradictions, and executed and other obsolete provisions. It involves adjusting the acts and parts of acts judicially declared invalid and the provisions of law impliedly amended or repealed. It means executing these functions without changing the substance or effect of the existing law. Thus it involves the exercise of judgment on legal questions and goes well beyond mere matters of form, style and accuracy of reference. These functions call for a person with legal qualifications or training--a person with good general competence in the law, with skill in statutory interpretation, in drafting, and in exacting editorial work.

Your Committee feels that the salary for the position of the Revisor of Statutes should be adjusted so that it is commensurate with the duties and responsibilities of the position and in line with the salaries provided other positions in the public service.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 15, H. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 15, H. D. 1, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 665 Judiciary on H.B. No. 43

The purpose of this bill is to amend Section 633-27, Hawaii Revised Statutes, by increasing the limit of small claims from \$300 to \$1,000 in the small claims division of the District Court.

Your Committee finds that the bill would add approximately 2,500 cases to present total of 1,200 cases heard in the small claims division of the District Court of the First Circuit and would reduce the number of cases handled by the other divisions of the District Court of the First Circuit. The added workload in the small claims division would be handled by shifting present staffing in the District Court of the First Circuit.

Your Committee finds that inflation has caused the \$300 jurisdictional limit of the small claims division to be inappropriate.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 43, H.D. 1 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 666 Judiciary on H.B. No. 65

The purpose of this bill is to establish and maintain a vocational training program for juvenile offenders committed to the Hawaii Youth Correctional Facility.

Under present conditions, there are no specific programs for vocational training of youth committed to the Facility. Some facility personnel do, on occasion, take boys with them on particular jobs as they arise, but this is the extent of the vocational training. There is no comprehensive program designed to impart work habits or skills. In today's job market, mechanical, plumbing, and electrical skills, among a variety of others, can account for the difference between becoming a productive member of society and becoming a ward of society.

Your Committee concurs with the findings of the House Committee on Corrections and Rehabilitation as expressed in House of Representatives Standing Committee Report No. 91, and accordingly, amended the bill by changing the appropriation from \$85,000 to \$170,000, or so much thereof as may be necessary for the 1977-1979 biennium for the establishment and maintenance of a vocational training program at the Hawaii Youth Correctional Facility, including the hiring of necessary staff. However, due to the present fiscal situation of the State of Hawaii, your Committee realizes that your Committee on Ways and Means

may have to reduce the amount appropriated.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 65, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 65, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 667 Judiciary on H.B. No. 66

The purpose of this bill is to provide for increased security at the Hawaii Youth Correctional Facility by increasing the number of personnel at the facility.

Currently, security at HYCF is a serious problem. The rate of escape from the facility is seldom less than two per week, causing a hardship both for the residents of the immediate community and for the personnel of the facility. The cost of fencing the entire facility is prohibitive, as is the cost of building a new, high security cottage. The three existing cottages, which house approximately 30-40 youths each, are inappropriate and inadequate for conversion into high risk units.

Your Committee concurs with the findings of the House Committee on Corrections and Rehabilitation as expressed in House of Representatives Standing Committee Report No. 90, and accordingly amends Section 2 of the bill by changing the appropriation to \$144,852, or so much thereof as may be necessary, for the 1977-1979 biennium, for the hiring of new staff at the Hawaii Youth Correctional Facility. However, due to the present fiscal situation of the State of Hawaii, your Committee realizes that your Committee on Ways and Means may have to reduce the amount of appropriation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 66, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 66, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 668 Judiciary on H.B. No. 68

The purpose of this bill is to provide funding for the continuation and expansion of alternative diversionary correctional programs in the community.

The Hawaii Correctional Master Plan is based on the premise of in-community programs as diversionary alternatives to incarceration. Yet, under present conditions, very few such alternatives exist. No new alternative programs are reflected in the Executive Budget submitted for the 1977-1979 biennium. Moreover, one alternative program which received funding heretofore, Mutual Agreement Programming, was inadvertently omitted from the current proposed Executive Budget.

Your Committee is in agreement with the Correctional Master Plan. Under it, procedures are established for the purpose of diverting adjudicated misdemeanants and felons from incarceration to in-community alternatives. Unless the current lack of these alternative programs is reversed, the population of our prisons will continue to grow and the objectives of the Master Plan will not be realized.

Your Committee concurs with the findings of the House Committee on Corrections and Rehabilitation as expressed in House of Representative Standing Committee Report No. 47, and accordingly, amended the bill by changing the appropriation from \$123,500 to \$250,000, or so much thereof as may be necessary, for the 1977-1979 biennium, for the continuation and expansion of alternative in-community diversionary correctional programs, including but not limited to mutual agreement, work-release and furlough programs. However, due to the present fiscal situation of the State of Hawaii, your Committee realizes that your Committee on Ways and Means may have to reduce the amount appropriated.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 68, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 68, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 669 (Majority) Judiciary on H.B. No. 433

The purpose of this bill is to enable the chief election officer to provide for a voter assistance official at the polls and to increase the compensation for precinct officials.

Your Committee finds that the voter assistance program implemented during the 1976 elections was invaluable to voters.

Your Committee further finds that the current compensation paid to precinct officials is not adequate to attract individuals needed as precinct officials in view of the fact that they are required to attend a two-hour training session and to work at the polls from 6:00 a.m. to 6:00 p.m. on election day. Recruitment of precinct officials on the neighbor islands especially has been increasingly difficult with each election, and in the last primary and general elections, the neighbor island county clerks have had to advertise in their local papers for precinct workers to fill the required number of positions.

Your Committee amended the bill by making the following changes:

- (a) increased the compensation for the chairman of precinct officials to \$55.
- (b) provided for compensation of the voter assistant official in the amount of \$50 for each election.
- (c) increased the compensation for precinct officials other than the chairman and voter assistant official to \$45.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 433, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 433, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators Kawasaki and George did not concur.

SCRep. 670 Judiciary on H.B. No. 992

The purpose of this bill is to eliminate the general excise tax of 4 per cent on insurance commissions paid by general agents and subagents, and the 2 per cent tax on solicitors.

Your Committee agrees that the present general excise taxes levied on insurance agent's commission should be abolished. Under existing law insurance agents are unable to "pass on" or "shift" the general excise taxes to the purchasers of insurance because Section 431-424, Hawaii Revised Statutes, prohibits any "agent, solicitor or other representative" from changing or receiving any fee, compensation or consideration not included in the stated premium which has been approved by the Insurance Commissioner. Your Committee feels that this unfair and inequitable practice of imposing general excise taxes on general agents, subagents and solicitors should be corrected as soon as possible.

Your Committee recommends that this bill be amended by adding a new Section 4 to increase the insurance premium tax for each authorized insurer, except life insurers and ocean marine insurers, from 2.635 to 2.70 per cent in the case of domestic insurers and from 3.8025 to 3.90 per cent in the case of other insurers on the gross premiums received from all risks or property resident situated or located within the State.

Your Committee recommends no increase in the insurance premium tax on life insurance and ocean marine insurance.

Your Committee further recommends that a new Section be added to this bill to provide that whenever the rate of tax in Section 431-318, Hawaii Revised Statutes, is increased, the Insurance Commissioner, shall, upon proper application, increase the rate of premium for each authorized insurer to include the tax increase.

Your Committee is in accord with the intent and purpose of H. B. No. 992, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 992, S. D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep: 671 Judiciary on H.B. No. 1693

The purpose of this bill is to establish the means of financing witness expenses required

by county prosecutors and the public defender.

This bill amends existing law by providing that duly certified witness certificates for witnesses subpoenaed on behalf of the State by the public prosecutor, and on behalf of a defendant by the public defender shall be paid upon vouchers approved by the State director of finance and warrants drawn by the State comptroller.

This bill also provides that each public prosecutor or county attorney and the public defender shall submit to the department of budget and finance of the State of Hawaii for inclusion in the department's budget request for each fiscal biennium the amount required for each fiscal year for expenses for witnesses subpoenaed by him.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1693 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 672 (Joint) Ecology, Environment and Recreation and Economic Development
on H.B. No. 151

The purpose of this bill is to amend Section 225-3 of the Hawaii Revised Statutes to include six public members of the State Plan Policy Council.

Your Committees heard testimony from the Departments of Transportation and Planning and Economic Development and the Office of Environmental Quality Control. Your Committees find that it is within the interests of the State to encompass the needs of all our citizens into the State Plan.

Your Committees feel that public membership on the Policy Council should not represent specific constituencies. Accordingly, the specific areas of professional expertise have been eliminated. In making public appointments to the Policy Council under this bill, we hope the Governor will take into consideration the following areas of expertise which shall include, but not be limited to, community planners, someone involved in social or cultural research, physical, biological or environmental research or someone actively involved in the cultural, ethnic or social community betterment efforts in the State.

Your Committees on Ecology, Environment and Recreation and Economic Development are in accord with the intent and purpose of H.B. No. 151 as amended herein and recommend that it pass Second Reading in the form attached hereto as H.B. No. 151, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 673 (Joint) Ecology, Environment and Recreation and Economic Development
on H.B. No. 154

The purpose of this bill is to designate geographic areas within the State for the development of regional design plans and the appropriation of funds towards this end.

Your Committees heard testimony on this bill from the Department of Planning and Economic Development. Your Committees find that grant assistance to the Counties is helpful in assuring the development of complete and appropriate design plans. Pursuant to Chapter 57, each County has now incorporated urban design into some phase of their planning process. In order to complement steps taken in this direction, grant assistance as proposed in this bill would enable Counties and the State to complete the kind of detailed planning and design needed in Hawaii.

Your Committees would like to amend this bill in the following ways:

1. The funding period is extended to January 1979 in order to give the Counties additional lead time in order that they might budget within each County's individual budgets enough money to provide matching funds necessary for grant assistance thus increasing the funds available for design planning;
2. To change the language in Section 57-4 to read, "The Counties shall be required to match on a 50-50 basis from whatever funds are available to them with whatever funds are available to the State to prepare urban and regional design plans";
3. Section 57-3 is amended to change the reporting agency from the Department of Planning and Economic Development to the Office of the Governor and the Legislature to

ensure that these bodies receive copies of the design plans developed.

Your Committees on Ecology, Environment and Recreation and Economic Development are in accord with the intent and purpose of H.B. No. 154, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 154, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 674 Economic Development on H.B. No. 874

The purpose of this bill is to provide a tax credit to certain industries.

At the public hearing your Committee was advised by the Departments of Taxation and Planning and Economic Development that to administer a program involving "new industries" would be difficult and at times inequitable. Accordingly, your Committee has amended the bill to include all Section 38 properties as defined under Internal Revenue Code which encompasses those industries cited by the Department of Planning and Economic Development testimony.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 874, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 874, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 675 Judiciary on H. B. No. 11

The purpose of this bill is to appropriate moneys out of the general revenues of the State to compensate persons pursuant to Chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Law.

This bill will compensate 162 victims, 33 attorneys, 37 doctors, hospitals and a funeral home and the total amount required is \$223,847.13.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 11, H. D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 676 Judiciary on H.B. No. 261

The purpose of this bill is to amend the existing law by providing that split commission between a real estate broker or a salesman who is not an employee and the principal broker with whom he is associated shall be taxed to each of the parties only in proportion to his share of the commission. The bill further provides that the real estate broker or salesman shall each be responsible for the withholding and payment of the pro rata gross excise tax.

Under existing law only a real estate broker may obtain a gross excise license; the broker pays his pro rata tax share directly to the State.

This bill has been proposed by the Hawaii Association of Realtors because the inability of the real estate salesman to obtain his independent business license weakens his position that he is an independent contractor. An important characteristic of being an independent contractor is the payment of costs related to one's own business. This principle was recently restated in Revenue Ruling 76-136 as follows:

"Securities and real estate salespeople, remunerated solely on commission basis, who are provided office facilities and supplies, are required to pay their own expenses, but aren't required to work under supervision, attend meetings, or work specified hours aren't employees." (emphasis added)

Upon audit by the Internal Revenue Service, the real estate salesman in Hawaii may be deemed an employee instead of an independent contractor. This will have severe economic consequences to the salesman and the real estate company.

Your Committee finds that there is no rational reason for the gross income tax law to treat the salesman licensee any differently than the real estate broker, who under existing law, obtains his own gross excise license and pays his own taxes. The industry

wishes to provide the salesman the opportunity to be treated like the broker-independent contractor under Hawaii law.

Your Committee is cognizant of the fact that this bill is dependent upon the enactment of S.B. No. 1462 or H.B. No. 259, during this session. S.B. No. 1462 or H.B. No. 259 will amend the existing real estate licensing law to conform with the real estate trade practice of engaging licensee as an independent contractor or employee, depending on the needs of the particular business.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 261, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 677 Legislative Management

Informing the Senate that S.C.R. No. 133, S.R. Nos. 354 to 356, Gov. Msg. No. 315 and Stand. Com. Rep. Nos. 641 to 676 and 678 to 684 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 678 Health on S.C.R. No. 12

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to determine the extent of the gap in medical insurance coverage for low income people in the State of Hawaii, and to suggest methods by which medical insurance can be extended to this gap group of persons.

The evidence indicates that there are persons, whose numbers are presently undetermined, who are not poor enough to afford Medicaid or public assistance-type reimbursement of their medical expenses, do not belong to any union or employment health plans, and are too poor to afford the cost of medical insurance premiums themselves. Your Committee believes that it is important to ascertain the numbers of such people with a view towards eventually remedying the solution so that no person need incur the financial burden of major medical expenses.

Your Committee on Health has amended the Concurrent Resolution to the effect of establishing a due date for the report of the Legislative Reference Bureau.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 12, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.C.R. No. 12, S.D. 1.

Signed by all members of the Committee except Senator Henderson.

SCRep. 679 Health on S.R. No. 82

The purpose of this resolution is to request the Legislative Reference Bureau to determine the extent of the gap in medical insurance coverage for low income people in the State of Hawaii, and to suggest methods by which medical insurance can be extended to this gap group of persons.

The evidence indicates that there are persons, whose numbers are presently undetermined, who are not poor enough to afford Medicaid or public assistance-type reimbursement of their medical expenses, do not belong to any union or employment health plans, and are too poor to afford the cost of medical insurance premiums themselves. Your Committee believes that it is important to ascertain the numbers of such people with a view towards eventually remedying the solution so that no person need incur the financial burden of major medical expenses.

Your Committee on Health has amended the Resolution to the effect of establishing a due date for the report of the Legislative Reference Bureau.

Your Committee on Health concurs with the intent and purpose of S.R. No. 82, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 82, S.D. 1.

Signed by all members of the Committee except Senator Henderson.

SCRep. 680 Health on S.R. No. 40

The purpose of this resolution is to request the Department of Health, in conjunction with the Department of Social Services and Housing, to allocate the manpower and resources necessary to provide adequate monitoring and evaluation of all residential facilities in the community for the elderly, and the mentally, emotionally and developmentally disabled.

Your Committee finds that the Department of Health has adopted the policy of deinstitutionalization for the above persons and endorses halfway houses and other community programs as means of reintegrating such persons into the community. However, the Department of Health is currently unable to provide the necessary adequate monitoring program for such programs. Your Committee feels that this resolution would be a useful vehicle to encourage the Department of Health to expand its monitoring programs.

Your Committee has amended the bill relating to the due day of the report from the Department of Health to correct a typographical error.

Your Committee on Health concurs with the intent and purpose of S.R. No. 40, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 40, S.D. 1.

Signed by all members of the Committee except Senator Henderson.

SCRep. 681 Human Resources on S.C.R. No. 81

The purpose of S.C.R. No. 81 is to request that native Hawaiians and other minority groups in Hawaii be designated as special target groups for federal Comprehensive Employment and Training Act (CETA) programs.

Your Committee finds that a major oversight was made by Congress when CETA was passed, and native Hawaiians and other minority groups in Hawaii were not included as special target groups.

Your Committee further finds that the Department of Labor and Industrial Relations have made numerous attempts at making Congress aware of the needs of our citizens. The Governor has called the situation to the attention of the President. Hawaii's congressional representatives have sought to have the situation corrected. There has been no satisfactory response as yet.

Your Committee believes it is important that the Legislature of the State of Hawaii be on record to support the inclusion of native Hawaiians and other minority groups in the CETA program.

Your Committee on Human Resources is in accord with the intent and purpose of S.C.R. No. 81 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 682 Ecology, Environment and Recreation on S.R. No. 202

The purpose of this resolution is to request the development of a safety pamphlet relating to water and land activities in Hawaii for wide distribution in the state.

Your Committee heard testimony from the Police Department City and County of Honolulu; the Department of Parks and Recreation, City and County of Honolulu; the Hawaii Visitors Bureau and Colonel Arthur F. Garvey.

The American National Red Cross indicated at the public hearing that it would assist in the development of a safety pamphlet that would help make the people of our state as well as visitors aware of the potential hazards inherent in the variety of activities Hawaii offers. Your Committee has amended the resolution to include the American National Red Cross-Pacific Division in the planning of the safety pamphlet.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.R. No. 202 as amended herein in the form of S.R. No. 202, S.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 683 Ecology, Environment and Recreation on S.R. No. 218

The purpose of this resolution is to urge Hawaii's Congressional delegation to take

appropriate action to expedite rulings by the Federal Environmental Protection Agency on pending tolerance petitions filed by the University of Hawaii College of Tropical Agriculture and by other states.

your Committee heard testimony by the College of Tropical Agriculture, University of Hawaii and the Hawaii Farm Bureau Federation.

Your Committee has amended the resolution at the suggestion of the College of Tropical Agriculture to indicate support for the Environmental Protection Agency's current budgetary requests in the area of pesticide registration and to urge our Congressional delegation to coordinate such support with other states, most of whom share Hawaii's concern about pesticide registration.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of S.R. No. 218 as amended herein in the form of S.R. No. 218, S.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 684 Housing and Hawaiian Homes on S.R. No. 6

The purpose of this resolution is to request the Council of Housing and Construction industry to examine codes and housing costs.

Your Committee finds that a significant component to the ever increasing cost of housing is the necessity of compliance by builders with the provisions of county building, zoning, fire, electrical, sanitary and other codes and that while there is clearly a need for efficient and comprehensive enforcement of these codes there may be provisions within existing codes which are unnecessary and contributory to housing costs.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.R. No. 6, and recommends its adoption.

Signed by all members of the Committee except Senator Henderson.

SCRep. 685 Legislative Management

Informing the Senate that S.C.R. Nos. 134 to 136, S.R. Nos. 359 to 367 and Stand. Com. Rep. Nos. 686 to 695 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 686 Economic Development on S.C.R. No. 26

The purpose of this concurrent resolution is to request the Maritime Affairs Coordinator to make recommendations as to improvements to existing education and training programs or recommendations for a new program to provide maritime and fishing training for our youth and prospective fishermen.

Your Committee finds that the Office of the Marine Affairs Coordinator has long been aware of the importance of maritime training in Hawaii, and has been supportive of both Pacific Maritime Academy and the Marine Technician Training Program at Leeward Community College. Late last summer, the Marine Affairs Coordinator began working more closely than ever with the administration of the Leeward Community College, seeking ways to improve and strengthen the existing marine technician training program. Leeward Community College has also indicated that there seems to be some desire and need for Marine Technician courses, and especially fishery courses, on the Neighbor Islands. The greatest barrier is the lack of travel funds for a competent instructor to fill this instructional need on the Neighbor Islands when a competent instructor was not locally available.

Your Committee finds that for a number of years the young people of Hawaii were extremely reluctant to enter the commercial fishing industry. To some degree, at least, this now seems to be changing. Leeward Community College is making a needs assessment of local marine industries to include commercial fishing industry. The purpose of such an assessment is to try to make sure that the number of students trained is in reasonable proportion to the number of job opportunities expected to be available in the near future.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 26 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 687 Economic Development on S.C.R. No. 42

The purpose of this concurrent resolution is to urge the Congress of the United States, the Farm Credit Administration, and the Farmers Home Administration to direct actions suggested in the resolution, namely:

- (1) the Farmers Home administration should exercise greater aggressiveness in providing credit for young people and in emergency conditions;
- (2) the Farm Credit Administration must fulfill its responsibility to provide the credit required by agriculture as intended by the Congress of the United States;
- (3) The Congress of the United States should enact without delay, legislation to remove present restrictions in the use of guaranteed loans presently defined in the United States Code;
- (4) the Farmers Home Administration County Committees must be granted greater flexibility in providing loans within the county, and their current loan limit must be substantially increased; and
- (5) the private sector must be encouraged to increase their participation in providing loans for farming operations.

Your Committee finds that the economic plight of the farmer tends to discourage our young people from entering the diversified field. This problem is compounded by the reluctance of private lending institutions to provide loans which would give them a start. With the average age of Hawaii's farmer being 53 years, we believe that all means possible should be brought to bear by which our young people can be encouraged to get into diversified agriculture in Hawaii.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 42 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 688 Economic Development on S.R. No. 108

The purpose of this resolution is to urge the Congress of the United States, the Farm Credit Administration, and the Farmers Home Administration to direct actions suggested in the resolution, namely:

- (1) the Farmers Home administration should exercise greater aggressiveness in providing credit for young people and in emergency conditions;
- (2) the Farm Credit Administration must fulfill its responsibility to provide the credit required by agriculture as intended by the Congress of the United States;
- (3) The Congress of the United States should enact without delay, legislation to remove present restrictions in the use of guaranteed loans presently defined in the United States Code;
- (4) the Farmers Home Administration County Committees must be granted greater flexibility in providing loans within the county, and their current loan limit must be substantially increased; and
- (5) the private sector must be encouraged to increase their participation in providing loans for farming operations.

Your Committee finds that the economic plight of the farmer tends to discourage our young people from entering the diversified field. This problem is compounded by the reluctance of private lending institutions to provide loans which would give them a start. With the average age of Hawaii's farmer being 53 years, we believe that all means possible should be brought to bear by which our young people can be encouraged to get into diversified agriculture in Hawaii.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 108 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 689 Economic Development on S.R. No. 174

The purpose of this resolution is to request the Department of Planning and Economic Development to contact and explore with the Hokule'a organization the possibility of a canoe race and to report back to the Legislature not less than ten days before the conclusion of the 1977 Legislature.

Your Committee finds that Hawaii has many friends in Europe, where closer historic ties exist with Polynesia than do in most of our present major tourism markets. Direct flights, non-stop over the polar area, now bring European visitors to Hawaii. The potential of England and Continental Europe as a major market awaits development.

The Hokule'a project drew far more letters of interest from Europe than expected, especially because of the international good will which developed from the Tahiti voyage. Both French and German television made films, and attention was paid by the British press. It is also very probable that the National Geographic television special of the Hokule'a project will be televised next year in various European countries.

A Hawaiian canoe race across the English Channel would be a fitting commemoration of Captain Cook's arrival, though he, in fact, did not discover Hawaii. It would be an expression of aloha from Hawaii to England. July or August of 1978 would be the best time because of clement weather and because English and French beaches are jammed during those months. The English Channel is little more than 20 miles wide between Calaise and Dover, but a longer route which would end the race at a popular English beach might be considered.

Help from the Hawaii Visitors Bureau, the British Consul, and the Hawaiian Canoe Racing Association, and the Hui Wa'a Canoe Racing Association would seem to be most productive in planning the event.

There is a strong sportsmanship among the English which would bring attention to this event; the race would be a good will gesture celebrating the most significant historic link between Hawaii and England, and would symbolically repay the visit made by Captain Cook.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 174 and recommend its adoption.

Signed by all members of the Committee.

SCRep. 690 Economic Development on H.B. No. 152

The purpose of this bill is to permit the director of planning and economic development more time prior to holding hearings subject to subsection 225-25(b), Hawaii Revised Statutes.

Your Committee finds that during the formulation of the Hawaii State Plan process a number of activities designed to encourage and insure public participation have been undertaken and many additional activities have been scheduled. This bill would allow the Department more time to fully develop the State Plan package for presentation to the public and will have the major benefit of providing the department with an opportunity to conduct another series of statewide public informational meetings in the summer, in addition to the required public hearings. This, in turn, will allow additional time for review and discussion by the general public on the draft State Plan, and as such, provide for more substantive and informative hearings later.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. 152, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 691 Economic Development on H.B. No. 178

The purpose of this bill is to amend Section 147-31, Hawaii Revised Statutes, to expand the definition of flowers and foliage to include "plants with roots attached."

Your Committee finds that the intent of this bill is to permit the Department of Agriculture to develop grades and standards and minimum export requirements for rooted nursery products at the request of the nursery industry. Grades and standards facilitate trade by providing a common language to measure quality. Minimum export requirements allow

industry to control quality, packing and packaging in order to enhance the development of the export market.

Your Committee finds that the nursery industry has expanded tremendously, it shows great potential for continued growth and becoming a multimillion dollar industry in Hawaii. This bill would provide a means to foster this growth.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 178 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 692 Economic Development on H.B. No. 177

The purpose of this bill is to amend the Milk Control Act of 1967 to amend the legal definition of milk to comply with the definition of pasteurized Grade AA milk in U.S. Public Health Service regulations, and to empower the Department of Agriculture with greater authority in conducting programs to strengthen the economic stability of the dairy industry.

Your Committee finds the proposed changes would formalize the department's authority to continue to provide leadership and technical assistance to the dairy industry, a role strongly urged by industry representatives.

Your Committee feels the amendments proposed would provide new impetus to the development of programs to help reduce the production costs to the industry and insure the production of an adequate supply of wholesome milk for the consumer.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 177 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator F. Wong.

SCRep. 693 Economic Development on H.B. No. 511

The purpose of this bill is to extend the building deadline of a residence on a lot leased or purchased from the State from one year to two years, with the extensions to be at six month intervals based on a demonstration of the lessee's or purchaser's progress in completing required improvements.

Many of the State's purchasers are having difficulty securing financing and they have been delayed in satisfying their building requirements. The added time this measure would provide will be extremely helpful.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 511, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 694 Economic Development on H.B. No. 1060

The purpose of this administrative bill is to change the title of Chapter 155, Hawaii Revised Statutes, from "Farm Loans" to "Agricultural Loans."

Your Committee finds that this proposed change is more appropriate to the functions of the chapter.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1060 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 695 Economic Development on H.B. No. 1247

The purpose of this bill is to amend Chapter 157, Hawaii Revised Statutes, the Milk Control Act, in order to more effectively administer the State's milk control program.

Your Committee finds that this bill, if enacted, would bring additional clarity to the

proper procedures needed to carry out the Commission's regulatory responsibilities. These regulations have contributed to the industry's stability and have worked to the benefit of the consumer. This bill would enable the hearings to continue to be administrative. Your Committee finds judicial hearings to be too time consuming creating unnecessary complexities in delineating rules to establish, revise or terminate minimum prices and quotas.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1247 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 696 Legislative Management

Informing the Senate that S.R. Nos. 368 to 374, and Stand. Com. Rep. Nos. 697 to 732 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 697 Consumer Protection on H.B. No. 164

The purpose of this bill is to make it explicit that any contract for the furnishing of services by an unlicensed person shall be void, and shall prevent such persons from recovering the contract price or the reasonable value thereof. To implement this intent, the word "services," previously omitted, is included with the word "commodities" in the section pertaining to void contracts.

Presently, Section 487-13(c) of the Hawaii Revised Statutes is silent on the enforceability of contracts for the furnishing of services by unlicensed persons. To allow an unlicensed person to profit from an unlawful act is inconsistent with the intent of the licensing laws.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 164 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 698 Consumer Protection on H.B. No. 1321

The purpose of this bill is to amend Section 159-29(c), Hawaii Revised Statutes, to include the exemption of caterers and restaurants which operate centralized kitchen facilities and deliver or serve meat in normal retail quantities from the meat inspection requirements of The Hawaii Meat Inspection Act, provided that only meat and meat products previously inspected and approved under the provisions of the Act are used in preparation.

This measure will help safeguard public health by requiring the compliance of such facilities with statutory health standards and regulations.

Your Committee on Consumer Protection is in accord with the intent and purpose of H.B. No. 1321 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 699 Education on H.B. No. 84

The purpose of this bill is to promote and foster student art work. The State Foundation on Culture and the Arts is to undertake this program in consultation with the Department of Education, the University of Hawaii, private schools and community art groups. All of these groups have undertaken such work in the past and this bill is intended to expand those efforts by giving the Foundation a clear mission in this area. This program can only work to benefit both the Foundation and student artists.

Your Committee has amended the bill to provide that the rules which the Foundation develops shall be made in consultation with the Comptroller. The reason for this change is the central role the Comptroller plays in the implementation of section 103-8 and the need that he be involved in whatever procedures the Foundation operates under.

Your Committee has also amended the bill to make clear that the funds which the Foundation receives through section 103-8 may be used to purchase student art work but that such funds are not intended to be used for such purposes as awards, scholarships, etc. These

latter purposes can be funded through general funds.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 84, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 84, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 700 Education on H.B. No. 1062

The purpose of this bill is to empower the department of education to issue licenses, revocable permits, concessions, or rights of entry to groups or individuals within the community so that school facilities could be used by that community. The school is a logical focal point for the community and the use of such facilities by community groups can only serve to enhance the role of the school.

Your Committee has amended the bill to remove the present need to refer certain cases to the board of land and natural resources. The department of education will be able to establish the necessary rules and regulations over its own facilities without the need for another state agency to be involved. Any shared jurisdiction can only lead to confusion and uncertainty as is the case under the present law.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1062, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1062, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 701 Human Resources on H.B. No. 135

The purpose of this bill is to provide an adequate financing method which is designed to restore solvency to the Unemployment Trust Fund.

After hearing testimonies on various schemes for financing the Unemployment Insurance program, your Committee finds that the two dominant systems of financing the program are the reserve ratio system and the benefit ratio system. Both systems are based on the concept of a graduated taxing method which provides employers with the least incident of unemployment among their work force lower tax rates and higher tax rates to those employers with the higher incident of unemployment. In the present fiscal condition of the Unemployment Trust Fund, which has a deficit of \$13.8 million as of January 31, 1977, both systems would require a maximum tax rate of 5.0% to 5.5% to provide a sufficiently graduated tax schedule to benefit the employers with the least incident of unemployment and the same time to bring in to the Unemployment Trust Fund adequate money to finance the payments of benefits.

The Department of Labor and Industrial Relations estimates indicates that \$59.0 million in benefits will be paid out in 1977 and \$65.0 million will be collected. The 1976 session of the Legislature amended the Employment Security Law to provide a flat 3.5% tax rate for all employers during calendar year 1977. The Department also estimates that a flat 3.5% tax rate, if continued in calendar year 1978, will bring in \$75.0 million in tax collection. During the same calendar year \$62.0 million in benefits is expected to be paid.

Your Committee has expressed the concern and belief that to establish a tax schedule with the maximum rate of 5.0% or 5.5% would severely affect employers in industries which are depressed under present economic conditions exemplified by the construction industry. The construction industry has experienced an unemployment rate of over 30% of their workforce.

Your Committee on Human Resources also believes that to increase the unemployment tax rate at this time would dampen the expressed policy of the Legislature to shape up the economy and thereby provide employment for the unemployed workers.

Although your Committee believes that the graduated tax - more commonly known as experience rating - would be a more equitable and fair taxing method, it finds that to continue the 3.5% tax rate for calendar year 1978 would be the most feasible solution under the present economic condition.

Your Committee has amended H.B. No. 135, H.D. 1, S.D. 1, to provide for the continuation of the 3.5% tax rate for calendar years 1977 and 1978.

Your Committee on Human Resources is in accord with the intent and purpose of H.B.

No. 135, H.D. 1, S.D. 1, as amended and recommends that it pass Third Reading in the form attached hereto as H.B. No. 135, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 702 Human Resources on H.B. No. 210

The purpose of this bill is to seek reinstatement of the provision which would allow the payment of actual expenses up to the statutory maximum of \$1,500 for funeral and burial expenses to the surviving spouse or the estate of a deceased worker where the deceased provided for a prepaid funeral and burial plan.

Your Committee finds that Act 64, SLH 1973, provided that payments for funeral and burial expenses could be made directly to the surviving spouse or the decedent's estate if the deceased had a prepaid funeral and burial plan. In 1974 when Act 153, providing for increased workers' compensation benefits was passed, the provision relating to this direct payment of funeral and burial expenses was inadvertently deleted from the law.

Under present law, therefore, an employer is liable up to \$1,500 for such expenses in any one death with payment to be made directly to the mortuary and owner of the cemetery. Further, the employer is relieved of this expense where a worker paid and provided for a prepaid plan.

In 1973 the premise cited was that a prepaid plan presupposes relief for surviving family members in the event of a nonwork-connected death, and that in the event of an industrial death the surviving spouse or the deceased worker's estate, if there be no surviving spouse, should be entitled to reimbursement of expenses up to \$1,500 presently allowed.

Your Committee finds that the premise is still valid.

Your Committee has made a technical amendment to the bill.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 210, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 210, S.D. 1.

Signed by all members of the Committee.

SCRep. 703 Human Resources on H.B. No. 215

The purpose of this bill is to empower the Department of Labor and Industrial Relations to enjoin an employer who fails to comply with the coverage requirements of Section 393-11 for a period of thirty days or so long as the default continues.

Your Committee finds that the purpose of the Prepaid Health Care Law is to assure health care benefits to disabled employees who require medical and/or hospital care. Those that fail to provide such benefits as provided by Section 393-33, are subject to penalties provided by Section 393-33, Hawaii Revised Statutes.

Your Committee further finds that penalties are not withstanding; there are still employers who continue to disregard the coverage requirement of the law. Mere assessing of penalties, therefore, do not seem to deter these employers who apparently choose not to comply with the law. The injunction will be a more effective enforcement tool. Such injunction action is presently provided under the Workers' Compensation and Temporary Disability Insurance Laws and has proved effective. Experience has shown that defaulting employers inevitably comply with the law if faced with business closure.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 215, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 704 Human Resources on H.B. No. 217

This bill will compel a noncomplying employer to reimburse an employee who paid for his medical or hospital expenses.

Presently, section 393-11, Hawaii Revised Statutes, requires all subject employers to provide health care coverage for their employees. There have been cases where employers have not provided health care benefits, forcing employees to pay their own bills. Section 393-11 can be interpreted broadly to require employers to reimburse their employees

for failure to provide the required coverage but the section can be interpreted to mean coverage by a plan and therefore not for expenses incurred. The penalty for failure to provide coverage by a plan under section 393-11 does not require reimbursements by an employer for expenses incurred.

Your Committee believes that this bill will protect an employee from undue financial burden should his employer fail to comply with the law.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 217 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 705 Human Resources on H.B. No. 1658

The purpose of this bill is to amend Chapter 346, Hawaii Revised Statutes, to restore provisions which were previously in the Statutes which were to provide for the availability of a choice between physicians and optometrists for those people eligible for eye care assistance and to require that applicants for public assistance to the blind be first examined and certified by an ophthalmologist, optometrist, or a qualified physician before approval by the Department of Social Services and Housing.

Your Committee finds that these provisions were mistakenly repealed in 1976 by Act 150-76. The Department of Social Services and Housing was unaware of this and have been faithfully carrying out the requirements of this bill. Freedom of choice and the certification requirements are important provisions to anyone receiving public assistance. It is desirable and necessary that these provisions be restored in the Statutes.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1658 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 706 Health on H.B. No. 1105

The purpose of this bill is to provide for voluntary certification of private substance abuse agencies, programs, administrators, and counselors by the department of health.

Testimony taken at the hearing on H.B. No. 1105, H.D. 1, indicated the desirability of making such certification a prerequisite of obtaining state funding. In recent years, the State has become heavily involved in the funding of private substance abuse agencies, to the extent that the State is nearly totally dependent upon these agencies for substance abuse treatment. It is both desirable and practicable for the State to exert some sort of control over those to whom it grants funds. Accordingly, your Committee has amended H.B. No. 1105, H.D. 1, to provide that certification be a necessary prerequisite to the receipt of state funds by a private substance abuse agency.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1105, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1105, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 707 Public Utilities on H.B. No. 1641

The purpose of this bill is to require each public utility to maintain in the county in which it operates, all books, records, papers, accounts and other such documents as may be necessary for its proper regulation.

Presently, some of the books and records of public utilities owned by mainland companies are maintained on the mainland. This situation makes inspection and analysis of the operation and review of the rate structure of those public utilities more difficult.

From the testimony presented, your Committee has concluded that the primary intent of the bill is not to require a public utility operating in Hawaii to maintain and keep all necessary records in the individual county in which it operates, but, rather, merely to maintain the records within the geographical boundaries of the state. Although H.B. No. 1641, H.D. 1, could accomplish this purpose, the bill as written appears to be potentially cumbersome in nature since a public utility would be required to seek the approval of the public utilities commission, possibly on an individual case by case basis, in order

to locate records in a county other than that in which the utility is operating.

Accordingly, your Committee has amended H.B. No. 1641, H.D. 1, to provide that a public utility shall keep and maintain within the state, rather than merely within the county in which it operates, such records, books, papers, accounts, and such other documents as the public utilities commission may determine are necessary to its effective regulation.

As revised, the bill still ensures that all necessary records will be kept in the state and the public utilities commission still makes a final determination as to which records are required to be kept in the state in order to provide effective regulation of the respective public utilities.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 1641, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1641, H.D. 1, S.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 708 Public Utilities on H.B. No. 1667

The purpose of this bill is to enable public utilities to recover all losses for damages or destruction to public utility property caused by negligent persons. Typically, damage results from vehicles colliding with poles, although damage occurs in other instances such as when contractors or other persons damage underground utility lines during excavation work.

Currently, in most cases, the negligent party has liability insurance and most insurance companies already pay the full cost of repairs. Your Committee understands from the testimony received that a few insurance companies have refused to pay the full repair costs. These companies argue over depreciation credits and also refuse to reimburse the public utility for certain overhead costs, such as engineering, administration and transportation charges.

In Hawaii, the public utility companies' accounting systems are controlled by the Public Utilities Commission. In the case of electric utility companies, they are required to follow the Uniform System of Accounts for Class A and B electric utilities are promulgated by the National Association of Regulatory Utility Commissioners. That system states that indirect or overhead charges "...shall be charged to particular jobs or units on the basis of amounts of such overhead charges applicable thereto, to the end that such job or unit shall bear its accountable proportion of such costs..." If the costs are not recovered from the negligent party who damages the property, the costs must be covered as part of the utility's general operation and maintenance expenses and recovered from the ratepayers. Your Committee feels that it is only proper that the person causing the damage should pay the costs rather than the ratepayers.

Your Committee earlier held a public hearing on March 11, 1977 on S.B. No. 1222, which is identical to H.B. No. 1667, and heard only favorable testimonies.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 1667 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 709 Human Resources on H.B. No. 162

The purpose of this bill is to provide for the establishment of staggered work hours or variable time programs for state business offices, schools and other state agencies.

Your Committee finds that staggered work hours or variable time programs used in conjunction with other transportation programs intended to reduce congestion and other traffic related problems, may lead not only to more efficient use of our highways but may also lessen the need to construct and fund other costly and perhaps unnecessary transportation facilities and programs.

Your Committee concurs with section 1 which states that staggered work hours or variable time programs of sufficient scope to noticeably affect traffic congestion should be initiated by the governor to include all state offices and schools whose participation in the program would not unduly affect their delivery of services to the public. The staggered work hours or variable time programs should include identification of those offices capable of participation in the program, standards for monitoring the level of services provided to the public

by these offices during the program's existence, and criteria to monitor the program's success in reducing traffic congestion.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 162, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 710 Human Resources on H.B. No. 374

The purpose of this bill is to extend the time allowed for filing appeals from determinations and redeterminations regarding unemployment insurance claims to 30 working days.

Your Committee finds that under the Employment Security Law, a 10-day period is adequate for filing of an appeal; however, there may be some cases in which an appeal cannot be filed within a 10-day period for reasons beyond the control of the appellant. Therefore, the present 10-day appeal period, along with a provision for a 30 day calendar extension in cases where the appellant shows, to the satisfaction of the appeals referee, that he was unable to file an appeal within 10 days due to circumstances beyond his control, would be in the best interest of the unemployment insurance program.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 374, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 711 Human Resources on H.B. No. 817

The purpose of this bill is to change the designation of "firemen" and "policemen" to "firefighters" and "police officers."

This change to Chapter 89, the collective bargaining law, would conform with the usage of non-sex terms in statutory language.

Your Committee has amended this bill in order to effect this change of designation throughout the Hawaii Revised Statutes wherever the terms may appear.

Your Committee has amended Section 89-8(a) to permit employee organizations which have been certified by the Hawaii Public Employment Relations Board as the exclusive bargaining representatives for the appropriate bargaining units to merge or to enter into an agreement for a common administration or operations of their affairs without the necessity of having the organizational entity or structure resulting from such merger or agreement undergo the election and certification process.

Your Committee has further amended this bill to include an amendment to Section 89A-1, Office of collective bargaining in the state government established, Hawaii Revised Statutes, in order to accord civil service status within the meaning of Chapters 76 and 77 to the non-policy making staff positions in the Office of Collective Bargaining. Furthermore, all incumbent employees in the Office of Collective Bargaining shall be accorded civil service status within the meaning of Chapters 76 and 77 without the necessity of examination. Your Committee finds that the uniqueness of public sector collective bargaining negotiations demands the continuous attention of a thoroughly trained staff which is knowledgeable of the various intricacies of the current negotiating processes and requirements. The present staff of the Office of Collective Bargaining has acquired the valuable training and knowledge with which to meet these demands, and your Committee believes that this working relationship of the present staff should be preserved and continued in the interest of facilitating and enhancing on-going operations.

Your Committee further finds that the Administration, the Chief Negotiator for the State, and all the Personnel Directors of all four counties support this amendment to Section 89A-1.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 817, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 817, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 712 Human Resources on H.B. No. 841

This bill will hold an employer liable for any bank special handling fee incurred when payment of wages is made by check for which insufficient funds are in the employer's bank account.

Your Committee finds that it is the purpose of Chapter 388, Hawaii Revised Statutes, to insure that the employee be compensated for any labor or services rendered. Chapter 388 protects the employee from deductions or retaining of any portions of his compensation for losses that are not attributable to the employee's wilful or intentional disregard of employer's interest.

Your Committee believes that the intent and purpose of H.B. No. 841, H.D. 1, is in accord with Chapter 388. The bill recognizes the employee's right to compensation without hindrance or delay. Therefore it is the intention of this bill to insure that the employee be safeguarded against such hindrance by holding the employer liable for any banks special handling fee due to that employer's neglect to maintain sufficient funds in his bank account.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 841, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 713 Health on H.B. No. 829

Your Committee finds that on April 11, 1953, the Federal Food and Drug Administration took over the food related duties of the Federal Security Agency.

The purpose of this bill is to amend Section 328-71 of the Hawaii Revised Statutes to delete the references to the Federal Security Agency and substitute appropriate references to the Federal Food and Drug Administration.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 829 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Ching and Henderson.

SCRep. 714 Ecology, Environment and Recreation on H.B. No. 199

The purpose of this administration bill submitted by the department of health is to ensure more efficient management of the department's environmental programs.

The bill redefines the terms "permit" and "variance" for the purpose of clarification. It further amends the definition of "waste" and adds the definition of "pollutant" to enable the department to more effectively comply with the requirements of the Federal Water Pollution Control Act amendments of 1972 (P.L. 92-500), under which the administration of the National Pollutant Discharge Elimination System has been delegated to the State.

Your Committee finds that the bill includes amendments to enhance public participation in the department's environmental programs.

A further significant change is the provision for the delegation to the counties authority to administer their own regulations dealing with private sewerage systems.

Your Committee has incorporated an amendment proposed by the Hawaii Sugar Planters Association to prevent the opportunity for a pocket veto by adding a new sentence to the end of Section 342-7 (e) as follows: The director shall act on an application for renewal within 180 days of the receipt of such application.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 199, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 199, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Ching.

SCRep. 715 Ecology, Environment and Recreation on H.B. No. 220

The purpose of this bill is to qualify the State of Hawaii to participate in the benefits of P.L. 93-205 (Endangered Species Act of 1973).

Your Committee heard testimony from the department of land and natural resources; the environmental center, University of Hawaii; the Hawaii Audubon Society; and Dr. Alan Ziegler, vertebrate zoologist, Bishop Museum.

Your Committee has made certain amendments relating to plants upon the recommendation of the department of land and natural resources in terms of their administrative capabilities.

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 220, H.D. 1 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 220, H.D. 1, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Ching.

SCRep. 716 Ecology, Environment and Recreation on H.B. No. 1065

The purpose of this bill is to amend Chapter 343, Hawaii Revised Statutes, to make it more effectively serve the purposes of the chapter.

Your Committee heard testimony on the provisions of Chapter 343 from the office of environmental quality control; the environmental quality commission; the environmental center, University of Hawaii; the department of transportation; the department of land utilization, City and County of Honolulu; and the environment committee, Construction Industry Legislative Organization.

Your Committee, after considering the testimony, has decided to delete all the proposed amendments to Chapter 343 at this time and to substitute instead an amendment proposed by the department of land utilization, City and County of Honolulu, which would allow the counties greater flexibility. This amendment won the approval of all agencies testifying, including the office of environmental quality control; the environmental quality commission; the environmental center, University of Hawaii; and the department of transportation.

Your Committee, therefore, has deleted all proposed amendments in H.B. No. 1065, H.D. 1 and makes the following amendment only to Chapter 343-4(a):

"(F) All actions proposing any other use within a county which a county council may, by ordinance, designate as being subject to the requirement of this chapter."

Your Committee on Ecology, Environment and Recreation is in accord with the intent and purpose of H.B. No. 1065, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1065, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Ching.

SCRep. 717 Energy/Natural Resources on H.B. No. 131

The purpose of this bill is to improve the administration and coordination of the marine affairs programs in the State of Hawaii.

Your Committee recognizes that the Marine Affairs Coordinator (MAC) provides support for many worthwhile ocean-related projects which benefits the State of Hawaii. Your Committee further recognizes that the Marine Affairs Coordinator should maintain a degree of flexibility in its budget to facilitate timely action in areas not foreseen during the budget preparation period. However, this necessity for flexibility poses a potential problem of accountability.

Your Committee is in accord with H.B. No. 131, H.D. 1, but recommends that in accordance with the interim Marine Affairs Coordinator's testimony that SECTION 2, item (j), page 4 be amended by deleting (and the governor) in order not to burden the governor with duties that should be carried out by the Marine Affairs Coordinator.

Your Committee on Energy/Natural Resources is in accord with the intent and purpose of H.B. No. 131, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 131, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Nishimura and George.

SCRep. 718 Health on H.B. No. 1425

The purpose of this bill is to require the Department of Health to publish an annual report on the quality of the State's coastal waters including statistical analysis and interpretation of the data on an annual basis by specific points (monitoring stations) as applicable.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1425, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Takitani and Ching.

SCRep. 719 Economic Development on H.B. No. 833

The purpose of this bill is to add a new section to Chapter 188, Part II, Hawaii Revised Statutes, to prohibit persons engaged in net fishing from holding fish within nets underwater for more than 24 hours, and to provide for penalties for any violations thereof.

Your Committee heard testimony from the Department of Land and Natural Resources on this matter. Your Committee finds that gill net fishing, as commonly practiced in our nearshore waters, involved the setting of the net in the late afternoon or at dusk for subsequent "soaking" overnight. It is generally uncommon for the fish caught in the net to be held in the gill nets underwater for a period as long as 24 hours. In this regard the purpose of this bill is already being accomplished by most fishermen who engage in gill net fishing. However, the generally non-selective nature of most gill nets do present a threat to marine turtles, berried crustaceans and other aquatic life protected by closed seasons, such as the mullet and lobster, that reasonably frequent inspection of the gill net should be mandated. Further amendments were recommended by the Department of Land and Natural Resources.

Your Committee in concurrence with the Department of Land and Natural Resources has amended Section 188-to make it unlawful for any person engaged in gill net fishing to leave his net unattended for a period of more than four hours. Your Committee has also amended the bill to provide a waiver of commercial license fees for "trainee" fisherman for a period not to exceed 180 days.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 833, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 833, H. D. 1, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hulten.

SCRep. 720 Economic Development on H.B. No. 176

The purpose of this bill is to provide for more effective administration and enforcement of the Department of Agriculture's inspection and quarantine of plants and non-domestic animals by amending Chapter 150A, Hawaii Revised Statutes.

Your Committee finds that Chapter 150A, Hawaii Revised Statutes, in its present form, authorizes the Department to establish rules and regulations subject to the requirements of Chapter 91. H.B. No. 176 proposed a new section which would include the interim rule authority, with an effective period of one-hundred-eighty days, into Chapter 150A. The extended effective period would allow the Department to make a thorough search of literature and other states' or countries' experiences with the plant, animal, bird or micro-organism of concern. During this period, procedures would be implemented to comply with Chapter 91, Section 91-3-(a)-(1), Procedure to adoption, amendment or repeal of rules.

The interim rule section was requested to cover new quarantines which must be imposed immediately to keep out a specific pest. The normal procedure to establish new quarantine regulations is very time-consuming, but required to be in compliance with administrative procedures. The advisory committee of the Department makes recommendations upon requests for importations which are then presented to the Board of Agriculture for action only when the commodity is covered under a current quarantine regulation. The interim rule section would give the Department authorization to establish an "interim quarantine regulation" while going through the lengthy procedure to establish new quarantine regulations.

The intent of H.B. No. 176 was to amend Chapter 150A to include the interim rule section to extend the effective period of the emergency rule from 120 to 180 days. This additional 60-day period would allow the Department to thoroughly search the quarantined plant or animal pest; such information is usually available in areas where the quarantined pest naturally occurs and locating these areas is often difficult.

Your Committee finds that this section of H.B. No. 176 has merit and was deleted in H.B. No. 176, H.D. 1. This Committee would like to recommend that this section be put back into the bill in order to carry out the full intention of the original bill.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 176, H.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 176, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 721 Economic Development on H.B. No. 778

The purpose of this bill is to make it unlawful for any person to have in his possession any speared fish smaller than the minimum size specified in Section 188-40, Hawaii Revised Statutes.

Your Committee finds that the proposed amendment would strengthen the enforceability of this law by making it clearly unlawful for any person to possess, in addition to the taking by means of spears, fish smaller than the minimum size specified in Section 188-40. Your Committee heard testimony on this bill and concurs with the intent of the bill which is to be able to prosecute the repeat offenders or poachers. Your Committee feels that, in its present form, the bill is perhaps too harsh considering the fact that unwittingly persons may be in violation of the law and would be subject to penalties.

Your Committee would like to amend this bill by stating that first violators of Section 188-40, Hawaii Revised Statutes, are to receive notice of violation without any penalties imposed; second offenders would then be subject to the penalties under this section.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 778, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 778, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Hulten and Kuroda.

SCRep. 722 Economic Development on H.B. No. 1059

The purpose of this bill is to exempt State operated agricultural parks from existing county subdivision and zoning standards.

Your Committee finds that, presently, various counties impose different standards which, in some instances, are urban oriented. Setback requirements, for example, may limit the amount of land which may be covered by a crop shelter on a certain parcel. Subdivision requirements may prevent individual lots within an agricultural park from being laid out in the most advantageous manner. Depending upon the type of activities planned for a particular park, roadway requirements may be excessive thereby raising improvement costs and utilizing otherwise productive agricultural land.

Your Committee finds that agricultural parks are extremely important for the development of diversified agriculture. Restrictions regarding roadways, building locations and others should be appropriate for farms, and not as restrictive as in congested residential areas. The provisions allowing County Legislative bodies a veto power would protect county authority.

Your Committee would like to amend this bill to provide for the State to assume responsibility for road maintenance. Since the State is to supercede county subdivision and zoning standards in order to safeguard certain lands for agricultural park use, the State should also be responsible for the proper maintenance of roadways to ensure their good upkeep and repair.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1059, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1059, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hulten.

SCRep. 723 Economic Development on H.B. No. 870

The purpose of this bill is to prohibit fishing with electrical devices except by issuance of a permit by the department of land and natural resources for bonafide fishery research and management purposes.

Your Committee heard testimony on this bill from the department of land and natural resources. Pursuant to their testimony several changes are recommended.

Your Committee has amended the bill in the following manner:

1. The word "life" is added following the word "aquatic" on line 4, page 1 of the bill;
2. The specific provision for penalties, Section 188-28, is deleted as this is provided for in the amendments found in H.B. No. 870, H.D. 1 which increased the minimum fine from \$50 to \$100.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 870, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 870, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hulten.

SCRep. 724 Human Resources on H.B. No. 187

The purpose of this bill is to increase the term of office of each Trustee of the Public Employees Health Fund, with the exception of the director of finance, from the current normal three-year term to a fixed four-year term.

The nine-member Board of Trustees, as appointed by the Governor, is by law composed of layman from the community. Testimony which was submitted by the Director of Finance indicates that this layman composition of the Board of Trustees would be enhanced by the one-year extension of each Trustee's term in that the Board's already developed understanding of health fund matters would be assuredly utilized. Furthermore, this measure will align the term of office of the Health Fund's Board of Trustees with the other 125 State boards and commissions which have a common four-year term for their members.

The Director of Finance and the Board of Trustees of the Hawaii Public Employees Health Fund support this measure.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 187 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 725 Human Resources on H.B. No. 132

This bill proposes changes which would bring the State unemployment insurance law into conformity with the Federal amendments of Public Law 94-566, the "Unemployment Compensation Amendments of 1976".

Your Committee finds that with respect to some of the amendments (for example, coverage of government workers and denial of benefits to athletes), conformity to federal law is required for certification of the State law by the United States Secretary of Labor. Employers are required to pay unemployment insurance tax to the Federal government. If the State unemployment insurance law is certified by the Secretary of Labor, most of the Federal tax may be offset by payments required under the State law. In addition, if an employer's State contribution rate is reduced due to an experience rating provision maximum offset credit against his Federal tax even if his actual State payments are lower than the maximum offset credit. If the State is not certified by the Secretary of Labor, all employers subject to the Federal Unemployment Tax Act (FUTA) must pay the full Federal tax as well as the payments required by the State unemployment insurance law.

With respect to other amendments in P.L. 94-566 (for example, agricultural and domestic coverage), conformity with the Federal statute is not required for certification of the State law, but is required for individual employers' offset credit toward the Federal unemployment tax. If the State law is certified but does not provide as extensive coverage as the Federal law prescribes, employers in the uncovered areas must pay the full Federal tax, with no offset credit, but their employees will not be covered by the State unemployment insurance program. In such a situation the workers in the uncovered areas would not

be eligible for unemployment insurance benefits even though the employers paid Federal taxes on their employment.

Your Committee also finds that P.L. 94-566 provides for the extension of unemployment insurance coverage to some employees in agriculture and domestic services, to the State and local government workers, and to workers in the Virgin Islands, and includes provisions for financing newly-covered employment. It provides for the denial of benefits to some school employees between terms, to professional athletes between sports seasons, and to certain aliens. The legislation modifies the triggers for the extended benefits program, and eliminates Federal sharing of extended benefits paid to State and local government workers.

Your Committee has furthered the discussion of the amendments as follows:

(1) Allowing consideration of the Virgin Islands as a state once their unemployment insurance law is approved by the United States Secretary of Labor. Hawaii currently covers employment in the Virgin Islands if it is performed by an American citizen for an employer registered in Hawaii. This amendment authorizes an interstate agreement between Hawaii and the Virgin Islands for the purpose of taking and processing unemployment insurance claims and for combining wage claims.

(2) Extending coverage to agricultural workers. Hawaii currently covers workers of agricultural employers of 20 or more workers in 20 or more weeks in the preceding or current calendar year. This amendment extends coverage to workers of agricultural employers who paid cash wages of at least \$20,000 in any quarter in either the current or preceding calendar year or had 10 or more employees in 20 or more weeks. Beginning January 1, 1978, under the Federal Unemployment Tax Act, agricultural employers may claim offset credit for State contributions against federal unemployment taxes. Transitional financing of unemployment benefits based on newly covered service is also provided by allowing payment from the trust fund which will be reimbursed by the federal government.

(3) Converting agricultural employers presently under self-financing status to contributory status. Hawaii currently permits agricultural employers to participate as a self-financing plan employer under 384, Hawaii Revised Statutes, or as a contributory plan employer under 383, Hawaii Revised Statutes. If agricultural employers, newly covered under the federal Unemployment Compensation Amendments of 1976, P.L. 94-566, wish to receive offset credit against their federal unemployment tax by paying state contribution, all agricultural employers currently covered under 384, Hawaii Revised Statutes, Hawaii Agricultural Unemployment Compensation Law, must be covered effective January 1, 1978 under 383, Hawaii Revised Statutes, Hawaii Employment Security Law.

(4) Extending coverage to domestic workers. Hawaii currently covers any domestic worker who is paid at least \$225 in a calendar quarter by a single employer. This amendment adds the federal coverage provision to insure the workers will be properly covered and that employers will be eligible for full offset credit against federal unemployment taxes.

(5) Allowing governmental employers to elect contributory status. Hawaii currently requires governmental employers to be self-financed. This amendment would allow these employers to elect the financing of employee benefits on a contributory or self-financing basis.

(6) Denying benefits to certain professional school employees between terms of their school employment. This amendment specifies that benefits are to be denied to professional school employees between school terms if there is reasonable assurance of their reemployment.

(7) Denying benefits to athletes between sport seasons and to certain aliens. Hawaii currently does not have provisions that prohibit the payment of benefits to athletes between sport seasons, for participation, preparation or training for sports events, or to illegal aliens who performed services in covered employment.

(8) Financing of extended benefits for state and county government workers. Hawaii currently stipulates that governmental employers must pay for one-half of extended benefits paid to former employees. This amendment charges the full amount of extended benefits for self-financed governmental employers. Contributory governmental employers will be charged for one-half of the extended benefits paid to their former employees.

(1) Modifying the extended benefit triggers. Hawaii currently provides extended benefits when the federal insured unemployment rate reaches 4.5 per cent (seasonally adjusted) or when the State's insured unemployed rate reaches 4 per cent and is at least 20 per cent higher than the average of the rate for the periods in two preceding years. This existence of a 4 per cent insured unemployment rate and a 20 per cent increase over the average of the rate for the preceding two years is indicative of an unusually high level of unemployment

in the State. This amendment allows the State to provide extended benefits when the State unemployment rate reaches 5 per cent, regardless of the level of unemployment in the two preceding years.

Your Committee has amended the bill accordingly to include language that has been inadvertently left out.

Your Committee is in accord with the intent and purpose of H.B. No. 132, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 132, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 726 Human Resources on H.B. No. 207

The purpose of this bill is to amend Part I of the employment Practices Law, Chapter 378, Hawaii Revised Statutes, by eliminating the hearing process.

The present law requires that a hearing be conducted in accordance with Chapter 91, Hawaii Revised Statutes, whenever the department is unable to eliminate any unlawful employment practice or discrimination by conference, conciliation, or persuasion. The Department of Labor and Industrial Relations has encountered considerable delays exists in locating hearing officers who are sufficiently impartial, familiar in the area of employment discrimination and willing to hear cases. Additional delays are incurred because of the lack of control over the hearing officer as to a time limit on completion of a hearing and submission of the decision. Costs incurred for hearing include the fees for the hearing officer, court reporter fees, and other legal fees.

The elimination of the hearing process will enable the department, upon written request by the complainant, to bring any legal action necessary to enjoin the respondent from engaging in such unlawful employment practice and order such affirmative action as reinstatement or hiring of employees, with or without back pay, or any other equitable relief as the Department deems appropriate.

Your Committee is of the opinion that this bill would reduce delays in processing claims, drastically reduce expenses and result in cases going directly to the courts.

Your Committee believes that wilful acts should not be classed as first offense or second offense as the major damage usually occurs with the first offense and more stringent penalties will act as a deterrent. Therefore your Committee amends the bill accordingly, to include a fine of not more than \$500, or imprisonment for not more than 90 days or both for any act.

Your Committee is in accord with the intent and purpose of H.B. No. 207, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 207, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 727 Human Resources on H.B. No. 212

The purpose of this bill is to amend Section 388-10, Hawaii Revised Statutes, by prescribing civil penalties for failure to pay wages and criminal penalties for anyone discriminating against an employee who has made a complaint alleging non-payment of wages.

Your Committee finds that the present law provides only criminal penalties for failure to pay wages. If an employer fails to pay wages, the employees who live from payday to payday suffer an unexpected and unwarranted hardship that erupts because he is without that earned income. If the employer pays later, there is no penalty provided the employer pays before the case is litigated. If the case is litigated, an employer need only pay court costs, sheriff fees, and any interest assessed by court. Meanwhile, the employee is not compensated till remedy is adjudged.

The bill proposes to correct the inequity by providing a penalty up to an amount equal to that of the unpaid wages. Your Committee and the Department of Labor and Industrial Relations believes that the provision will encourage employers to pay wages promptly and strengthen the law.

The second amendment makes it criminal for an employer to discriminate against an employee who has filed a complaint under Chapter 388. It has been the experience that employees generally wait until they have terminated their employment to file complaints

because of the fear of losing their jobs.

Your Committee finds that this bill will provide protection for employees who wish to register complaints against their employers for unpaid wages. The proposed amendment is desirable because it is aimed at reducing the discrimination and providing protection for the employee.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 212 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 728 (Majority) Human Resources on H.B. No. 1215

The purpose of this bill is to convert to civil service two employees holding positions in the Center for Science Policy and Technology Assessment of the Department of Planning and Economic Development.

Although these employees are presently exempt from civil service, they are employed in permanent positions authorized and funded by Act 195, Session Laws of Hawaii 1975. The permanent positions will be classified and subject to provisions of Chapters 76 and 77, Hawaii Revised Statutes.

Both employees have been employed by the department for more than three years and their work performance has been highly satisfactory to the appointing authority. Both employees provide staff assistance in professional, scientific, and technical assignments of the Center for Science Policy and Technology Assessment. Conversion of these two employees to civil service will enable the department to continue their services without disrupting current projects, and without the need to subject the employees to civil service recruitment and examination procedures.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1215, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Henderson and Soares did not concur.

SCRep. 729 Human Resources on H.B. No. 1353

The purpose of this bill is to amend various sections of Part III, CIVIL SERVICE FOR THE COUNTIES OF HAWAII, MAUI, AND KAUAI, Chapter 76, Hawaii Revised Statutes in order to conform certain terms and provisions to prevailing conditions.

This bill replaces reference to the "chairman" and "board of supervisors" with reference to the "mayor" and "council" because the former terms are no longer operative; compensation for commissioners is eliminated, but provisions for reasonable travel expenses are retained; the provision for the classification and the assignment of the position of personnel director to its appropriate place in the salary schedule by the commission is eliminated; the provision that the deputy director shall be designated from the ranks of the department of civil service is eliminated; the list of civil service exempt positions is updated.

Your Committee finds that the foregoing amendments are necessary to appropriately reflect the separation of the legislative and executive branches of government as brought about by the several county charters, and to clarify statutory language and update obsolete provisions in order to maintain consistency with charter provisions and legal advice of the Attorney General.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1353 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 730 Human Resources on H.B. No. 1696

This bill proposes amendments to Chapter 396, Hawaii Revised Statutes, the Hawaii Occupational Safety and Health Law, to meet the State's commitment to provide enabling legislation at least as effective as the federal legislation governing the Occupational Safety and Health Program.

Your Committee finds that the U.S. Department of Labor's (USDOL) solicitor questioned the existing definition of "place of employment" as possibly ambiguous in that, under certain conditions, the place of employment could be under State jurisdiction while the working conditions could be under federal jurisdiction. To remove ambiguity the proposed amendments include: (a) a greatly simplified definition of "place of employment," and (b) adding a paragraph that clearly states the scope of federal jurisdiction.

Subsequent to the submission of these proposed amendments, the USDOL solicitor took additional issue with the existing language in Chapter 396 related to the protection of employees from retaliatory discrimination. They requested that discrimination protection include the possible discrimination actions of all "persons" rather than just "employers."

Your Committee finds that H.D. 1 incorporates all amendments requested by the department, however, certain key language was inadvertently left out. The bill has been amended accordingly.

Your Committee on Human Resources is in accord with the intent and purpose of H.B. No. 1696, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1696, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 731 Intergovernmental Relations on H.B. No. 1547

The purpose of this bill is to lower the purchase price of housing units by easing the requirements upon subdividers relating to parks and playgrounds in subdivisions.

Your Committee finds that Section 46-6, HRS, requires that each county shall adopt ordinances to require a subdivider to provide land and minimum physical facilities for park and playground purposes, for the use of purchasers or occupants of units in housing subdivisions.

This bill removes the requirement to provide minimum physical facilities, but retains the requirement of land, as a condition precedent to approval of a subdivision.

This bill also provides that special consideration and credit shall be given to the subdivider for privately-owned parks, and for parks and playgrounds already provided.

Your Committee on Intergovernmental Relations is in accord with the intent and purpose of H.B. No. 1547, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 732 Economic Development on H.B. No. 1505

The purpose of this bill is to define the term "agriculture" to include aquaculture which shall mean the production of aquatic plant and animal life for food and fiber within ponds and other bodies of water.

Your Committee finds that this bill would specifically identify aquaculture as a permitted use within agricultural districts. The amendment in H.B. No. 1505, H.D. 1, however, inadvertently cites an outdated version of Section 205-2 to effectuate the desired change in definition.

Your Committee would like to amend this bill in order to clarify this error. Section 205-2, Hawaii Revised Statutes, is amended to read in the following manner:

"Agricultural districts shall include activities or uses as characterized by the cultivation of crops, orchards, forage, and forestry; farming activities or uses related to animal husbandry, aquaculture, and game and fish propagation; services and used accessory to the above activities including but not limited to living quarters or dwellings, mills, storage facilities, processing facilities, and roadside stands for the sale of products grown on the premises; agricultural (parts) parks and open area recreational facilities."

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1505, H.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. 1505, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 733 Ways and Means on H.B. No. 10

The purpose of this bill is to appropriate moneys out of the general revenues of the State for the payment of certain tax refunds, judgments and settlements, and other miscellaneous claims against the State.

Your Committee has reviewed the claims set forth in the testimony and transmittals from the department of budget and finance and department of attorney general and your Committee proposes that these claims be incorporated in this bill.

Your Committee has amended this bill by adding the claim of Henry Wong for real property taxes in the amount of \$6,435.77, by correcting the second appropriation to Shirley N. Peters to an appropriation to Robert M. Burkhart and correcting the amount thereof to \$1,455.17, and by correcting typographical errors. As amended the appropriation has been increased from \$274,456.09 to \$279,891.86. Your Committee recommends the payment of these claims be authorized by the legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 10, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 10, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 734 (Majority) Ways and Means on H.B. No. 15

The purpose of this bill, as received by your Committee, is to provide for the increase in the salary of the Revisor of Statutes.

Your Committee finds that there is a gross imbalance between the salary fixed for the Revisor of Statutes and the salaries established for other positions.

The Revisor of Statutes is a legal position. Its basic concern is statutory revision. Statutory revision is the function of organizing the ever-growing bulk of laws into an orderly system so that the laws can be more easily found, understood, applied and changed. It involves the harmonizing of the language of the entire body of statute law and the elimination of duplications and contradictions, and executed and other obsolete provisions. It involves adjusting the acts and parts of acts judicially declared invalid and the provisions of law impliedly amended or repealed. It means executing these functions without changing the substance or effect of the existing law. Thus it involves the exercise of judgment on legal questions and goes well beyond mere matters of form, style and accuracy of reference. These functions call for a person with legal qualifications or training--a person with good general competence in the law, with skill in statutory interpretation, in drafting and in exacting editorial work.

Your Committee feels that the salary for the position of the Revisor of Statutes should be adjusted so that it is commensurate with the duties and responsibilities of the position and in line with the salaries provided other positions in the public service.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 15, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee. Senator King did not concur.

SCRep. 735 Ways and Means on H.B. No. 113

The purpose of this bill is to require the land use commission to conduct public awareness and education programs in each county on a regular basis.

Your Committee has deleted the appropriation as unnecessary.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 113, H.D. 2, S.D. 1, as amended herein and recommends that it pass Third Reading in the form attached hereto as H.B. No. 113, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 736 Ways and Means on H.B. No. 151

The purpose of this bill is to amend section 225-3, Hawaii Revised Statutes, to include 4 public members on the State Plan Policy Council.

Your Committee finds that it is within the interests of the State to encompass the needs of all our citizens into the State Plan. In making public appointments to the Policy Council under this bill, we hope the Governor will take into consideration the following areas of expertise which shall include, but not be limited to, community planners, someone involved in social or cultural research, physical, biological or environmental research or someone actively involved in the cultural, ethnic or social community betterment efforts in the State.

Your Committee has made a technical amendment by adding underlining that was inadvertently left out on lines 1 and 2 of page 3 of the bill as reported to your Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 151, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 151, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 737 Ways and Means on H.B. No. 154

The purpose of this bill is to designate geographic areas within the State for the development of regional design plans and to appropriate funds towards this end.

Your Committee has amended the bill by inserting language deleted but left out in typing in sections 57-3 and 57-4, Hawaii Revised Statutes. Your Committee has also deleted the appropriation provision section, section 3 and renumbered sections 4 and 5 appropriately.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 154, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 154, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 738 Ways and Means on H.B. No. 197

The purpose of this bill is to exempt from civil service status those department of education employees who are engaged in the supervision of students during lunch periods and those employees who are involved in the cleaning of classrooms after school hours.

Present statutes require the department of education to yearly seek exemptions of the aforementioned positions from the department of personnel services. This bill obviates such procedures.

Your Committee has made two technical amendments to this bill on the following pages and lines of the bill as submitted to your Committee:

1. By substituting "whose" the word contained in the statutes for "where" on page 2, line 23.
2. By indicating on page 7, line 5 that the period at the end of that line is being bracketed out.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 197, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 197, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Hara.

SCRep. 739 Ways and Means on H.B. No. 433

The purpose of this bill is to enable the chief election officer to provide for a voter assistance official at the polls and to increase the compensation for precinct officials.

Your Committee finds that the voter assistance program implemented during the 1976 elections was invaluable to voters.

Your Committee further finds that the current compensation paid to precinct officials is not adequate to attract individuals needed as precinct officials in view of the fact that they are required to attend a two-hour training session and to work at the polls from 6:00 a.m. to 6:00 p.m. on election day. Recruitment of precinct officials on the neighbor islands especially has been increasingly difficult with each election, and in the past primary and general elections, the neighbor island county clerks have had to advertise

in their local papers for precinct workers to fill the required number of positions.

Your Committee amended the bill by making the following technical change by adding a hyphen after "single", in the last sentence of section 11-76(a), as in the statute.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 433, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 433, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 740 (Majority) Ways and Means on H.B. No. 512

The purpose of this bill is to convert certain election assistants from exempt status to civil service status.

Your Committee finds that elections is a permanent activity of government and one that has become increasingly technical and specialized. Not only must it be run impartially and efficiently but the results must be accurate and obtainable quickly. In this respect Hawaii has earned a most enviable reputation in the nation and is the only State with a statewide computerized system.

Your Committee further finds that in conducting an election, we have been fortunate to have the resources of certain key personnel who have remained through several administrations. During their tenure they have gained valuable knowledge and expertise in elections.

Your Committee has received a memorandum from Nelson K. Doi, lieutenant governor, State of Hawaii, that section 76-16(5) should not be deleted but amended by the bill. The employees cited in that section are not the election employees intended to be converted to civil service status.

Your Committee adopts the recommendation of the lieutenant governor and has amended the bill accordingly. Your Committee notes that no additional funding will be required to implement this bill. Other technical and typographical changes were made.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 512, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 512, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Hara.
Senators Henderson and Soares did not concur.

SCRep. 741 Ways and Means on H.B. No. 879

The purpose of this bill is to clarify the existing statute relating to fraud by public welfare recipients and permit the application of stricter penalties as provided in our penal code.

Your Committee finds the present penalty clause too loose and ambiguous. A harsher one is needed to combat the large number of fraudulent cases and to act as a deterrent in the future. The amendments in this bill provide for a harsher penalty for these fraudulent cases by permitting the department of social services and housing to utilize provisions of the penal code. The addition of the words "food stamps" is also made where appropriate to broaden the definition of the term "welfare recipient" to include those who receive food stamps only.

Your Committee finds that the provisions in this section should not prevent any other remedies the department of social services and housing may have for recovery.

Your Committee finds that assistance should be provided to a person caring for a legal parent and who is, thus, required to remain in the home on a full-time basis.

The present statute does not provide for assistance in the problem of home-care for the infirmed and this bill is intended to provide for this assistance with the assurance that the parent is in fact, needy and entitled to assistance, thereby avoiding the wasteful cost of institutional care that the department of social services and housing would have to pay. Another intent of the bill, besides the effect of averting institutional costs, is also to sustain the infirmed in the home and to encourage filial responsibility.

Your Committee has made several technical and grammatical changes which do not affect the substance of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 879, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 879, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 742 Ways and Means on H.B. No. 261

The purpose of this bill is to tax certain real estate salesmen in the same manner as real estate brokers who are not employees are taxed under section 237-18(f), Hawaii Revised Statutes, of the state general excise tax law.

Under the present provisions of section 237-18(f), Hawaii Revised Statutes, as it relates to persons in the real estate business, only brokers who are not employees are subject to taxation and required to obtain a gross excise license. The language of this bill will extend the tax to "salesmen" who are not employees. As a result, they will also be required to obtain a gross excise license. The salesmen will become directly liable for the tax on the portion of commissions received by them. This bill will clarify a cost aspect related to the doing of business by such salesmen who will now have the same benefit that brokers who are not employees enjoy on "split-commissions".

Your Committee agrees with the intent of this bill and has made a technical amendment to this bill by adding an "s" to the word "commission" on page 1, line 11, of the bill as received by your Committee to conform to the present statutory language.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 261, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 261, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Hara.

SCRep. 743 Ways and Means on H.B. No. 1173

The purpose of this bill is to (1) consolidate funds by function and source; (2) standardize terms; (3) add two new funds as a depository for interest charges and borrowed money; (4) define parameters for use; and (5) increase the guarantee amount from \$8 million to \$13 million.

Your Committee agrees with the findings of your Committee on Housing and Hawaiian homes on this bill and incorporates their findings herein.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1173, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 744 Ways and Means on H.B. No. 1297

The purpose of this bill is to modify the Governor's Committee on Employment of the Handicapped to broaden its scope in addressing the wide needs of handicapped persons.

Your Committee finds that handicapped residents of the State of Hawaii have many needs which have gone unaddressed and which require appropriate attention and action. The Governor's presently existing Committee on Employment of the Handicapped was established on the basis of a House of Representatives Concurrent Resolution and Governor's Executive Order. It is hampered in its scope and effectiveness due to its impermanent status. By virtue of this bill, the Committee on Employment of the Handicapped is redesignated as the Commission on the Handicapped and shall assume the functions prescribed by this bill.

Your Committee has amended the bill by deleting inappropriate bracketing and underlining on page 2 of the bill and by correcting the spelling of "except" on page 6, line 21 of the bill as received by your Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1297, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1297, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRRep. 745 Ways and Means on H.B. No. 1678

The purpose of this bill is to make improvements in various aspects of the State Home Renovation and Rehabilitation Program established by Act 178, Session Laws of Hawaii 1976.

This bill authorizes the Hawaii housing authority to utilize participation loans in conjunction with housing rehabilitation and renovation efforts. Your Committee feels that the usage of participation loans will "increase" the total amount available without drawing upon limited state financial resources. In this way, the amount appropriated to this program will have a multiplying effect through the use of resources from the private sector.

Additionally, this measure proposes to ease the plight of the elderly faced with deteriorating dwelling units which the Statewide Housing Study (Daly and Associates, January 1977) makes specific reference to. Certain exemptions would be provided to a borrower who is aged 55 years or older and who is making a loan of \$3,500 or less. Specifically, these exemptions include submittal of plans and specifications; performance of work under licensed supervision; and execution of a mortgage securing the loan. Instead, loans made to these elderly would require the following: a written statement, cost estimate, and evidence of a building permit; inspection of the premises by the authority before and after renovation work (a \$50 fee may be deductible from the loan); and the provision to the authority of a chattel mortgage on personal property.

Furthermore, any fees charged for counseling services may be included as part of a home rehabilitation or renovation loan.

The bill includes a new section to chapter 359G. Restrictions on the transfer of dwelling units (the "buyback" clause) constructed by the Hawaii housing authority were imposed upon purchasers of those units in order to curb speculation. The legislature has amended the "buyback" clause several times, creating five different "buyback" clauses with differing specific provisions. The intent of this provision is to allow purchasers who are bound by previous "buyback" clauses to modify existing contracts to incorporate the most recent "buyback" provision. This would provide equity to all purchasers of state housing units.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1678, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRRep. 746 Ways and Means on H.B. No. 1685

The purpose of this bill is to accomplish the transfer of motor carrier safety regulation functions and activities from the Public Utilities Commission to the Department of Transportation and to provide the means for improved coordination of state and county highway safety programs.

Your Committee has made a technical change on page 14, line 4, to change the bracketing from "[" to "]" to eliminate any possible confusion about the Ramseyer effect.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1685, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1685, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRRep. 747 Ways and Means on H.B. No. 1687

The purpose of this bill is to permit the substitution of airport and harbor revenue bonds in lieu of reimbursable general obligation bonds authorized in past appropriation acts for airport and harbor capital improvement projects, respectively.

In the event there is a curtailment in general obligation bond issuance by the State and essential and needed airport and harbor capital projects so authorized by reimbursable general obligation bonds must still be constructed, it is your Committee's recommendation that airport and harbor revenue bonds may be substituted for the previously authorized reimbursable general obligation bonds.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1687, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 748 Ways and Means on H.B. No. 1694

The purposes of this bill are:

(1) To ensure the pragmatic health planning of the State by providing a permanent vehicle for citizen input into the health planning process so that the total health services plan of the State will be based on informed decision making. Under the concept of the National Health Planning and Resources Development Act of 1974 and the stated purpose of the bill, local input into health planning would be generated through the designation of subareas in which subarea health planning councils are established.

Since the health care provider is one of the most important participants in the health care delivery system, the planning process must address the legitimate needs and concerns of the public and private providers if it is to achieve meaningful results. Therefore, the State should develop and use a variety of methods to ensure consumer and provider input. Thus, the State Health Plan would be an integration and coordination of local needs within State guidelines. Accompanying the health plan will be a State Medical Facilities Plan which will establish facilities development priorities, and an annual implementation plan, both based on the State Health Plan.

(2) To amend state law to conform with the requirements for federal funding in health planning and resources development under Public Law 93-641.

Your Committee has amended the bill at line 24 of page 7 of the bill as received by your Committee, to insert subsection (7), which was added by section 3 of Act 219, Session Laws of Hawaii 1976, and which was inadvertently left out of the bill.

Your Committee has made certain technical amendments by inserting the word "or" after the word "rendered" on line 19 of page 19, and a comma after the word "and" on line 2 of page 27 of the bill as received by your Committee. This existing statutory language was inadvertently left out.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1694, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1694, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Hara.

SCRep. 749 Ways and Means on H.B. No. 2

The purpose of this bill is to appropriate funds for the judiciary programs for the 1977-79 fiscal biennium.

Upon consideration, your Committee has amended this bill to reflect the program appropriation levels recommended by your Committee on Judiciary in Senate Bill No. 4, S.D. 2.

With respect to the Judiciary's capital improvement projects, your Committee has made the following amendments:

1. Deferred the construction funds for the State Judiciary Complex from 1978-79 to the following biennium. It is our understanding that construction will not begin on this project until after 1978-79.
2. Deferred the construction funds for the Honolulu District Court facility from 1977-78 to 1978-79, at which time the design phase of this project will be completed.
3. Deferred the construction funds for the Wailuku Judiciary Complex from 1978-79 to the following biennium. The land acquisition and design phases for this project is not anticipated to be completed until after 1978-79.

Your Committee has also corrected a typographical error on page 7 of this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2, H.D. 1, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2, H.D. 1, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 750 Ways and Means on H.B. No. 12

The purpose of this bill is to lapse prior appropriations which are no longer needed.

Your Committee has amended this bill to lapse appropriations totaling \$3,274,583.82 which are no longer necessary, and which will otherwise not lapse.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 12, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 12, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 751 Ways and Means on H.B. No. 190

The purpose of this bill is to amend chapter 88, Hawaii Revised Statutes, to provide for separate determination of employer contribution requirements toward the Pension Accumulation Fund and the Post Retirement Fund for two groups of employees: (1) policemen, firemen, and corrections officers, and (2) all other employees.

The average age of retirement which the actuary assumes for policemen and firemen is 55 years, resulting in a greater employer retirement costs for these employees than for general employees and teachers. Under present statutes, the employer retirement costs are prorated between the State and the various counties in the same proportion as the total annual payrolls of state and county members.

This bill will permit the distribution of employer costs more equitably between the State and each county. The distribution of costs under the proposed method would result in an increase of the counties' contribution requirement to the Pension Accumulation Fund by approximately \$1.0 million for fiscal year 1978-79, and a reduction of the State's requirement by the same amount.

The bill also provides that beginning July 1, 1978, the contribution requirement for the Post Retirement Fund for each of the two groups: (1) policemen, firemen, and corrections officers, and (2) all other employees, shall be actuarially determined in the same manner as for the Pension Accumulation Fund rather than based on a fixed percentage. Moreover, the employer costs for the fiscal year beginning July 1, 1978, shall be sufficient to meet the employer normal cost as well as to liquidate the unfunded accrued liability of this fund as of July 1, 1976, over the period of 38 years beginning July 1, 1976.

Your Committee has made certain technical amendments to this bill which do not affect its substance.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. 190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 190, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 752 Ways and Means on H.B. No. 193

The purpose of this bill is to waive the 30-day waiting period for the effectuation of payment of benefits, under certain conditions, in the event of the death of a member due to terminal illness.

Under present law, a member who is eligible for retirement must file an application with the retirement system. The date of retirement must not be less than 30 days nor more than 90 days subsequent to the execution and filing of the application. If the death of a member should occur between the date of filing of an application for retirement and the actual retirement date (the 30-day waiting period), the death is considered to have occurred while in service, and the ordinary death benefit rather than the benefit under the mode of retirement which was elected by the member is payable. Under certain circumstances, the difference in benefits could be substantial.

Testimony by the director of finance indicates that while deaths during this 30-day period do not often occur, the ones that do occur are usually the result of some type of terminal illness. In some instances, the member is unaware of the critical nature of his illness because his physician deems it inadvisable to inform the member of his condition for the sake of the member's own well-being.

Your Committee has amended the bill by deleting the requirement of the physician's affidavit and the criminal penalty, which needlessly puts the retirement member's physician in a difficult if not untenable position. Your Committee has also corrected the spelling of "accordance" on line 11 of page 3 and inserted statutory language inadvertently left out

at line 13 of page 4 of the bill as received by your Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 193, S.D. 1, and placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 753 (Majority) Ways and Means on H.B. No. 194

The purpose of this bill is to authorize the Employees Retirement System to invest funds in investment contracts and agreements offered by insurance companies.

With the rapid and steep rise in employer contribution requirements for the pension accumulation and post retirement funds and also for social security, greater attention is being directed by the Trustees of the Employees Retirement System toward improving the yield on investments in order to reduce employer costs. A one per cent increase in investment yield could mean a reduction of employer contribution requirements by as much as 20 per cent. Presently, the System's investments consist of stocks, bonds, and mortgages with the greater portion being in fixed income securities. Yield for the fiscal year ending June 30, 1976 was approximately 6.75 per cent exceeding the statutory earning requirements of 4.50 per cent and, thereby resulting in a reduction in employer contribution requirements for 1978-1979 of \$15.5 million.

In order to improve yield, the Trustees are looking into other vehicles of investments among which are those offered by leading insurance companies, particularly the guaranteed income programs of these companies. Authorization to invest in these programs does not necessarily mean that the Trustees will do so.

Your Committee agrees that the authorization sought by this bill should be granted to the System. Your Committee requests that should the Trustees decide to enter into investment contracts with insurance companies that the Trustees report the details of such investments to the Legislature.

Your Committee has made certain minor technical changes by inserting existing statutory language that was inadvertently left out. The words "of any" were inserted after the word "district" on line 17 of page 4, and a comma was inserted after the word "worth" on line 4 of page 8.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 194, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 194, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.
Senator King did not concur.

SCRep. 754 (Majority) Ways and Means on H.B. No. 231

The purpose of this bill is to repeal the graded tax rates feature from the real property tax law and replace it with a single real property tax rate.

Act 142 of the 1963 Legislature provided for the differential tax rates in existence today. When Act 142 went into effect, properties were classified into six classes of property. The classes were: (1) residential; (2) hotel/apartment/resort; (3) commercial; (4) industrial; (5) agricultural; and (6) conservation. The differential tax rates provision was applicable to all classes except the latter two.

An intent of Act 142 was to encourage development by shifting a portion of the tax burden from developed properties to underdeveloped properties through the use of differential rates. However, an inequitable result of this shifting was that owners of smaller and older homes were subjected to a proportionately higher tax burden than owners of larger and newer homes. Therefore, to eliminate this undesirable feature, residential properties were separated into two groups: improved residential and unimproved residential. With this change, which took effect in 1970, land and buildings in the improved residential class were taxed at the same rate. However, unimproved residential properties still remained subject to differential rates along with hotel/apartment/resort, commercial and industrial properties.

This bill proposes to repeal the graded tax feature from the real property tax law. All land and improvements would then be subject to a single tax rate.

Your Committee agrees that this bill should eliminate undesirable aspects of the differential tax rate law such as:

1. Inequality among taxpayers in the same class resulting from the shifting of tax burden only within each class of land.

2. A complicated tax rate formula that the typical taxpayer finds difficult to understand. Taxpayers are also confused by the fact that the differential rates change even though the county does not change the basic rate.

3. Disregard of "open space" and "green space" concepts embedded in sound urban planning and zoning codes. Rather than applying pressure for maximum development, property owners should be encouraged to incorporate open spaces and green spaces with good designs and arrangements and they should not be penalized with higher tax rates for doing so.

4. Inequity among industries. Since land is subject to a higher tax rate, business activities which do not require intensive development of their lands (e.g. lumberyards, trucking companies, parking lots) are unnecessarily penalized.

5. Owners of vacant land paying taxes at a higher rate but not requiring as many of the services received by the other property owners.

Your Committee finds that repeal of the graded tax rate plan with the concomitant increase in the building tax factor from 70 per cent to 100 per cent at the same time will result in an inappropriate first year change in tax burden. Your Committee has therefore amended section 9 of the bill to provide that the repeal of the graded tax rates take effect on January 1, 1980 and that the building tax factor will be increased from 70 to 80 per cent on January 1, 1978 and to 90 per cent on January 1, 1979. Such an increase will phase in the higher tax burden to be imposed on improved real property in high density areas of the State upon the repeal of the graded tax plan.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 231, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 231, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hara.
Senator Hulten did not concur.

SCRep. 755 Ways and Means on H.B. No. 325

The purpose of this bill is to adopt the provisions of Public Law 94-455, the Tax Reform Act of 1976, and other federal amendments of the Internal Revenue Code in order to bring the state income tax law into closer conformance with the federal law.

Your Committee finds that the Tax Reform Act of 1976 has been compared in importance to the law adopting the first federal income tax law. The 1976 Act performed an extensive revision to many parts of the federal income tax laws, terminated numerous tax shelters, and closed many loopholes. In other instances particularly for those of the lower- and middle-income brackets the 1976 Act helped them to claim appropriate deductions.

Your Committee heard testimony on S.B. No. 453, the Senate version of this bill from the Hawaii Tax Foundation, members of the private sector, and the Department of Taxation in favor of the bill. Your Committee finds that this bill is the same as the amended version of S.B. No. 453 passed by your Committee and that this bill should be enacted. Your Committee notes with pleasure the assistance received from the Department of Taxation, the Office of the Legislative Reference Bureau, the Hawaii Tax Foundation, and members of the private sector in drafting and refining this bill. Your Committee finds that this method of drafting bills in this area of the statutes should be used more often. Since the Office of the Legislative Reference Bureau is monitoring federal amendments to the federal Internal Revenue Code for this Committee and for the House Committee on Finance, the Department of Taxation should in the future contact the bureau concerning such amendments, particularly since your Committee realizes that many of these amendments are passed by Congress late in the year after the deadline for submitting bills for approval in the executive branch. Such cooperation will in the future assure that the legislature will be able to give timely consideration to changes made in the income tax laws and that the two to three-year time lag in presenting changes to the legislature will be a thing of the past.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 325, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar

for Third Reading.

Signed by all members of the Committee except Senator Hara.

SCRep. 756 Transportation on H.B. No. 264

The purpose of this Act is to amend and clarify the existing statutes regarding the maintenance of sidewalks by homeowners.

Your Committee has amended this bill through minor word changes which clarify that maintenance of abutting sidewalks shall not be required if there is no reasonable access to them.

Other technical amendments have been made.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 264, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 264, H.D. 1, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 757 Transportation on H.B. No. 998

The purpose of this bill is to provide definition of bikeway facilities and to clarify certain laws regarding their use.

Your Committee has amended this bill by deleting Section 291C-145(d), page 7 which requires pedestrians to yield the right of way to bicycle riders when using a bicycle lane or path. Your Committee finds that the courtesy between bikers and pedestrians is currently adequate in questions of right of way and has determined that this provision is unnecessary.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 998, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 998, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 758 Housing and Hawaiian Homes on H.B. No. 672

The purposes of this bill are (1) to change requirements applying to members of the Hawaiian homes commission; (2) to permit the department of Hawaiian home lands to hire contract staff; (3) to broaden requirements for personal bonding of commissioners.

Your Committee has heard and considered testimony on this bill and its proposed actions. The actions enabled by the bill have been retained, and your Committee has made several amendments which promise to better effectuate the purposes of the bill.

Your Committee notes that as of October 30, 1975, there were 319 Hawaiian home lands lessees residing on the island of Molokai, and another 228 were on the waiting list. Molokai lessees total about one-seventh of all lessees. Your Committee strongly believes that homesteaders and lessees of Molokai are entitled to statutory representation on the Hawaiian homes commission. Therefore, this bill as amended provides that at least one commissioner be a resident of that island. This bill has been amended to require expansion of the commission from 7 to 9 members, to enable Molokai to be represented without limiting the representation of other islands and counties of the State. It is the intent and hope of your Committee that expansion of the Hawaiian homes commission will encourage even broader representation of the interests of homesteaders, eligible lessees, and the community.

The department has diverse responsibilities in agriculture, community development, education, and housing. Your Committee is aware that this variety of functions mandates the department to obtain the services of qualified specialists to serve occasionally or for limited periods of time. Your Committee feels that civil service hiring may not be able to meet these particular personnel needs. Therefore, this bill has been amended to give the department greater flexibility in retaining staff. Under its provisions, the department will be able to obtain services through intergovernmental personnel sharing arrangements, or from qualified persons in state departments and agencies. Your Committee strongly supports such actions, to more efficiently use the talents of public employees and to encourage greater cooperation between agencies carrying out related functions. Furthermore,

the department would be given the power to retain staff on a contractual basis. Your Committee has amended contractual hiring powers to allow greater fiscal accountability.

Provisions requiring the bonding of each member of the Hawaiian homes commission have been retained. A number of style changes have also been made.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purposes of H.B. No. 672, as amended herein, and recommends that it pass Second Reading as H.B. No. 672, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 759 Housing and Hawaiian Homes on H.B. No. 1144

The purpose of this bill is to require the counties to hold a public hearing and to receive the approval of the respective councils prior to the designation of any lands for both low-income and experimental and demonstration county housing projects. In this manner, both the private sector and the respective county councils would be allowed to have input into the administrative designation of areas for housing projects.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 1144, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 760 Ways and Means on H.B. No. 137

This bill amends Act 151, Session Laws of Hawaii 1975, which established the state program for the unemployed (SPU), by extending the program through fiscal year 1977-78. It also expands the SPU by specifying that the department of labor and industrial relations may subsidize forms of job training under part III, state assistance for certain employment, and establish job training in public service employment. The "economically disadvantaged" category under part III is eliminated.

Act 151, Session Laws of Hawaii 1975, established the state program for the unemployed (SPU) which was designed as a one-year program to alleviate the effects of the State's high unemployment rate through public service jobs and other employment programs. In 1976, the legislature extended and funded SPU for an additional year through Act 134.

Your Committee finds that unemployment in the State is still at a very high level, and believes that the State program for the unemployed must be continued as one effort to alleviate the problem of unemployment.

Your Committee is concerned that, although SPU has been successful in providing temporary, immediate employment to Hawaii's jobless, it is but an artificial stimulus in alleviating the problem of unemployment. Efforts need to be directed to the areas of encouraging and stimulating private industry to create jobs of a permanent nature. Your Committee realizes that many of the unemployed should be counseled as to the areas in which employment opportunities exist, and subsequently, be trained or retrained so as to be employable in these areas. This bill therefore authorizes the department of labor and industrial relations to provide job training in public service employment, and to subsidize job training in the private sector.

The deletion of references to "heads of household" and replacing them with the word "individuals", so as to eliminate the inherent sex discrimination found in prioritization of referrals to the SCET program will make it possible to utilize federal funds. A new section has also been added, granting civil service exemption to the temporary administrative staff of SPU which implies the nature of the program as temporary.

Your Committee has taken into account the instability and unpredictability of economic conditions of our State. Your Committee believes that there is a need to extend the State program for the unemployed for one more year. Should conditions next year justify further extension of this program, the legislature could once again consider to do so. Your Committee has reduced the appropriation of \$16 million to \$12 million for the state comprehensive employment and training (SCET) program. With this amount, the program will be able to continue at its present level. In addition \$1,000,000 has been appropriated to carry out the state assistance for certain employment program (Part III) and the state loans for certain employment program (Part IV). For more efficient accounting practices, your Committee has chosen to lapse prior appropriations as of June 30, 1977 under Act 151, Session Laws of Hawaii 1975, and Act 134, Session Laws of Hawaii 1976, and reappropriate the required amounts for purposes of this Act.

Although this program is of a temporary nature, your Committee directs the department of labor and industrial relations to propose permanent amendments to the Hawaii Revised Statutes to the 1978 legislature to alleviate the need for yearly amendments to Act 151 of 1976 which is a cumbersome procedure.

Your Committee has made technical amendments which do not affect the substance of this bill and changed the last two pages to reflect the amendments made by your Committee on Human Resources which were released uncorrected.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 137, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 137, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 761 Ways and Means on H.B. No. 180

The purpose of this bill is to amend section 155-8, Hawaii Revised Statutes, to allow the department of agriculture flexibility in setting interest rates for all direct farm loans by pegging interest rates to going prime rates.

Your Committee finds that the ceiling of six per cent charged by the State has remained unchanged since 1968. Since the latter 1960's, the prime rate has generally fluctuated well above six per cent with wide gaps between the State's rate and private lenders' rates. The wide difference in rates placed heavy stress on state funds, especially during periods of "tight money".

Discrepancy of rates places private lenders in an untenable position. Although the applicant may qualify for a loan through a private lender, in order to retain the goodwill of the client, banks are often compelled to assist their client by rejecting the loan. For example, when the prime rate is at 9 per cent, the banks rate of 11-12 per cent does not compare favorably with the State's ceiling of 6 per cent. At a prime rate of 9 per cent for bank participation loans, a borrower, through the Farm Loan Program, may save up to 5 per cent on interest charges.

Your Committee finds that private lenders' share on participation loans is now pegged at 2 per cent above the prime rate. This bill will set the maximum interest rate allowable on state funds at one per cent above the prime rate, with the board of agriculture continuing to set the rate of interest within the ceiling. Closing the gap in rates between the State and private lenders should encourage more participation loans. Other governmental lending agencies have already adjusted their interest rates upward.

The bill also provides that rates for Class D, Emergency Loans, be determined by the board of agriculture, within the statutory ceiling.

Your Committee finds that the Farm Loan Program is constantly confronted with shortage of funds. Bringing Farm Loan's interest rates more in line with those of other lenders will lessen the stress for state funds; thus, enabling more funds to be available to those farmers who cannot otherwise secure financing from other sources. Ultimately, the purpose and intent of the Farm Loan Act will be better served.

Your Committee has amended the bill as follows:

- a. By including and expanding the definition of "qualified farmer" in section 155-1, Hawaii Revised Statutes, in this bill to include agricultural corporations.
- b. By requiring the department of agriculture to make loans to independent sugar growers at a rate not to exceed 2 per cent and for which no collateral shall be required. Such loans shall be made for a period of not more than 24 months.
- c. By making an appropriation of \$1,500,000 for the loans to independent sugar growers.
- d. By renumbering the sections in the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 180, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 180, S.D. 1.

Signed by all members of the Committee.

SCRep. 762 Ways and Means on H.B. No. 5

The purpose of this bill is to provide appropriations for collective bargaining cost items negotiated with the exclusive bargaining representatives of the respective units, as well as appropriations for salary increases and other adjustments for employees excluded from collective bargaining.

Your Committee finds that the only collective bargaining agreement currently before the Legislature is for unit 1, blue collar non-supervisory employees, for the 1976-77 fiscal year. Consequently, we have amended this bill by deleting the provisions for other possible agreements as being superfluous.

As amended, this bill is identical to S.B. No. 794 which your Committee reported out earlier this session.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 5, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 5, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 763 Ways and Means on H.B. No. 28

The purpose of this bill is to provide for:

1. The time of holding a constitutional convention;
2. The districts and the number of convention delegates to be elected from such districts;
3. The place at which the convention will meet;
4. The powers of the convention;
5. The immunities of the convention delegates;
6. The salaries and allowances for the delegates;
7. The staffing of the convention;
8. The moneys necessary to hold the elections for convention delegates, for any preparation for the convention, and for staffing and other expenses of the convention;
and
9. Any other provisions necessary to have a constitutional convention.

Your Committee has amended the bill to provide that the number of delegates shall be 102 elected from the existing representative districts in a number equal to twice the number of representatives presently elected from each such district. Your Committee finds that an election from such districts will be easily performed and understood by the electorate. Your Committee has also deleted the provision that the legislature shall designate the site of the convention and left the decision to the governor. Your Committee has also reduced the total pay a delegate may receive to \$3,000 from \$5,000, appropriated \$3,000,000 for pre-session, session, and post-session expenses of the convention, reduced the per diem to \$20 a day for delegates from the outer island, and eliminated per diem for Oahu members as unnecessary. Finally, your Committee has clarified the appropriation to the office of the legislative reference bureau to allow expenditure of the funds for the updating of the Hawaii Constitutional Convention Studies.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 28, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 28, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 764 Economic Development on H.B. No. 155

The purpose of this bill is to amend Chapter 225 of the Hawaii Revised Statutes to define a "functional plan" and to require functional plans to be adopted by the legislature by concurrent resolution.

Your Committee finds that the intent of the bill is to apply primarily to major functional plans to include, but not limited to, such plans as the Tourism Master Plan, Agriculture Master Plan, State Comprehensive Health Plan, Statewide Transportation Plan, State Housing Plan, Historic Preservation Plan and the State Comprehensive Outdoor Recreation Plan.

Your Committee finds that, in reviewing the bill and the committee reports prepared relating to this bill, the language under "Sec. 225- Functional plans." is unclear specifically to the fate of any such functional plan upon failure of the legislature to take action. Your Committee found itself faced with a dilemma - what exactly happens to a functional plan, if upon presentation for consideration for adoption by concurrent resolution, action is not taken by the legislature? The questions posed were, does the functional plan then not become subject to implementation by the State agency which originated the plan, and what happens then to the plan itself? Under its present wording the section in question falls short of statutory requirements which would clearly and precisely mandate what happens to such a plan. In order to remedy this problem your Committee considered rewording this section.

Your Committee has amended SECTION 2 on page 2 of Senate Draft 1 (lines 18-22) to read as follows:

"Sec. 225- Functional plans. Functional plans prepared by State agencies shall be in consonance with and further implement objective and policy statements of the State Plan and shall be submitted to the legislature for its consideration for adoption by concurrent resolution. If the legislature fails to adopt the functional plan it shall revert to the State agency of origin for revision and resubmission 20 days prior to the reconvening of the next session of the legislature."

The legislature reserves the right to review and modify the functional plan prior to adoption.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 155, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 155, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator King.

SCRep. 765 (Majority) Judiciary on H.B. No. 168

The purposes of this bill are to eliminate the gubernatorial appointment of Intake Service Center directors for the neighbor islands, thereby qualifying these positions for civil service status under Chapters 76 and 77, Hawaii Revised Statutes, and to divest the Intake Service Center of the responsibility for short-term residential detention for persons awaiting judicial disposition, thus limiting the Intake Service Center's responsibility in this area to non-custodial and program services.

Your Committee concurs with your Committee on Human Resources as expressed in Standing Committee Report No. 583, except as noted below.

Your Committee recommends that this bill be amended by providing the Director of the Oahu Intake Service Center shall be appointed by the Governor pursuant to Section 353-1.3, Hawaii Revised Statutes, without regard to Chapters 76 and 77, Hawaii Revised Statutes, and shall meet the qualifications for the position determined by the Department of Personnel Services. Since the Director of the Oahu Intake Service Center is the overall State executive director of all the Intake Service Centers, your Committee feels that he shall be given the authority to appoint the directors of the other Intake Service Centers pursuant to Chapters 76 and 77, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 168, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 168, H.D. 1, S.D. 2.

Signed by all members of the Committee. Senator Kawasaki did not concur.

SCRep. 766 Judiciary on H.B. No. 1198

The purpose of this bill is to amend the existing law by deleting the requirement that an applicant for licensure as a degree granting institution be a non-profit educational corporation. The existing law stipulates that all degree programs must be offered by schools that are incorporated as non-profit.

This bill also provides that an applicant for licensure may include an educational institution

of another state.

Your Committee concurs with the findings of your Committee on Higher Education as expressed in Standing Committee Report No. 658.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1198, H.D. 1, S.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 767 Judiciary on H.B. No. 96

The purpose of this bill is to protect Hawaii's children from all forms of child abuse by amending the child abuse law and to allocate additional resources for the purpose of child protective services.

Your Committee believes that Hawaii's child abuse law can be strengthened and clarified by expanding the definition of "child abuse" and requiring certain professionals not presently included in the law to report suspected cases of child abuse. In 1975, the Legislature amended the child abuse law to include mental injury in the definition of child abuse. However, public awareness of child abuse still remains limited to physical abuse and reporting of suspected non-physical abuse or neglect cases has been minimal. According to testimonies presented by the Department of Social Services and Housing and the Family Court, First Circuit, the term "mental injury" seems to be too limited in its application. Therefore, it has been suggested that the term "psychological abuse and neglect" be utilized since it functions as a more inclusive term than "mental injury" by covering the whole range on non-physical maltreatment. Your Committee also believes that the Director of Social Services and Housing should be authorized to further define the specific forms of child abuse and neglect as established in Section 350-1, Hawaii Revised Statutes. This would clarify the law and facilitate its implementation.

Your Committee finds that Chapter 350, Hawaii Revised Statutes, requires all coroners to report suspected instances of child abuse. However, some counties utilize the term "medical examiners" rather than "coroner" and these officials are not covered under the reporting requirements of Chapter 350. Your Committee believes that Chapter 350 should include references to medical examiners to fill this gap in Hawaii's child abuse reporting law.

Your Committee amended the bill by deleting the requirement that police officers report suspected instances of child abuse to the Department of Social Services and Housing. Your Committee feels that there should be communication and cooperation between these agencies but does not believe that it should be codified.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 96, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 96, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 768 Judiciary on H.B. No. 171

The purpose of this bill is to amend the election laws in order to achieve and maintain an efficient and effective election system.

This bill amends the Hawaii Revised Statutes as follows:

Section 11-13 is amended for clarity and consistency.

Section 11-13(8), relating to computing the term of residence because there is no durational residency requirement, is repealed.

Section 11-14 is amended to provide that copies of voter lists and tabulating cards or computer tapes may be released pursuant to county ordinance, and to provide for correlation of registration information from all counties to prevent duplicate registration and compile election reports.

Section 11-24 is amended to permit voter registration up to the first workday after the close of registration if the close of registration date falls on a weekend or holiday.

Section 11-77 is amended to delete reference to absentee precincts to conform to amendments made in Chapter 15, and to provide for observation by watchers of absentee polling place operations to conform with the intent of said Section.

Section 11-112 is amended to authorize use of a background design on the ballot, and the use of pre-punched codes and information related to districts and precincts would clearly be allowed to facilitate electronic data processing.

Section 11-113 is amended to delete the August 31st deadline for submission of the names of presidential and vice presidential candidates by the chairman of the State central committee of each qualified political party. All requirements are to be met 60 days prior to the general election, as is already provided for in said Section. Said Section is also amended to provide that the number of petition signatures required would be based on the total votes cast at the last general election rather than on the number of registered voters in the State. It is your Committee's desire that such petition contain no additional information which would be unduly burdensome on the person or groups circulating such petition.

Section 11-115 is amended to allow for a larger voting area on the ballot for the president-vice president and governor-lieutenant governor races.

Section 11-152(b) is amended to eliminate the requirement for the chairman of the precinct officials to open the ballot boxes prior to the ballots being taken to the counting center. This will allow transfer of ballot boxes with voted ballots directly from the precinct to the counting center.

Section 12-6 is amended to change the closing date for nominations from the 45th to the 60th day before the primary election.

Section 12-8 is amended to provide for evidentiary hearings in the case of objections made to nomination papers. However, the candidate would not have the right to an administrative contested case hearing as defined in Section 91-1(5).

Section 16-23 is amended to eliminate all requirements for folding the paper ballot, enabling the use of a card as well as a paper ballot.

This bill also provides for a new Section to Chapter 12 requiring all candidates to be residents of their respective districts for a period of at least 3 months prior to the filing of their nomination papers.

Your Committee recommends that this bill be amended as follows:

1. Amend Section 11-14 by amending the word "registered" to "reregistered".
2. Amend Section 11-65 to provide a specific timetable for the disqualification hearings of political parties.
3. Amend Section 11-72 to allow the chief election officer to select precinct officials from outside the representative district if there are no qualified officials readily available to serve in that representative district. Said Section is further amended to delete the requirement to draw lots when there is an excess of precinct officials desiring to serve in that precinct. The requirement to make a list of precinct officials by representative district not later than 4:30 p.m. on the tenth day prior to the election is also deleted.
4. Amend Section 12-6(4) to comply with the State Attorney General's opinion that the nomination paper for the indigent candidate cannot also be used as the petition demonstrating the seriousness of his candidacy.
5. Delete Section 5 of this bill which would make it a misdemeanor to make or permit an unauthorized use of information obtained from the general county register or registration affidavit. Your Committee feels that Chapter 19 relating to election offense should be reviewed in its entirety before any amendments be made to it.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 171, H. D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 171, H. D. 1, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 769 Judiciary on H.B. No. 259

The purpose of this bill is to amend the existing real estate licensing law to conform with the real estate trade practice of engaging licensees as independent contractors or employees, depending on the needs of the particular business.

According to testimony by the Hawaii Association of Realtors, there is a concern because

of a recent revenue ruling by the Internal Revenue Service that the traditional tests of control as defined by a 1950 case (Dimmitt-Rickhoff-Bayer v. Finnegan) used to determine the status of a licensee (i. e., independent contractor or employee) may be abandoned, and instead the State statutory language may become the determining factor.

H. B. No. 259, in its original form, deleted the use of the words "employed" and "employee" in reference to licensees on the grounds that such words could be interpreted to mean that the licensee could not be an independent contractor.

Your Committee, in keeping with the intent of providing that the broker should have the choice of treating his licensees as employees or independent contractors, has replaced the deleted words of "employed" and "employee" with "employed by or associated with" and "employee or independent contractor". This was done in order that the amendments would not be construed as a preclusion of real estate salesman's being an employee, if such should be the desire of the real estate firm or broker.

It is the opinion of your Committee that the licensee's independent contractor status will in no way relieve a firm's principal broker of the responsibility to scrutinize the professional actions of his licensees regarding real estate transactions.

In considering testimony by the Real Estate Commission voicing its concern that the amendments to this statute should not disturb the relationship between the broker and his licensee, and that the broker should continue to have the responsibility to scrutinize the professional actions of his or her associates in real estate transactions, the language of the new Section titled "Employer-employee relationship" is strengthened to provide that said Commission shall have all power necessary to regulate the relationships, duties and liabilities among real estate brokers and real estate salesmen in order to protect the public.

Your Committee recommends that this bill be amended by providing in the definitions Section of the statute relating to "Real estate salesman" as follows: "Every real estate salesman must be under the direction of a broker for all real estate transactions."

Your Committee further recommends that a new Section be added relating to the real estate recovery fund. The real estate recovery fund has been in existence since 1968. The maximum liability for any one real estate licensee has been \$20,000 since that date. Your Committee feels that an increase to \$40,000 is in keeping with inflationary trends in the cost of real property.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 259, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 770 Judiciary on H.B. No. 678

The purpose of this bill is to limit the class of people entitled to recovery from the contractors recovery fund to owners or lessees of real property who have contracted with a duly licensed contractor for the construction of improvements or alterations to their own real property and to increase the recovery fee assessment of contractors from \$50 to \$200.

Your Committee, if the legislature has not previously done so, wishes to make it patently and manifestly clear that the original intent of the contractors recovery fund, was to protect consumers and consumers only. The only instances where the legislature intended a person other than a consumer to recover from the fund was where the consumer might be directly affected such as in the case where a subcontractor obtains a mechanics lien after the consumer has paid the contractor for such services.

Your Committee has been informed that payment has been made from the fund to persons other than consumers. Your Committee directs the contractors licensing board's attention to the original intent of the legislature when paying claims out of the contractors recovery fund.

In 1976 the legislature amended the law to allow any person aggrieved by an act, representation, transaction, or conduct of a duly licensed contractor to recover court costs and fees as set by law and reasonable attorney's fees as determined by the court from the contractors recovery fund. Your Committee wishes to emphasize that the maximum amount to be recovered for actual damages sustained from the contractors recovery fund shall be \$10,000, which shall include court costs and fees and attorney's fees.

Your Committee amended the bill by modifying the definitions of "person injured" to make

it clear that only owners or lessees of private residences, including condominium or cooperative units are protected.

In addition, the law which created the contractors recovery fund in 1973 required licensees who renewed their licenses in 1974, and each new licensee after that date, to pay a \$50 assessment. Reassessment was to be made on the annual license renewal date, if the recovery fund falls below \$150,000 as of December 31 of any given year.

In 1975, the law concerning license renewal was changed to provide for biennial renewal, thus postponing any reassessment collection for at least a year in the event the fund falls below \$150,000.

At present, the contractors recovery fund has a balance of \$104,150.09. According to law, no reassessment may be collected until April, 1978, the next license renewal date. At that time, the fund may be depleted.

The House Committee on Consumer Protection and Commerce increased the assessment from \$50 to \$200 since the assessment is biennial and no longer annual. However, your Committee amended the bill by providing that a new licensee must pay \$150 to the fund and that a licensee renewing his license must pay an amount not exceeding \$150. Your Committee feels that this amount should be sufficient.

Your Committee further amended the bill as follows:

1. Adding a new Section which has the effect of decreasing the period of time allowed for license restoration from one year to sixty days. Presently, the law allows a contractor one year from the date of license renewal to pay his fees without suffering any legal disability.

According to the testimony by the Department of Regulatory Agencies, many contractors continue to contract after their license has lapsed, often not completing their projects, without ever intending to pay their fees before the expiration of the one year "grace" period. After expiration, with the license cancelled as a matter of law, the Department is left without jurisdiction to proceed to a disciplinary hearing. By limiting the period to sixty days, the Department feels that the potential for consumer fraud will be reduced in this area.

2. Adding a new Section which has the effect of disallowing claims against the contractors recovery fund, if the homeowner's injury was caused by a contractor whose license was inactive at the time of the alleged wrongdoing. Since contractors with an inactive license are prohibited from engaging in the contracting business during the period of inactivity and do not contribute to the recovery fund, the Department of Regulatory Agencies feels that the recovery fund should not be liable for payment of claims, as in cases against unlicensed contractors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 678, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 678, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 771 Judiciary on H.B. No. 727

The purpose of this bill is to create a physician and surgeon "cooperative" that is specifically excluded from Chapter 431, Hawaii Insurance Law. The cooperative would be an organization owned and governed by member physicians and surgeons who enter into a trust agreement to protect each other by interindemnity. It is anticipated that the cooperative could stabilize the cost of medical malpractice insurance.

Under the cooperative, a physician or surgeon would initially contribute a lump sum of \$20,000 to become a member. The contribution held in trust would be administered by a board of trustees as custodian. Any medical malpractice judgments, settlements and administrative costs would be paid out of the earnings of the contribution. When the earnings are insufficient to cover judgments, settlements and administrative costs, each member would be subject to assessment.

Your Committee has amended this bill by expanding the definition of "physician" or "surgeon" to include any professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under Chapter 453, Hawaii Revised Statutes; or any hospital owned and operated by any person licensed under said Chapter 453, or any professional corporation, partnership, or other entity whose stockholders or partners are comprised solely of persons licensed under said Chapter

453. This will allow these legal entities the opportunity for membership in the cooperative and trust agreement and would eliminate the need for them to obtain separate insurance coverage.

Your Committee has restored the initial trust corpus from \$7 million to \$5 million. Since the trust corpus for the patients' compensation fund is \$5 million, your Committee feels that a comparable amount in the cooperative would be adequate. In addition, a lower trust corpus will allow the cooperative to begin operation with 250 members.

Your Committee has amended Section 4 of this bill to allow this Act to take effect upon its approval. Your Committee has determined that the successful operation of a cooperative would not be contingent on repeal of mandatory participation in the patients' compensation fund.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 727, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 727, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 772 Judiciary on H.B. No. 805

The purpose of this bill is to amend the Uniform Parentage Act by expressly providing that trials of civil actions under the chapter shall be by the court without a jury. An additional purpose of the bill is to provide for repeal of the section dealing with the right to counsel and for free transcripts on appeal.

Your Committee amended the bill by specifically providing that the trial shall be by the court without a jury before a circuit family judge.

Your Committee further amended this bill by deleting Section 3 of the bill which would have amended Section 584-9, Hawaii Revised Statutes by providing that the county attorney or corporation counsel would represent the person bringing an action pursuant to Section 584-6, Hawaii Revised Statutes, to determine the father-child relationship. The present statute provides for representation of the mother, but does not provide for representation of an alleging father who wants to have the father-child relationship determined. Your Committee received testimony from the Department of Corporation Counsel, that they would face a number of problems if said Section 584-9 were amended as stated in H. B. No. 805, H. D. 2, including a possible conflict of interest problem.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 805, H. D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H. B. No. 805, H. D. 2, S. D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 773 Judiciary on H.B. No. 1143

The purpose of this bill is to amend the existing law by removing the requirement in a public contract that the bond amount shall be equal to fifty per cent of the cost of the work as previously estimated by the State or county if such estimated cost is higher than the contract price. The bond shall be in an amount equal to fifty per cent of the contract price, including amounts estimated to be required for extra work.

This bill also provides that if in the case of a price-term, open-end or requirements contract under which the total amount to be paid to the contractor cannot be accurately estimated at the time the contract is to be awarded, the amount shall be as designated in the bid documents.

Your Committee heard testimony from various governmental agencies supporting this bill. The use of the engineer's estimate is not necessary and is often unfair to the contractor. A bidder knows what bid price he will offer; therefore, he can compute his bond premium cost which he adds to his bid. The engineer's estimate is generally not known to bidders until after bid opening. To require the successful bidder to incur higher bond premium for a bond coverage larger than what he had provided for in his bid subjects him to an unexpected expense.

Your Committee recommends that this bill be amended for technical reasons without affecting any of the substantive provisions therein.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1143, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1143, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 774 Judiciary on H.B. No. 1153

The purpose of this bill is to require insurers to pay interest on the proceeds of policies, annuity contracts, or endowment contracts when there has been a delay in payment.

Your Committee finds that it is equitable for insurers to pay interest during the delay since they have the use of the money during the delay in claim settlement. Your Committee amended the bill by providing that the rate of interest shall be the rate currently paid by the insurers on proceeds left under an interest settlement option.

In connection with a death claim, the original form of the bill required the computation of interest to begin from the date of death, and your Committee believes that this is fair. Accordingly, your Committee amended the bill to so provide.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1153, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1153, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 775 Judiciary on H.B. No. 1284

The purpose of this bill is to extend the statute of limitation from one to two years for civil or criminal actions which may be brought by the State regarding violation of Horizontal Property Regimes laws.

According to testimony by the Real Estate Commission, the Commission has encountered a statute of limitation problem with a number of complaints.

Because most complaints deal with multi-million dollar condominium projects, extensive review of documentation is required before an investigation can be completed and charges brought. Further, the Commission has found that most developers usually prefer to negotiate rather than risk criminal or civil penalties. These negotiations can be complex and time consuming, and an extension of the statutes of limitation will guard against unforeseen complications which otherwise could result in the dismissal of a legitimate case.

Your Committee recommends that this bill be amended by amending the following Sections in Chapter 514, Hawaii Revised Statutes, as follows:

1. Section 514-10. This Section allows the developer the option to assume all the actual common expenses by stating in the abstract as required by Act 239, Section 1, Session Laws of Hawaii 1976, that the apartment owner shall not be obligated to pay his respective share of the common expenses until such time the developer files an amended abstract with the commission which shall provide, that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment. The amended abstract shall be filed at least 30 days in advance with the commission with a copy of the abstract being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the developer.

2. Section 514-15. No final public report may be issued prior to completion of the construction of the project unless there is filed with the real estate commission a parking plan to include parking spaces and guest parking, if any, exclusive of assignment to individual apartments, if parking spaces are to be limited common elements.

3. Section 514-20.5. The identity of the managing agent as the developer or its affiliate shall be disclosed to the association of apartment owners no later than the first meeting of the association.

A managing agent employed or retained for a condominium project shall provide evidence of a fidelity bond in the minimum amount of \$25,000. If a project chooses not to have a managing agent, a fidelity bond shall be secured for all individuals handling the funds in the minimum amount of \$10,000.

4. Section 514-26. Exterior glass may be insured at the option of the association of

apartment owners.

5. Section 514-39. Presently, this Section states that if the final report for a project is not issued within one year from the date of issuance of the preliminary report, each purchaser is entitled to a refund of all moneys paid by him without further obligation. A copy of the final public report shall be delivered to the purchaser either personally or by registered or certified mail with return receipt requested. No cutoff date is established for the purchaser to exercise his option to a refund and as a result, a purchaser may receive a final report issued more than one year after the date of issuance of the preliminary report and later cancel the transaction. This can work a hardship on the developer as the exercise of the refund option may come many months after the final report was issued. The bill amends this Section by establishing a cutoff date of thirty days for the purchaser to exercise his option subsequent to issuance of a final report. If the purchaser fails to act within the thirty-day period, his right to refund and cancellation of obligation shall be deemed waived. Further, the waiver of rights is effective only if the purchaser is informed in writing that his rights will be waived if he fails to act within the specified period. These amendments provide further protection to the purchaser.

6. Section 514-41. This Section presently states that a developer may not enter into a binding contract for the sale of any unit in a condominium project prior to completion of construction until, among other things, the prospective purchaser receives and executes a receipt for the final report and all supplementary reports, if any, for the project. This has led to problems in cases where a purchaser receives the required reports but refuses or neglects to execute the receipt for the reports. Technically, in such cases, the contract which has been executed by the prospective purchaser is not binding until the receipt is executed and the developer cannot be sure whether the prospective purchaser will go through with the purchase. The proposed amendment resolves the problem by providing that upon delivery of the required reports to the prospective purchaser, the purchaser will have thirty days within which to execute the receipt, after which period he will be deemed to have executed the same. In order to protect the prospective purchaser, the amendment requires that the reports be delivered either personally or by registered or certified mail with return receipt requested and that the purchaser be informed in writing of the time within which he must act.

7. Section 514-9. This amendment is to remove the confusion resulting from the recent court decisions in E.E. Black, Ltd., Lienor v. Holiday Plantation, et al., owners, M.L. Nos. 3091, 3109, and 3131 (1975 Hawaii Circuit Court of the First Circuit), in which the court contrary to legislative intent read into Section 514-9, Hawaii Revised Statutes, a prohibition against attachment of a lien to a horizontal property regime after the filing of the declaration.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1284, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1284, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 776 Judiciary on H.B. No. 1698

The purpose of this bill is to amend Chapter 294, Hawaii Revised Statutes, relating to Hawaii's No-Fault automobile insurance law.

Said Chapter 294 creates a system of reparations for accidental harm and loss arising from motor vehicle accidents, which compensates these damages without regard to fault, and limits tort liability for these accidents.

While the basic intent and purpose of said Chapter 294 remains valid, there is need to make further amendments and modifications in order to refine the motor vehicle reparations system.

These proposals have been submitted by the Motor Vehicle Insurance Division of the Department of Regulatory Agencies, based on their experiences during the implementation and transitional operation period. Input was also requested and obtained from representatives of public interest groups, industry and other governmental agencies. The proposed amendments range from housekeeping nature to those which could have a direct impact on improved benefits to the motor vehicle insurance consumers.

Upon consideration of this bill, your Committee has amended the bill by deleting several of the proposed changes and making other technical and substantive changes. This bill, as amended, makes the following changes to Chapter 294:

1. Section 294-2(10)(D). The definition of "No-fault benefits" is amended to clearly state that substitution services which may be provided through no-fault benefits do not include those to maintain or to generate income but to benefit the insured and his family.

This Section is also amended to eliminate the definition of "No-fault benefits" as amended by Act 80, Session Laws of Hawaii, 1976, which relates to no-fault benefits provided to the public assistance recipients. It is the intent of your Committee that these insurance coverages be paid for by the public assistance recipients, unless the State is required to provide these no-fault benefits.

2. Section 294-5. The title is amended to read, "Duplication of benefits not permitted." This amendment is to clarify the primacy of workers' compensation and other laws and to require the insured to apply for these primary benefits when the automobile injury was work related.

Additional language has been added to Section 294-5(b) to provide an adequate safeguard for the consumer if this claim is contested. In that case, the insurer would immediately step in and pay all no-fault benefits and if the claim was later found compensable under workers' compensation, he would be entitled to receive back those primary benefits paid.

3. Section 294-6(b). This Section is amended to clarify and to make consistent for all persons sustaining accidental harm from motor vehicle accidents to meet all of the tort threshold requirements before that person can exercise his right to receive benefits under his uninsured motorist bodily injury coverage.

4. Section 294-7. This Section is amended to clearly state the original intent of the Legislature when it passed the Hawaii No-Fault Law. Whenever any person effects a tort liability recovery for accidental harm, whether by suit or settlement, the no-fault insurer is entitled to subrogate fifty per cent of the no-fault benefits, up to the maximum limit specified by Section 294-3(c). That limit is in the amount of \$15,000. Therefore, if the no-fault insurer paid no-fault benefits in excess of this \$15,000 amount; the proper application of the present law as specified in Sections 294-2(10), 294-3, 294-4, and 294-10, Hawaii Revised Statutes, leaves no room for interpretation; but that the maximum amount that the no-fault insurer may subrogate is in the amount of fifty per cent of \$15,000. The no-fault insurer cannot subrogate against the optional additional coverages, which by rules and regulations of the Commissioner of Motor Vehicle Insurance each insurer is required to offer each applicant.

The Commissioner of the Motor Vehicle Insurance Division has indicated a growing trend among insurers of abusing the present subrogation rights. Additionally, instances have been uncovered where subjective application of the present provisions may be inconsistent and to the detriment of certain consumers.

This amendment would further clarify the intent of the Legislature that a person sustaining accidental harm should be provided equitable and adequate reparation.

5. Section 294-11(a)(3). This Subsection is amended by adding a clarification to permit the provision of aggregate limits with respect to the optional additional tort liability coverages. Both the statute and the rules are silent as to provision of an aggregate limit per occurrence on the optional limits above \$25,000. All other lines of liability insurance is written with a maximum limit per accident (aggregate limit), as was automobile prior to no-fault. This bill would permit the use of an aggregate limit but even if the aggregate limit is reached, there would still be \$25,000 per person available regardless of the number of persons injured.

6. Section 294-13(j). This Subsection is amended to extend the present open-competitive rating system, which expires August 31, 1978, for an additional five years. In his Annual Report to the Legislature, the Commissioner of Motor Vehicle Insurance has indicated that the present open-competitive rating system is working to the benefit of the consumers. This appears to be the most workable and effective approach to automobile insurance rate regulation for Hawaii. As such, your Committee is in accord that the present rating system be retained, and that an extension of this system be allowed to give the Commissioner of Motor Vehicle Insurance more time to carefully analyze and evaluate the merits of this concept of open-competition.

7. Section 294-22 and Section 294-24. Both of these Sections are amended to eliminate the concept of "free" no-fault automobile insurance coverage for public assistance recipients.

When the present no-fault insurance was enacted, the Legislature believed that premiums paid into the Hawaii Joint Underwriters Plan, hereinafter referred to as "HJUP", by commercial vehicles would adequately fund the cost of the "free" insurance to the public assistance

recipients. However, because of the availability of lower rates for commercial vehicles in the open, competitive insurance market, only eight per cent of the total vehicles in the HJUP are commercial vehicles as opposed to 77 per cent in the HJUP belonging to the public assistance recipients. The law also specifies that the automobile insurance companies would be assessed to finance the HJUP if funds were not sufficient.

The Commissioner of the Motor Vehicle Insurance in detailing cost of providing free insurance to public assistance recipients under the HJUP stated in his Annual Report to the Legislature that, the amount of premiums not realized from public assistance insureds totals \$3,187,809 as of June 30, 1976. All of the premiums not realized from public assistance insureds are required to maintain liquidity of the HJUP, and that as long as such premiums are not realized, insurers will continue to be assessed.

Your Committee has noted that Hawaii is presently the only State that provides free motor vehicle insurance coverage to public assistance recipients. While the overall HJUP program is operating efficiently, it is anticipated that the financial situation of the HJUP will not be resolved as long as the free insurance concept is retained and the population of the HJUP is not significantly changed. Under the present program, the insured motoring public would eventually assume, through rate increases, the cost of insurance to public assistance recipients.

Your Committee strongly believes that the problem of providing no-fault insurance to public assistance recipients should be thoroughly reviewed, and that further analysis of the House Committees on Consumer Protection and Commerce and Public Assistance and Human Services' findings in Standing Committee Report No. 708 on H.B. No. 1698, H.D. 1 be undertaken during this legislative session.

8. Section 294-23(b). This Section is amended to preclude not only the owner or operator but also any passenger who has reason to believe that the vehicle was an uninsured motor vehicle from collecting no-fault benefits from the HJUP assigned claims plan.

9. Section 294-30. This Section is amended to facilitate better claims service relating to attorney's fee which is treated separately from other no-fault benefits and that this attorney's fee be paid directly by the insurer to the attorney.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1698, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1698, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 777 Housing and Hawaiian Homes on H.B. No. 978

The purpose of this bill is to (1) require commercial and residential apartments to pay their fair share of the utility costs, (2) require that the developer include the designation of parking stalls in the declaration and (3) require a method of disclosure for minutes of board and association meetings.

Presently, utilities costs such as water, electricity, and gas are shared by owners of commercial apartments and owners of residential apartments in mixed used projects. Obviously, a commercial apartment, especially restaurants, bars, and laundries, will use utilities on a larger scale than a residential apartment. If the charges are not apportioned accurately among the owners, the residential owner may wind up subsidizing the commercial apartment owner who uses his unit for profit whereas the residential owner may live in his unit.

To alleviate this inequitable situation, Chapter 514, Hawaii Revised Statutes, is amended by adding a new section to require that, through metering or other device, the utility charges for commercial and residential apartment owners shall be separately determined and separately paid. This requirement shall apply only to commercial apartments whose construction begins after December 31, 1977.

Section 2 of this bill amends Section 514-11 of the Hawaii Revised Statutes to require that the declaration include a designation of the parking stall or stalls assigned to the apartment. It is the intent of your Committee that the declaration include an adequate description of the location of the parking stall or stalls so that a buyer or prospective buyer will know the location of the parking stall(s) where he will park his car.

Section 3 of the bill amends Section 514-20 of Hawaii Revised Statutes to require that the by-laws provide for a method of disclosure of the minutes of meetings of the board of directors and association of apartment owners.

Your Committee has amended section 2 of the bill to require disclosure of parking stall "if considered a limited common element" in that only stalls so designated are assigned to individual apartments. Section 3 has been amended to require that minutes shall be available for inspection by apartment owners at convenient hours at a place designated by the board in order to clarify the application of the amendment.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of H.B. No. 978, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form hereto attached as H.B. No. 978, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 778 Education on H.B. No. 78

The purpose of this Act is to provide for the establishment of a citizens advisory committee to advise the legislature on the kinds of basic skills and real-life skills that are necessary for our public school graduates to have. As the legislature studies this area and responds to departmental initiatives, it is important to receive the input of all segments of the public. Such a commission can only serve to strengthen legislative understanding of the issues involved in the establishment of minimum levels of demonstrated capacity.

Your Committee has amended this bill to expand the group to eleven members which will allow for neighbor island representation. The bill has also been amended to remove the appropriation. To whatever extent this advisory committee needs to call upon outside resources, the Legislature will provide those resources.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 78, H.D. 2, as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 78, H.D. 2, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 779 Economic Development on H.B. No. 122

The purpose of this bill is to establish a Hawaii State Coastal Zone Management program which provides for the beneficial use, protection, and development of Hawaii's coastal resources.

Your Committee has given this bill careful consideration, and has been assisted in its deliberations by the thoughtful analysis of the planning directors of the four counties, representatives of the department of planning and economic development, members of the statewide Citizens' Forum on coastal zone management, members of the various county advisory committees, and many others. In view of the complexity of issues related to Hawaii's coastal zone, your Committee has made a number of substantial amendments to the bill. Major changes including the following:

1. A definition of "coastal zone management area" has been added to section 205A-1, to include the existing area within the special management areas (SMAs) adopted by the counties which areas may be expanded by the counties to include inland boundary areas.

Your Committee understands that conflict over the proper area for coastal zone management program application continues, in that federal acceptance of our defined management area may not be satisfactory. Therefore, your Committee has added this definition to both permit flexibility in relation to subsequent federal action, as well as to maintain the vital role of the counties in land use planning and management.

Your Committee recognizes that federal funds are important to implement this Act, but the primary motivation for enactment is to have the best possible Coastal Zone Management program in the United States and one that clearly recognizes Hawaii's unique natural resource, and the geographical and political configuration of our islands.

2. The definition of "development" has been amended to conform to the definition in part 2 of this chapter.

Your Committee appreciates the statement made in the findings and purposes of this bill that the coastal zone has been over-regulated and under-managed. The purpose of the amended definition is to both conform to the coverage of development subject to special management area controls, while maintaining the coverage of coastal zone management planning to those forms of activity impacting on the coastal zone.

3. Objectives and policies of the bill have been added; sections 205A-24 and 205A-25

have been repealed; and many language, form, and substantive changes have been made.

Your Committee has inserted the coastal zone management objectives and policies created by the statewide Citizens' Forum into this bill, superseding sections 205A-24 and 205A-25. Your Committee feels that these objectives and policies best define the proper activity of the program.

4. Sections 205A-3 and 205A-4 have been amended, to delete the responsibility of the department of planning and economic development to establish binding management guidelines by rule, and to add the department's responsibility to develop guidelines, in consultation with the counties and the general public, and to propose guidelines for enactment by the 1978 legislature.

Your Committee understands the importance of, and need for, more specific management guidelines for the coastal zone. At the same time, these guidelines constitute elaboration of policy, and should be acted upon by the legislature, the State's highest policymaking body. Accordingly, your Committee has amended the bill to provide that the department of planning and economic development in formulating draft guidelines for legislative enactment will consult widely and thoughtfully with the counties, persons affected by the guidelines, and the public.

5. Section 205A-5 has been amended to clarify that policies, objectives, and guidelines of the bill shall be binding on state and county agencies within the coastal zone management area.

Your Committee intends that this amendment will clarify and underline the need for every state and county agency to bring its policies, rules, and regulations into conformity with the bill's objectives and policies, and the guidelines to be established by the legislature.

6. Causes of legal actions under this bill have been limited to actions against agencies of government for alleged failure to comply with this chapter.

Your Committee feels that judicial review should be available to any person, but that legal actions should be against governmental agencies, rather than individuals, for not complying with the objectives, policies, and guidelines since the agency is charged with the responsibilities of carrying out the purposes of this chapter.

7. The department of planning and economic development's role in setting the physical boundaries of county special management areas has been clarified, with department concurrence in map changes deleted. As amended the bill provides that the counties shall continue to determine the boundaries and the department shall review the boundaries for compliance with policies, objectives, and guidelines. Furthermore, the bill has been amended to provide that after the counties have complied with guidelines, the boundaries of the SMA shall be the boundaries of the Coastal Zone Management areas. Thus, after compliance, there shall be only one Coastal Zone Management area.

Your Committee found that, in this section of the bill as with others, it was forced to balance the need for county home rule with the need for appropriate state participation in decisions affecting its program responsibility. Your Committee has attempted to resolve this conflict by maintaining county initiative while ensuring that the department has some opportunity to pursue program coordination and compliance. It is expected that this sharing of powers can be carried out in the cooperative and responsible manner worthy of the importance of Hawaii's coastal zone for all our people.

It is the intent of your Committee that its deliberations have enabled creation of a structure which will accomplish all of these needs, and will enable Hawaii's coastal zone management program to obtain federal approval and subsequent implementation grant funds. Federal approval that would mandate erosion of county home rule and require creation of an overlapping land management jurisdiction, is simply not worth its costs. Your Committee hopes that the department will promptly submit the Hawaii coastal zone management to federal authorities for their review and approval.

8. The Committee also reviewed other Coastal Zone Management bills which included provisions that the coastal zone management plan conform to the state policy plan. Your Committee feels that the provision is redundant, and covered adequately in chapter 225, which already requires such compliance.

In conclusion, to minimize future conflicts, it is your Committee's intent that the department continue its valuable efforts to increase public participation in and discussion of Hawaii's coastal zone programs, work closely to aid the counties in carrying out the special management area regulations which form the basis of this bill's control structure, and consult

frequently with the legislature in its preparation of the 1978 draft guidelines. Your Committee finds that quarterly reports on this matter would greatly assist the legislature in discharging its further responsibilities.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 122, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 122, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 780 (Majority) Ways and Means on H.B. No. 892

The purpose of this bill is to provide appropriations for the fiscal biennium July 1, 1977 to June 30, 1979.

INTRODUCTION

Your Committee's deliberations in formulating this proposed state budget was characterized by confrontations with economic uncertainties and the harsh realities of limited financial resources.

Hawaii's economy remains unsettled. The sugar industry --one of our major economic props--is being severely affected by low prices. Industry receipts have dropped from a peak of \$685.2 million in 1974 to an estimated \$250 million in 1976. There have, however, been some recent hopeful signs that the plight of the domestic sugar industry has been recognized at the federal level and that relief will be forthcoming.

Unemployment in Hawaii continues to persist at a high level with the construction industry being particularly hard hit. Many building trades workers are "on the bench" and their employers, contractors and sub-contractors, are struggling for economic survival.

As a consequence of the slowdown of the Hawaii economy, the State's tax revenues have also fallen off. Revenues are coming in at lower than previously anticipated levels. One year ago, it was expected that 1976-77 tax revenues would be 10.2% over the 1975-76 level, or approximately \$663 million collected during the current fiscal year. That projection has been revised and adjusted downwards by the Governor's Revenue Estimating Committee to 7% or \$645.3 million. At this point in time, it is problematic as to whether the \$645.3 million will be attained by the end of June this year. Projected revenue trends over the coming biennium are subject to possible downwards adjustments.

Given those circumstances, your Committee has had to scrutinize the Executive's proposed 1977-79 budget closely. Generally, we have found that the Executive budget provides for the continuation of the current level of services by State agencies with no significant expansions.

In cooperation with the subject matter committees, we have been able to identify areas where additional reductions could be effectuated without critically impairing State services. With the consequent cost savings along with other additional resources we have been able to identify, we have--again in cooperation with the subject matter committees--refocused the 1977-79 fiscal and budgetary priorities of the State. These are reflected in this bill and in various other bills reported out by your Committee.

In this process, we should note that we have been continually mindful the need to exercise fiscal responsibility to control State spending and maintain expenditures within expected revenues. As noted previously in Standing Committee Report No. 561, your Committee is extremely concerned with the need to maintain the State's fiscal integrity and stability. We have attempted to address this concern while concomitantly providing the necessary funds to meet the State's operating needs and priorities.

JOBS AND THE ECONOMY

Your Committee finds that the overriding concern of the people of Hawaii centers around the need to stimulate and strengthen the State's economy and to create jobs for our people. Accordingly, we have set this as our top priority.

Through separate measures, your Committee has provided for the continuation of the State Comprehensive Employment and Training (SCET) program through fiscal year 1977-78. This will provide for over 1500 job slots funded by a carryover of unexpended appropriations of \$8.1 million plus an additional \$4 million in new appropriations.

While we recognize the valuable work being performed by the SCET enrollees and the desirability of continuing SCET for an additional year, we believe the time has come for

a reevaluation of the program. SCET was originally intended by Act 151 of the 1975 Legislature to be a short-time, stop-gap program to provide immediate employment opportunities for unemployed persons until such time as the State's economy improves so that they are able to find permanent jobs in the private sector. This situation has not developed and SCET is now moving into its third year of operations, having attained a somewhat quasi-ongoing status by being extended on a year-by-year basis. This was not the intent of the 1975 Legislature. We note that in Standing Committee Report No. 518, we requested the Department of Labor and Industrial Relations to consider proposing permanent amendments to the Hawaii Revised Statute to alleviate the need for yearly amendments to Act 151. Additionally, we request the Department to consider possible alternative job-creating programs which may be instituted in addition to or in lieu of SCET. A report of the Department's findings and recommendations should be submitted prior to the convening of the 1978 legislative session.

This request is prompted by your Committee's recognition of the fact that in the long-run, the majority of the jobs that must be created must be in the private sector. Government, in this instance State government, can directly provide only a limited number of jobs and short-run programs such as SCET. What is necessary is an effort on the part of the State to stimulate the private sector. Immediate jobs and economic activity must be stimulated to address our short-term problems. Assistance and encouragement to potential new industries and existing industries which have not been fully developed are also necessary. This we have attempted to accomplish through this budget bill and various other bills.

BUDGET HIGHLIGHTS

The major highlights of this budget bill, together with our associated expressions of legislative intent and concern, are as follows:

ECONOMIC DEVELOPMENT

Diversified Agriculture. The diversification of agriculture has long been a major goal of the State of Hawaii. Not only would it provide for greater self-sufficiency for the State, but it would also develop the export potential of the islands. In terms of diversified agriculture, your Committee addressed its primary attention to the needs of the College of Tropical Agriculture. The College of Tropical Agriculture has the important role of providing graduates for the agricultural production and marketing systems of the State. But to be most effective in coming years, graduates must be trained to meet the challenge of change from traditional patterns of Hawaii agriculture to one more appropriate to the complex cultural and economic mix now developing.

Your Committee finds that while there is an assumed policy of "selected excellence" at the University of Hawaii, typically budget cuts and program planning are made without regard to this policy. In fact, across the board cuts do not permit "selected excellence" to operate at all. What should be taking place is to trim budgets in those programs with less priority, and, possibly phase them out. Those funds could then be used to bolster programs earmarked for continued excellence. This is our understanding of "selected excellence".

In its effort to maintain levels of excellence at the College of Tropical Agriculture additional funding for facilities and research at the College were recommended, such as the Hawaii Agricultural Experiment Station (HAES) continuing research support and expenses, Cooperative Extension Services (CES) current expenses, diagnostic services, information and publications and the various branch offices and 4-H programs, and the various research projects, such as banana, papaya pest control, animal and feed forage, dairy cattle reproduction and vegetable research.

As these recommended budgetary proposals indicate for once the Legislature has a willingness to support the notion of "selected excellence". This policy has also most recently received the support of the Governor in his State of the State Address to the Legislature and his clear mandate that diversified agriculture shall be ardently pursued in Hawaii. Thus, if the Governor is serious of supporting diversified agriculture, these funds should be among the first released in July 1977.

Sugar. Your Committee reviewed a number of measures aimed at relieving the current plight of the sugar industry in Hawaii. The problems of the sugar industry are well known and at the present time sugar growers in Hawaii are receiving as low as \$205 for a ton of raw sugar which costs them up to \$260 to produce. Losses to the sugar industry could be as much as \$55 million. Hopefully the pending Federal legislation will do much to alleviate the problem on a long term basis. Immediately, however, our assistance to the Hawaii Sugar Planters' Association (HSPA) in the form of money for continued research

and loans to independent sugar growers will do much to alleviate the dire circumstances of these growers.

Department of Agriculture. Your Committee examined priorities in terms of this Department's ability to most effectively implement the stated goal of our State for diversified agriculture. The intention of the Department of Agriculture is to improve the services offered to the agricultural community through better utilization of the limited resources available to our State. Funds were appropriated to continue the various developmental aspects of agriculture and continued efforts are being made to make the best use of the strengths already existing within the Department without the need for additional expenditure.

Department of Land and Natural Resources. Your Committee finds the State is limited in its finite natural resources and has fragile natural surroundings as well. There is a need for balance and harmony between the physical welfare of the public and the conservation of our natural environment. Your Committee recognizes the importance of developing, maintaining and protecting the State's natural resources for both the present and future needs of the people of Hawaii. Funds were appropriated with it in mind to maximize the opportunities for the use of the State's resources by assisting commercial fishery enterprises to increase productivity, especially in the canning and processing operations of fishing industries. Attention was also given to the development of aquaculture products so as to enhance the quality and diversification of Hawaii's commercial fishery production. Funds were allocated for the careful planning in terms of plant habitat and utilization of non-impact areas for timber production and for the development and conveyance of water resources of the State for irrigation, residential, commercial, industrial, hydroelectric and other uses in order to provide the necessary water for all planned growth and support needs.

Within the Forestry Division of the Department of Land and Natural Resources there was found to be possible areas where an investment of sums could provide for employment opportunities. Specifically these were found in the areas of fence repair and the construction of 100 miles of new boundary fence. It would appear that projects of this nature could be implemented as soon as possible by a separate appropriation. Any expenditure would offset State funds currently being poured into welfare and unemployment compensation costs.

Department of Planning and Economic Development. Your Committee has made specific recommendations regarding the budget of the Department of Planning and Economic Development, such as the creation of an Assistant for Promotion of New Industries. The primary function of this position would be to provide technical and administrative assistance on a one-to-one basis to prospective employers or new industries in our State.

Media production was also viewed as a very strong and viable industry for Hawaii and the expenditure of funds in this area is well justified. There does not exist the need to enact new legislation in order to carry out the intent of those wishing to promote Hawaii as an area rich in scenery and talent for the media industry. What is needed in order to facilitate this potentially lucrative and successful industry in Hawaii is a streamlining of the bureaucratic process, primarily in the form of the designation of an individual within the Department whose primary responsibility it would be to act as liaison between those desiring to come to Hawaii. Most crucially, this assistance would be in the form of expediting the acquisition of the necessary permits for production projects.

Funds were also appropriated for the purposes of promoting mass meeting markets specifically for the neighboring islands. A great deal of the budget of the Department is allocated for promotion of the facilities on Oahu for mass meetings. This facility, however, generally attracts only the very large groups or associations. There was found to be a need to escalate the promotion of the neighboring island facilities in order to attract and encourage the smaller groups -- the bread and butter of the mass meeting markets -- to come to Hawaii.

Tourism. Every study available to us at this time indicates that the visitor industry is going to present, in terms of growth planning, the most important industry in Hawaii. Hawaii's traditional areas of income, namely defense spending and sugar exports, are slowing down and the sugar industry is in serious jeopardy. Diversified agriculture is developing, but is still in a very young stage. Visitor expenditures have now replaced defense spending as the largest generator of jobs and income in the State.

Since tourism is the largest contributor to the State's economy, it has by far the strongest growth potential of the major industries, and its rate of growth and location can be more easily influenced than it can with other major industries. In terms of employment impact, the visitor industry is the largest generator of civilian jobs in the State. In 1975, the 19,046 hotel jobs accounted for 5.7 percent of the total number of State civilian jobs. On the neighbor

islands, 9.8 percent of the jobs were in the hotel industry.

A major key to our State's growth is through tourism. The visitor industry has been the most dynamic sector of the State's economy. It is important to maintain a healthy visitor industry to allow needed growth in the State. Continued studies of a planned growth policy of the visitor industry is required.

TRANSPORTATION

Highway Special Fund. This fund is expected to get into a deficit position by fiscal year 1977-78 and the years to follow. This critical situation could be avoided with the passage of specific legislation making the temporary 3 1/2¢ gas tax permanent and establishing a 0.45¢ per pound disincentive tax as an additional source of revenues. Your Committee has reported out a bill to accomplish this which is now under consideration in the House of Representatives.

Concomitantly, your Committee strongly feels that the Department of Transportation should re-assess the high level of spending of their capital improvements program in light of the resultant soaring debt service costs.

Harbors and Airport Special Funds. Your Committee feels that programs and activities under the Harbor Special Fund should remain at the status quo level. After evaluating the Airport Special Fund, your Committee also feels that these programs and activities should remain status quo until the airline contracts have been negotiated.

ENVIRONMENTAL PROTECTION

Via a separate measure, your Committee has appropriated \$300,000 for an intensive program to create a litter-free environment in Hawaii.

In response to concerns from many individuals and organizations, your Committee has provided \$25,000 for the control of clidemia, a weed which is infesting many forest and pasture areas.

HEALTH

Your Committee finds that Hawaii's health care spending patterns are largely shaped by national trends, such as a medical care inflation rate of 10.2%, Congressional spending decisions which require State funds to match or continue federal programs, and the rapidly changing technology of medical care. The Social Security Administration reports that in fiscal year 1976, 139.3 billion dollars spent nationwide on health care, which represented 8.6 percent of the gross national product. In Hawaii, where State government is the largest provider of health services, the combined budgets of the Department of Health and Medical Care Payments Program of the Department of Social Services and Housing will approach \$200 million in the fiscal biennium 1977-79, or 12.5% of the proposed State general fund operating budget.

As a result of the rise in fixed costs of medical care, your Committee is faced with limited options in the provision of newly identified health services which are needed. Your Committee therefore intends to preserve the basic level of public health and medical care services now being provided by the Department of Health and to augment these services through continued financial support of community-based prevention programs in vision and hearing screening, alcohol and drug abuse, sex-abuse and subarea health planning. Your Committee also intends to provide funds for the initiation of a protection and advocacy system for the developmentally disabled, pursuant to Public Law 94-103. It is hoped that the proposed budget will balance the allocation of State resources among the health needs of groups with special problems and the general public, while maintaining the integrity of the delivery of public health and medical care services during a period of economic restraint.

SOCIAL PROBLEMS

Public Assistance. The rapid rise in the cost of public assistance has overwhelmed the State. Continued high unemployment and inflation have increased the welfare caseload by 5.8% over projections, resulting in a \$13 million estimated deficit for fiscal year 1976-77. Caseload increases however, represent only part of the overall problem. Other factors such as recent adverse court decisions, changes in legislation and the demands of an emerging welfare rights movement have all contributed towards higher costs as the trend towards greater responsibility and accountability for meeting welfare needs continues. If this trend progresses, the State will be shackled with an ever increasing cost for public welfare which is already approaching growth levels which greatly exceeds the projections of the Department of Social Services and Housing (DSSH).

In addressing this concern, your Committee recommends and has provided for the following:

1. We have passed Senate Bill 1469 to amend Section 346-53, Hawaii Revised Statutes, by having the cost of living increase in welfare standard be subject to legislative appropriation.
2. Your Committee concurs with DSSH's plans to conduct an overall long-range needs assessment analysis in order to more adequately address the welfare and other problems and the concerns of the Legislature. Funds have been provided for this purpose.
3. Strong public concern of welfare fraud cases has prompted your Committee to approve DSSH's supplemental request for additional support personnel for the detection, prevention and investigation of welfare abuse. Funds and positions have been provided for this purpose.
4. Your Committee is extremely concerned with the possible fiscal implications of current efforts in the Legislature to rescind the free no-fault automobile insurance coverage to welfare recipients. This could mean an additional \$2.8 million per year cost obligation to the State in the event the State is found legally liable to provide such coverage by the courts. This is a problem area which requires careful deliberation and consideration on the part of the Legislature.

Legal Services. Your Committee strongly supports the right of all citizens to seek and obtain legal services regardless of the ability to pay. Towards this end, funds have been provided for the continued operation of the Legal Aid Society. Additionally, your Committee has also provided for meeting the legal needs of the senior citizens by specifying two full-time attorneys for this segment of our population.

LOWER EDUCATION

The quality of public education is a major concern of your Committee. Your Committee strongly feels that the Department of Education should re-evaluate its program objectives, measures of effectiveness, and especially cost-effectiveness. Stress on the following areas of concern in ultimately improving the quality of education is essential:

1. reemphasis of the basic skills of reading, writing and arithmetic;
2. stricter educational requirements; such as competency-based requirements, vocational-technical courses and alternatives to the traditional high schools;
3. delegation of more decision-making responsibilities to the districts and schools. The budget reflects our concern for the classroom as the essential thrust of the entire educational scheme.

Regular Instruction. Your Committee is aware of the widespread interest in the school-by-school budgeting concept.

For the purpose of stimulating interest and discussion on this concept, your Committee has provided for display of the appropriations under EDN 105 (Regular Instruction) on a school-by-school basis. This was done to illustrate how funds appropriated under this program are intended to be allocated among the schools of the State.

It is your Committee's understanding that school-by-school budgeting is intended to reinforce decision-making at the school level where the basic interaction between the student and the school system takes place.

Your Committee intends to explore and discuss the school-by-school budgeting concept in conference with the House of Representatives. Through this conference process, it is hoped that all the pros and cons of the concept can be brought out in the open. This information will then enable the Legislature to make a reasoned decision on the merits or demerits of school-by-school budgeting.

Other Regular Instruction. It is in this area where we have made significant program adjustments. This has become an umbrella concept which includes within it some of the most innovating and exciting programs in our school system. As such an area, it will constantly be in a state of flux, as new programs are added, as programs become a firm part of the regular instruction program and as some are phased out because they have not worked out as well as projected.

Recently, an evaluation was conducted of the 3-on-2 program in our elementary schools.

We have retained the 482 certificated positions and 45 classified positions (educational assistants) and the personnel costs associated with those positions. We favor the proposal which would give the principal of each school, in consultation with the 3-on-2 teachers and educational assistants involved, with other faculty members, and if practicable with the school advisory council and parents, the option to continue the program, and to use those who do not remain part of the 3-on-2 program in other areas of instruction in the elementary program such as tutors, resource teachers, etc. We favor some retention based on our finding that there are a number of non-academic advantages which result from this program, the fact that the program appears to be working successfully in a number of schools, as well as our concern that the best of the 3-on-2 classrooms be retained.

Your Committee has cut back the level of financing of the Driver Education program for both years of the biennium. We feel that behind-the-wheel instruction is an activity better carried on by private enterprise and that it need not be part of the school curriculum alternatives. The Department should shift its role to that of certifying the private driver education schools and the driving instructors. The schools still have a role to play in highway and vehicular safety education. We have asked the Department to explore classroom teaching in the areas of bicycle safety education, motorcycle safety education, rules-of-the-road instruction and so on.

Federal Funds. We have seen a substantial increase in the level of federal funds available to our schools through various grants. We welcome these funds and the efforts that the Department has made to obtain these funds. We do make two requests of the Department in regards to the funds. First, that the Department mandate to the various parts of the system that they channel all such requests through the Project Management System which was so carefully set up to coordinate such efforts. Second, recognizing the budgetary constraints of the State, we ask the Department to make every effort to seek supplanting federal funds when they are available.

Special Education. Your Committee approves the workload increase which was requested for teachers and educational assistants in this field. We do so recognizing both a moral and legal commitment to these students and we reaffirm our commitment to provide special education for those students who need it.

We have given the Department additional monies with which to purchase diagnostic and treatment services on a contractual basis. Recognizing that the State is in a position of "catching up", we wish to accomplish that as expeditiously as possible without making a final decision on a permanent staffing level for EDN 208: Psychological and School Social Service.

Administrative Staffing. We have included a proviso on the allocation of the vice-principals who are presently in schools where there are less than 750 students. Under the prior budget act these were frozen into the schools. We have removed that restriction and have left the responsibility for reallocating them to the District Superintendents. We intend that those positions which become vacant will not be filled and that those that remain will be allocated on the basis of need by the District Superintendent. We have provided \$10,000 in hourly contract monies in place of requested registrar positions.

Your Committee would also like to register our concern over the consolidation of functions into the present Office of Public Relations which appears to have resulted in an increase in high level staffing. We do not at all oppose consolidation within departments but we are not in favor of such consolidation if it results in the need for more administrative rather than line personnel.

Curriculum Evaluation and Development. We have noted with pleasure the development of the Foundation Program Assessment and Improvement System (FPAIS) and we trust that the Department will expend whatever resources it can to speed the completion of this system. We cannot imagine a higher priority item than an accurate assessment of current curriculum performance and improvement where such improvement seems necessary.

We recognize the importance of the Project Management System which disseminates educational program information among the schools. We feel that all pilot or experimental programs in the schools should be placed in PMS and we hope that the Department will take whatever steps are necessary to see that this is done.

Student Activities. We have restored the travel money provided for these programs. We consider this to be an essential part of a program to obtain student input on our school system. We have also restored the travel funds for the athletic program. Again we feel that allowing students to travel within the State and to meet with other students, in a variety of contexts, is a meaningful objective.

HIGHER EDUCATION

The philosophy guiding the development of your Committee's budget for higher education recognizes and assumes several facts of economic life. First, that the rapid growth experienced in the 1960s is over and that budgets for higher education as well as for other programs will have to develop more moderately in the future than in the past. Second, the costs of effectively operating and managing a university system with the breadth and scope of the University of Hawaii have grown beyond the means of the State. Finally, your Committee wishes to reaffirm its recognition of the very positive value of having a quality institution of higher learning in our community.

The realities of the State's finite and limited resources however require that we constantly evaluate programs to maximize the benefits that might accrue to both students and to the State at large. For a number of years the University has pursued a policy of "selected excellence". These times now make it necessary to amend that policy with a statement and implementation program of what we must sacrifice to achieve and maintain our expertise in those areas of selected excellence.

Your Committee has received testimony from the President of the University of Hawaii indicating that he is aware of these fiscal realities but that he, and the University, need time to adjust and reprioritize resources. Abrupt budget curtailments may result in serious program dislocations and injury. We are also mindful of the concerns expressed so eloquently by so many students and faculty members that these budget curtailments may fall disproportionately on student services and instructional programs -- the very heart of the University system.

Consequently, your Committee -- in consultation with your Committee on Higher Education -- sought to effectuate budget cuts in areas which would least directly affect students and faculty. We have decided to rescind our original request for a 3% cut from the Executive's budget proposal as being probably too severe and difficult to implement equitably. Instead, we have generally accepted the Executive's recommended 1977-78 level as being a reasonably fair allocation of the State's general fund resources for higher education.

The budget arrived at by your Committee for fiscal year 1977-78 is basically a current service one. We have provided a total of \$102.7 million in general funds. Major changes from the Executive's budget request include the deletion of funds for the Educational Improvement Fund (EIF), deletion of certain vacant positions and restoration of funds for publications acquisition for the libraries. To the best of your Committee's knowledge, the EIF and administrative positions vacancy cuts are the least damaging means in the short term of freeing the additional amounts required to maintain the publications acquisition program at current levels.

The budget decided upon for fiscal year 1978-79 at \$105.1 million is admittedly probably a less than current service one. We anticipate a full budget review before and during the 1978 legislative session of the University of Hawaii's supplemental appropriation request. Your Committee is looking forward to reviewing a reallocated budget that will reflect the changes in policy, emphasis and direction that will be decided on during the coming year as promised by the President of the University. The 1978 review will focus on specific issues such as the open admissions policy, the professional schools (including law and medicine), policy questions relating to West Oahu College, and trade-offs between four year undergraduate programs, community college curricula, graduate programs, research and public service and how these issues fit into the broader concerns of the educational philosophy of the University and the goals and expectations of what might be realistically achieved within the limits of the State's resources.

Your Committee is aware of the apparent widespread concern over the impact of the planned budget restrictions on the allied health education program at Kapiolani Community College. We wish to call this concern to the attention of the University administration for possible consideration.

CULTURE AND RECREATION

The "umbrella" concept for cultural and oral history projects and programs is favorably endorsed by your Committee. Funds have been provided in the Cultural History program based on this concept to promote a coordinated program. Your Committee encourages participation by private non-profit and State programs such as the Multi-Cultural Center, the University and Community Colleges, and community groups in reviewing various project undertakings for a more coherent, total program. The Ethnic Studies Oral History project has been placed under this umbrella concept to effectuate the optimum coordination with other projects.

Your Committee has provided funds for the development of plans for a memorial to mark

the birth site of Kamehameha the Great. It is your Committee's intent that the Governor appoint an advisory commission in accordance with Senate Resolution No. 279 to develop the plans.

PUBLIC SAFETY

Corrections and Rehabilitation. Your Committee is pleased to note that the implementation of the Correctional Master Plan has progressed rapidly as evidenced by the groundbreaking of five new master planned facilities in the first half of fiscal year 1976-77. The construction of these new facilities (Intake Service Centers and Community Correctional Centers) suggests that the basic premise of the master plan of community-based rehabilitation programs and differential uses of institutionalization has been preserved.

Your Committee recommends however, that greater emphasis be made by the Corrections Division of the Department of Social Services and Housing to assess the training requirements for all corrections personnel in order to insure the eventual achievement of master planned goals and objectives.

Mutual Agreement Program (MAP). Your Committee has also provided funds for the Mutual Agreement Program (MAP) to be continued on a demonstration basis. If proven to be successful, this innovative approach in corrections should become a viable alternative in effecting the reintegration of offenders.

Through a separate measure, your Committee has provided for the establishment and funding of a Crime Commission to study and make recommendations on what actions need to be taken to combat crime in our community.

INDIVIDUAL RIGHTS

Your Committee is concerned that public confidence in industrial loan companies appears to be declining rapidly in light of the recent receivership of one of the major firms in the industry. Since the various industrial loan companies comprise an important segment of the State's economy with many investors, the Bank Examiners Division of the Department of Regulatory Agencies has been under increased pressure to upgrade its efforts to protect the investments of these individual investors. The recent passage of emergency legislation this session which establishes a Thrift Guaranty Corporation will undoubtedly add to the responsibility of the Bank Examiners Division. Your Committee, therefore, in this bill has provided funds and additional positions to the Department of Regulatory Agencies for the purpose of providing a level of regulatory services commensurate with the intent of this legislation and the interests of the individual investor. It is our hope that our efforts will help bring about stability to this industry and restore investor confidence.

GOVERNMENT-WIDE SUPPORT

Your Committee is aware of the fact that routine legal services necessary for neighbor island state offices are more efficiently rendered through contracts with qualified individuals residing on the neighbor islands. It has come to our attention, however, that the compensation for such services are not commensurate with the services rendered. Your Committee has provided, in the Attorney General's appropriation, moneys sufficient to compensate contractually retained legal help on the neighbor islands at a more realistic level.

CONCLUSION AND RECOMMENDATION

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 892, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 892, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Anderson, Henderson and Soares did not concur.

SCRep. 781 Legislative Management

Informing the Senate that S.C.R. No. 137, S.R. Nos. 375 to 379, Stand. Com. Rep. Nos. 733 to 780 and 782 to 797 and Gov. Msg. Nos. 323 and 325 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 782 (Joint) Ecology, Environment and Recreation and Health on S.C.R. No. 84

The purpose of this concurrent resolution is to request the department of health, with the cooperation of the cancer center of the University of Hawaii and other public and private agencies, to review the environmental causes of cancer and to identify possible legislation for the State of Hawaii relating to the reduction of environmentally related cancer to include but not be limited to standards for food, working conditions and environments, public education and advertisements, consumer products, and the outdoor environment.

Your Committees heard favorable testimony from the office of environmental quality control; the cancer center, University of Hawaii; the environmental studies program, University of Hawaii; the department of health; the Committee for Freedom of Choice in Cancer Therapy and Mr. Alan Tyler. The department of health testified that they would be happy to work with the cancer center and other agencies on this project.

Your Committees on Ecology, Environment and Recreation and Health are in accord with the intent and purpose of S.C.R. No. 84 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 783 (Joint) Ecology, Environment and Recreation and Health on S.R. No. 233

The purpose of this resolution is to request the department of health, with the cooperation of the cancer center of the University of Hawaii and other public and private agencies, to review the environmental causes of cancer and to identify possible legislation for the State of Hawaii relating to the reduction of environmentally related cancer to include but not be limited to standards for food, working conditions and environments, public education and advertisements, consumer products, and the outdoor environment.

Your Committees heard favorable testimony from the office of environmental quality control; the cancer center, University of Hawaii; the environmental studies program, University of Hawaii; the department of health; the Committee for Freedom of Choice in Cancer Therapy and Mr. Alan Tyler. The department of health testified that they would be happy to work with the cancer center and other agencies on this project.

Your Committees on Ecology, Environment and Recreation and Health are in accord with the intent and purpose of S.R. No. 233 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 784 Human Resources on H.C.R. No. 39

The purpose of this resolution is to request Hawaii's Congressional Delegation to work for Legislation to provide funds to assist the State of Hawaii in the immigrant program.

Your Committee finds that the State of Hawaii has the highest percentage of alien residents in its population, 8.1 percent for Hawaii, with the national average at 2.2 percent. These immigrants are faced with problems in adjustment, employment, and education and are forced to seek public assistance during the first few years of residency. The cost of providing these services and assistance is placing a disproportionate burden on the State. According to recent information by the Department of Social Services and Housing, the immigrants constitute 7.8% of the financial caseload (AFDC and GA) representing 5.9 million dollars.

Your Committee recognizes the State's obligation to care for these immigrants, however the availability of funds is not limitless. The intent of this resolution is to have federal funds provided to the State of Hawaii for the development, implementation and operation of programs to meet the cost of public assistance and the special needs of immigrants in Hawaii.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 39 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 785 Human Resources on H.C.R. No. 41

The purpose of this resolution is to request the Congress of the United States to extend the Federal Supplemental Program beyond its current expiration date of March 31, 1977.

Hawaii law provides for payments up to 26 weeks of total unemployment under normal

conditions. Thirteen weeks if the insured unemployment rate is 4.0%, but less than 4.5%; the federal government will contribute 50% of the benefits paid for thirteen weeks if the insured unemployment rate is 4.5%, but less than 5.0%.

The Federal Supplemental Benefits Program is a program which provides additional benefits to individuals who have exhausted their rights to unemployment insurance benefits under the State law during periods of unusually high unemployment. The program provides 26 weeks of additional benefits, thirteen weeks if the insured unemployment rate is greater than or equal to 5.0% but less than 6.0% and another thirteen weeks if the insured unemployment rate is greater than or equal to 6.0%.

The Federal Supplemental Benefits Program while it offers immediate relief in the form of income to unemployed workers, it does nothing to cure the real problem of the unemployed, which is the lack of suitable work. The State recognizing that the more preferable approaches to the unemployment problem which are under consideration, such as the creation of new job training and retraining programs, and job-sharing, will take longer to implement.

Your Committee believes continued relief for the unemployed is crucial. Two thousand six hundred and three unemployed persons will be affected by the March 31, 1977 expiration and will be seeking financial assistance, such as a deficit ridden welfare program.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 41 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 786 Human Resources on H.C.R. No. 42

The purpose of this resolution is to request for an expansion and to increase appropriations for the Comprehensive Employment and Training Act (CETA), thus making more funds available for manpower programs in Hawaii.

CETA has made available five types of manpower services to the unemployed and underemployed in Hawaii which account for a total enrollment of approximately 9,537 participants for fiscal year 1976. A summary of the accomplishments of CETA in Hawaii indicates its effectiveness as the number of participants who left CETA to enter unsubsidized employment doubled in fiscal year 1976 as compared to fiscal year 1975.

Your Committee finds that the Carter Administration has requested a \$4.8 billion to supplement the CETA program, a major vehicle for jobs expansion. The Administration is asking for an additional \$1.62 billion in 1977 for employment and training programs under Titles I, II, and III of CETA and \$3.8 billion for public service jobs under Title VI.

Your Committee is concerned that an equitable appropriation of discretionary CETA and other federal funds to Hawaii must be stressed since Hawaii does not have branch operations of national organization receiving programs, such as "older workers" and special apprenticeship programs.

Your Committee on Human Resources concurs with the intent and purpose of H.C. R. No. 42 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 787 Human Resources on S.C.R. No. 75

The purpose of this resolution is to request the Office of the Legislative Reference Bureau to sponsor a study to explore the possibility of establishing an income supplementation program for needy retirees and pensioners who are permanent residents of the State of Hawaii.

Your Committee finds that there has been a growing number of retirees in this State who are having an increasingly difficult time in meeting their daily needs because of inadequate incomes due to inflationary trends and other economic factors. It has become a major concern that these retirees are unable to increase their incomes to cope with this problem of inadequacy because of ineligibility due to age and other reasons to receive benefits under publicly administered programs of income support.

The intent of this resolution is to study the feasibility of establishing a special program of income supplementation for those retirees and pensioners with limited incomes and financial means.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R.

No. 75 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 788 Health on S.R. No. 123

The purpose of this resolution is to encourage the Department of Health to continue to update and expand the Consumer's Guide to Physicians Services which was developed by the Citizens for Hawaii in 1975.

Your Committee on Health concurs with the intent and purpose of S.R. No. 123 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 789 Health on S.R. No. 83

The purpose of this resolution is to request the Department of Health to seek federal funding to establish a Heart Disease Prevention Program similar to one presently in operation in Watsonville, California.

Testimony from the Department of Health indicated that federal funds are already being sought for hypertension control, as well as health education in fields related to heart disease control. The Department of Health regards the Watsonville project as experimental, although meritorious, and would like the flexibility to follow the progress of the Watsonville experiment and adopt or not adopt its methods depending upon the success of the program. Accordingly, your Committee has amended S.R. No. 83 to accomplish this result.

Your Committee on Health concurs with the intent and purpose of S.R. No. 83, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 83, S.D. 1.

Signed by all members of the Committee.

SCRep. 790 Health on S.R. No. 317

The purpose of this resolution is to urge the Federal Food and Drug Administration to expedite the availability of certain drugs used in the treatment of heart disease known as beta blockers.

"Beta blockers" are drugs which have been developed to treat chronic conditions of angina, hypertension, and arrhythmia. They are distinguishable from drugs such as nitroglycerine used to treat the same conditions in that nitroglycerine is used to treat acute versions of the above condition and is not entirely satisfactory for the treatment of chronic versions of the same conditions. To date, one beta blocker has been approved by the Food and Drug Administration for marketing in the United States, and has been popularly prescribed since its introduction in 1976. Several others are presently being marketed in Europe.

Realizing that the Federal Food and Drug Administration cannot and should not relax standards of safety when approving new drugs for marketing in the United States, your Committee sees this resolution as a useful vehicle for encouraging the Food and Drug Administration to make beta blockers available on the United States market. Your Committee therefore supports this resolution.

Your Committee on Health concurs with the intent and purpose of S.R. No. 317 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 791 Energy/Natural Resources on S.C.R. No. 87

The purpose of this concurrent resolution is to request the Energy Resources Coordinator to:

1. Design a series of state-funded workshops on energy conservation practices for State agencies and other interested persons;
2. Design a mass media educational program on energy conservation for the public at large.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.C.R. No. 87, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 792 Energy/Natural Resources on S.C.R. No. 119

The purpose of this resolution is to support the department of planning and economic development in its current efforts to encourage the development of the economically viable ocean mineral resources, especially manganese nodules, and to maximize the benefits to the State from any successful development of ocean mineral resources, the recovery industry and the processing industry. Further, the department of planning and economic development is requested to complete its study on the manganese nodule industry currently in progress and submit its findings and recommendation to the Legislature at least twenty days prior to the convening of the Regular Session of 1978.

Your Committee held a public hearing on this resolution with members of the Senate Economic Development Committee invited. Among those testifying were the principal scientist studying the ocean mineral deposits in the Hawaiian Archipelago (Dr. James Andrews); the principal investigator of the Deep Ocean Mining Environmental Survey, "DOMES Project", (Dr. Jed Hiroda) by the National Ocean and Atmospheric Administration (NOAA); and the "Father of the Manganese Nodules" and one of the world's leading scientists in the field, Dr. John Mero of Ocean Resources Inc., LaJolla, Cal. who flew in for this hearing. Also testifying were Hideto Kono, director of the department of planning and economic development and his principal staff person working on the present study of the economic potential of the industry for Hawaii (Dick Stephen-Hassard); and the president of Brewer Chemical, Robert Stengle as to his company's interest in this industry and their support of the current state's effort and endorsing the resolutions under consideration.

Hawaii is already playing a key role in the scientific and exploratory activities currently underway. Hawaii is the base for many of the ocean studies phase of the quarter billion dollar research and development program by several large international consortias. Countries represented in these consortias are the United States, Germany, France and Japan.

In brief, Hawaii has several possible roles in the emerging industry, according to the testimony provided. They include the many support activities for the shipping industry (such as ore transport ships, tugs and barges, mining or mother ships, research vessels, etc.), deep water harbors and related facilities and services; land for possible storage, processing plants and support industries; ongoing research activities and educational opportunities; and the processing plant(s).

While all of these activities could prove beneficial to Hawaii's economy, the one of greatest value appears to be having one or more processing plants located in Hawaii. A prime possibility for the location would be the Island of Hawaii, where the encouraging outlook for major geothermal power, as well as energy from biomass conversion (sugar cane, eucalyptus trees, as well as other materials) and ocean thermal energy conversion could provide the needed power at very competitive costs.

Dr. John Mero's testimony indicated that in 1976, one capital and operating cost projection was \$165 million for a plant to process one million dry metric tons of the nodules per year... and the estimated operating costs were \$29 per dry metric ton of nodules handled (based on 1974 cost basis in France). Hence an optimum 3 million ton per year operation would then have a capital cost of about \$500 million dollars and an annual operating cost of \$87 million. Other costs of mining and related activities must be considered in a total cost picture. The estimated value of the saleable ore of a 3 million ton operation ranges from \$215 to \$339 million (article by A. A. Archer in Technical Bulletin No. 2, U.N. Economic and Social Commission for Asia and the Pacific, I.D.O.E. Workshop, Suva, Fiji, Sept. 1975).

Dr. Mero also told the committee of three or four tests which will be undertaken this year by some of the consortias of their deep mining systems. The scale will be one tenth to one fifth of a full scale commercial system of 5,000 tons a day... or a test of 500 to 1,000 tons a day. If these tests are reasonably successful and findings indicate economical feasibility, there will be rapid movement toward full scale development and processing of these valuable minerals.

One major concern is the legal aspect... who owns and who should benefit from this resource. The International Law of the Sea program under the United Nations has yet to resolve this question. Dr. Mero suggested that even though this may not be resolved, some of the mining efforts may proceed anyway, though at greater risk to the investors.

He also asserted that the position of the third world nations is that they want the companies to provide the expertise, the developed nations to provide the financing, and they, the third world nations will receive all of the profits. Further, the "non-action" to date by the U.N. Law of the Sea program may be in part due to the fact that these third world nations have little to gain at this time.

All of those testifying affirmed that Hawaii's strategic location plus possibly available competitive-priced power, and suitable seaport capabilities are most positive factors. Some concern was expressed about the possibility of an unfavorable climate politically or governmentally with such a new industry. Testimony indicated that the environmental aspects of sea mining itself were being monitored and studied by the U.S. Department of Commerce, NOAA DOMES Project. Dr. Jed Hiroda stated that they will be participating in some of the tests being conducted later this year, to observe the environmental impact.

As to the environmental impact of the processing plant(s) testimony was provided that modern technology has evolved so that the nodules would be processed by a "solution" system rather than the older "smelting" process. This means that there will be a minimum adverse environmental impact by these modern processing plants.

Your Committee was greatly impressed with the significant potential of this new industry for Hawaii, especially as it might help the depressed economy of the County of Hawaii and be a source of jobs on the Neighbor Islands. Members of your Committee expressed concern that Hawaii should not be passed by because the State did not complete a thorough analysis of the potential of the industry to Hawaii and the various implications, costs and benefits to our State, and possible needed actions by the State.

Some positive actions suggested which the State might undertake to fully establish the value of the new industry to Hawaii, and if it is deemed appropriated, to attract it to the State, include:

- a) Increase support for the DPED study of economic and social impact to the State. The present funding level can only hope to identify problem areas or areas needing action, but cannot support full analysis of them. It thus cannot, in the required time frame, provide the action guidelines needed. Additional testimony provided that in order to do this, a sum of \$60,000 should be available in each of the next two fiscal years for the following purposes: project manager/coordinator and graduate students (full and/or part time), 4-6 professionals, \$39,000; secretarial (part time) - \$5,000 for a sub total of \$44,000; supplies - \$500; communications - \$500; travel - \$5,000; publications - \$1,000; equipment rental - \$500; consultants and contractual services - \$8,500, for a sub total of \$16,000 and a grand total of \$60,000. The above budget is for planning purposes. Federal funding will be sought and, if substantial support is obtained, some of the above funding may not be expended.
- b) Continue the MAC support of resource assessment and manganese nodule research. This will provide a more complete understanding of Hawaii's resources, coordination with other manganese research program in foreign countries and the U.S., provide a focal point for ocean mining studies in Hawaii. The present MAC request for FY 77-78 and 78-79 is \$60,000 each year for this effort.
- c) Initiate and support, through MAC or DPED, directed research towards nodule processing and particularly, by-product use development (e.g. use as fill, construction materials, use in purifying noxious fumes in auto mufflers, etc.).
- d) Organize an Office of Ocean Resources (or similar), perhaps in DPED, to coordinate industrial contacts with State government. The multiplicity of regulatory agencies which enter into marine or coastal zone, as well as industrial development activities is staggering, and can scare off a young industry. Such an office can assure that various departments are aware of the big picture instead of a small kuleana. In short, an effective clearing house is needed.
- e) Ensure that the development of the geothermal resource leads to inexpensive power. The economic gain of large royalties on wells (such as to make the cost equivalent to oil-generated power) will be insignificant compared to the boost of a major new industry, especially if the industry stays away due to the economics of power supply.
- f) Modify Foreign Trade Zone tariffs to permit economical storage of large tonnages. Present rates fit short-term holding of high cost goods, but do not fit the storage of thousands of tons of nodules for instance. DPED might investigate a new rate structure for bulk items with FTZ. The FTZ could provide a very useful benefit to process plant operators, and its benefits should be reviewed to fit the nodule industry.

g) Invite industry world leaders for discussion in order to open direct communications on Hawaii's interest and role in ocean mining. Your Committee proposes that prior to next year's Session, possibly in early January, an interim hearing be conducted, with principles from the major test efforts being undertaken this year invited to appraise your Committee of the results of what roles Hawaii could or should play. Furthermore, information from these principles should be secured as to what, if anything, Hawaii should do to assure Hawaii's selection to fulfill such a role or roles if Hawaii so desires.

h) View the whole industrial picture for Hawaii --i.e. shipping, processing, power, land, tariffs and taxes, environment, auxiliary jobs. Do not isolate the considerations and condemn or accept the industry on the basis of only one area.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.C.R. 119 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 793 Energy/Natural Resources on S.R. No. 307

The purpose of this resolution is to support the department of planning and economic development in its current efforts to encourage the development of the economically viable ocean mineral resources, especially manganese nodules, and to maximize the benefits to the State from any successful development of ocean mineral resources, the recovery industry and the processing industry. Further, the department of planning and economic development is requested to complete its study on the manganese nodule industry currently in progress and submit its findings and recommendation to the Legislature at least twenty days prior to the convening of the Regular Session of 1978.

Your committee held a public hearing on this resolution with members of the Senate Economic Development Committee invited. Among those testifying were the principal scientist studying the ocean mineral deposits in the Hawaiian Archipelego (Dr. James Andrews); the principal investigator of the Deep Ocean Mining Environmental Survey, "DOMES Project", (Dr. Jed Hirota) by the National Ocean and Atmospheric Administration (NOAA); and the "Father of the Manganese Nodules" and one of the world's leading scientists in the field, Dr. John Mero of Ocean Resources Inc., LaJolla, Cal. who flew in for this hearing. Also testifying were Hideto Kono, director of the planning and economic development and his principal staff person working on the present study of the economic potential of the industry for Hawaii (Dick Stephen-Hassard); and the president of Brewer Chemical, Robert Stengle as to his company's interest in this industry and their support of the current state's effort and endorsing the resolutions under consideration.

Hawaii is already playing a key role in the scientific and exploratory activities currently underway. Hawaii is the base for many of the ocean studies phase of the quarter billion dollar research and development program by several large international consortias. Countries represented in these consortias are the United States, Germany, France and Japan.

In brief, Hawaii has several possible roles in the emerging industry, according to the testimony provided. They include the many support activities for the shipping industry (such as ore transport ships, tugs and barges, mining or mother ships, research vessels, etc.), deep water harbors and related facilities and services, land for possible storage, processing plants and support industries; ongoing research activities and educational opportunities; and the processing plant(s).

While all of these activities could prove beneficial to Hawaii's economy, the one of greatest value appears to be having one or more processing plants located in Hawaii. A prime possibility for the location would be the Island of Hawaii, where the encouraging outlook for major geothermal power, as well as energy from biomass conversion (sugar cane, eucalyptus trees, as well as other materials) and ocean thermal energy conversion could provide the needed power at very competitive costs.

Dr. John Mero's testimony indicated that in 1976, one capital and operating cost projection was \$165 million for a plant to process one million dry metric tons of the nodules per year...and the estimated operating costs were \$29 per dry metric ton of nodules handled (based on 1974 cost basis in France). Hence an optimum 3 million ton per year operation would then have a capital cost of about \$500 million and an annual operating cost of \$87 million. Other costs of mining and related activities must be considered in a total cost picture. The estimated value of the saleable ore of a 3 million ton operation ranges from \$215 to \$339 million (article by A.A. Archer in Technical Bulletin No. 2, U.N. Economic and Social Commission for Asia and the Pacific, I.D.O.E. Workshop, Suva, Fiji, Sept. 1975).

Dr. Mero also told the committee of three or four tests which will be undertaken this year by some of the consortias of their deep mining systems. The scale will be one tenth to one fifth of a full scale commercial system of 5,000 tons a day... or a test of 500 to 1,000 tons a day. If these tests are reasonably successful and findings indicate economical feasibility, there will be rapid movement toward full scale development and processing of these valuable minerals.

One major concern is the legal aspect... who owns and who should benefit from this resource. The International Law of the Sea program under the United Nations has yet to resolve this question. Dr. Mero suggested that even though this may not be resolved, some of the mining efforts may proceed anyway, though at greater risk to the investors. He also asserted that the position of the third world nations is that they want the companies to provide the expertise, the developed nations to provide the financing, and they, the third world nations, will receive all of the profits. Further, the "non-action" to date by the U.N. Law of the Sea program may be in part due to the fact that these third world nations have little to gain at this time.

All of those testifying affirmed that Hawaii's strategic location plus possibly available competitive-priced power, and suitable seaport capabilities are most positive factors. Some concern was expressed about the possibility of an unfavorable climate politically or governmentally with such a new industry. Testimony indicated that the environmental aspects of sea mining itself were being monitored and studied by the U.S. Department of Commerce, NOAA DOMES Project. Dr. Jed Hirota stated that they will be participating in some of the tests being conducted later this year, to observe the environmental impact.

As to the environmental impact of the processing plant(s), testimony was provided that modern technology has evolved so that the nodules would be processed by a "solution" system rather than the older "smelting" process. This means that there will be a minimum adverse environmental impact by these modern processing plants.

Your Committee was greatly impressed with the significant potential of this new industry for Hawaii, especially as it might help the depressed economy of the County of Hawaii and be a source of jobs on the Neighbor Islands. Members of your Committee expressed concern that Hawaii should not be passed by because the State did not complete a thorough analysis of the potential of the industry to Hawaii and the various implications, costs and benefits to our State, and possible needed actions by the State.

Some positive actions suggested which the State might undertake to fully establish the value of the new industry to Hawaii, and if it is deemed appropriate, to attract it to the State, include:

a) Increase support for the DPED study of economic and social impact to the State. The present funding level can only hope to identify problem areas or areas needing action, but cannot support full analysis of them. It thus cannot, in the required time frame, provide the action guidelines needed. Additional testimony provided that in order to do this, a sum of \$60,000 should be available in each of the next two fiscal years for the following purposes: project manager/coordinator and graduate students (full and/or part time), 4-6 professionals, \$39,000; secretarial (part time) - \$5,000 for a sub total of \$44,000; supplies - \$500; communications - \$500; travel - \$5,000; publications - \$1,000; equipment rental - \$500; consultants and contractual services - \$8,500, for a sub total of \$16,000 and a grand total of \$60,000. The above budget is for planning purposes. Federal funding will be sought and, if substantial support is obtained, some of the above funding may not be expended.

b) Continue the MAC support of resource assessment and manganese nodule research. This will provide a more complete understanding of Hawaii's resources, coordination with other manganese research program in foreign countries and the U.S., provide a focal point for ocean mining studies in Hawaii. The present MAC request for FY 77-78 and 78-79 is \$60,000 each year for this effort.

c) Initiate and support, through MAC or DPED, directed research towards nodule processing and particularly, by-product use development (e.g. use as fill, construction materials, use in purifying noxious fumes in auto mufflers, etc.).

d) Organize an Office of Ocean Resources (or similar), perhaps in DPED, to coordinate industrial contacts with State government. The multiplicity of regulatory agencies which enter into marine or coastal zone, as well as industrial development activities is staggering, and can scare off a young industry. Such an office can assure that various departments are aware of the big picture instead of a small kuleana. In short, an effective clearing house is needed.

e) Ensure that the development of the geothermal resource leads to inexpensive power.

The economic gain of large royalties on wells (such as to make the cost equivalent to oil-generated power) will be insignificant compared to the boost of a major new industry, especially if the industry stays away due to the economics of power supply.

f) Modify Foreign Trade Zone tariffs to permit economical storage of large tonnages. Present rates fit short-term holdings of high cost goods, but do not fit the storage of thousands of tons of nodules for instance. DPED might investigate a new rate structure for bulk items with FTZ. The FTZ could provide a very useful benefit to process plant operators, and its benefits should be reviewed to fit the nodule industry.

g) Invite industry world leaders for discussion in order to open direct communications on Hawaii's interest and role in ocean mining. Your Committee proposes that prior to next year's Session, possibly in early January, an interim hearing be conducted, with principles from the major test efforts being undertaken this year invited to appraise your Committee of the results of what roles Hawaii could or should play. Furthermore, information from these principles should be secured as to what, if anything, Hawaii should do to assure Hawaii's selection to fulfill such a role or roles if Hawaii so desires.

h) View the whole industrial picture for Hawaii i.e. shipping, processing, power, land, tariffs and taxes, environment, auxiliary jobs. Do not isolate the considerations and condemn or accept the industry on the basis of only one area.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. 307 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 794 Health on S.C.R. No. 82

The purpose of this concurrent resolution is to urge the Governor and the Department of Health to extend the community physician program to North Kohala, Hawaii. This is a program whereby the Department of Health subsidizes a physician's annual income up to \$36,000 if the physician is willing to practice in a certain designated area where there is a lack of practicing physicians.

Your Committee finds that this is a necessary and beneficial program, and would like to see all areas in the State, where there may be a lack of practicing physicians, served by this program. Accordingly, your Committee has amended S.C.R. No. 82 to request that the State Health Planning and Development Agency conduct a study as to those areas in the State for which the extension of the community physician program would be appropriate, and to request that the Department of Health conduct a study as to the feasibility of establishing a permanent revolving fund or other funding system so as to make the community physician program an ongoing and continuing program of the State of Hawaii.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 82, S.D. 1.

Signed by all members of the Committee.

SCRep. 795 Health on H.B. No. 198

The purpose of this bill is to amend Act 84, Session Laws of Hawaii, 1976, in order to enable the Department of Health to develop a safe drinking water program in accordance with the Federal Safe Drinking Water Act.

Your Committee finds that the experience of the Department of Health in developing the safe drinking water program for the State indicates the need for certain limited amendments to the State Act in order that the department can develop a program for public water systems which is approvable by the United States Environmental Protection Agency (EPA) under the Federal Safe Drinking Water Act (P.L. 93-523). Delays in development by the EPA of an underground injection control program under the Federal Act have created a need for certain limited amendments to the underground injection control portion of the State statute.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 198 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 796 Health on H.B. No. 206

The purpose of this bill is to clarify section 321-151 to conform to federal regulations relating to emergency medical services and to enable the Department of Health to assess and collect reasonable fees in carrying out its regulatory functions with respect to ambulances.

Your Committee in adopting the recommendation of the Department of Health as indicated in H.B. No. 206, H.D. 1, deleted many of the earlier proposed changes to section 321-151 such that the only substantial amendment to existing section 321-151 gives the Director of Health the power to assess fees for carrying out regulatory provisions relating to ambulances.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 206, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 797 Health on S.R. No. 224

The purpose of this Resolution is to urge the Governor and the Department of Health to extend the community physician program to North Kohala, Hawaii. This is a program whereby the Department of Health subsidizes a physician's annual income up to \$36,000 if the physician is willing to practice in a certain designated area where there is a lack of practicing physicians.

Your Committee finds that this is a necessary and beneficial program, and would like to see all areas in the State, where there may be a lack of practicing physicians, served by this program. Your Committee has therefore amended S.R. No. 224 to request that the State Health Planning and Development Agency conduct a study as to those areas in the State for which the extension of the community physician program would be appropriate, and to request that the Department of Health conduct a study as to the feasibility of establishing a permanent revolving fund or other funding system so as to make the community physician program an ongoing and continuing program of the State of Hawaii.

Your Committee on Health concurs with the intent and purpose of S.R. No. 224, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 224, S.D. 1.

Signed by all members of the Committee.

SCRep. 798 Legislative Management

Informing the Senate that S.C.R. Nos. 138 to 140 and S.R. Nos. 380 to 392 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 799 Legislative Management

Informing the Senate that S.R. Nos. 393 to 399 and Stand. Com. Rep. Nos. 800 to 803 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 800 Housing and Hawaiian Homes on S.C.R. No. 52

The purpose of this Concurrent Resolution is to request the legislative reference bureau to conduct a comprehensive study of the need and feasibility of including leasehold multiple-unit residential projects under the provisions of Chapter 516 and 519, Hawaii Revised Statutes, or a similarly comprehensive regulatory mechanism.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.C.R. No. 52 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 801 Housing and Hawaiian Homes on S.C.R. No. 53

The purpose of this Concurrent Resolution is to urge the Hawaii Housing Authority

and the Board of Land and Natural Resources to work together promptly and efficiently to make public lands available to exchange for residential tracts to be converted to fee simple ownership pursuant to Chapter 516, Hawaii Revised Statutes.

Act 184 of 1975 added a provision to Chapter 516 permitting the Hawaii Housing Authority, acting in concert with the Board of Land and Natural Resources, to exchange existing public lands of equal value for residential lands to be converted through Chapter 516.

Your Committee finds that prompt utilization of the land exchange alternative of Act 184 would greatly facilitate the implementation of Chapter 516 thereby allowing a greater number of our leasehold homeowners to purchase their land in fee.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.C.R. No. 53 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 802 Housing and Hawaiian Homes on S.R. No. 80

The purpose of this resolution is to request the Department of Land and Natural Resources to conduct an inventory to determine which, if any, State lands might be available for, and conducive to, low and medium income housing development and to report its findings to the legislature no later than twenty days prior to the opening of the 1978 legislative session.

Your Committee finds that the utilization of available State lands for the development of low and medium income housing development could greatly contribute to the alleviation of the housing shortage to these income groups and that an updated inventory of State lands available for such purposes would be both desirable and beneficial.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 80 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 803 Housing and Hawaiian Homes on S.R. No. 141

The purpose of this Resolution is to request the Hawaii Housing Authority to gather comprehensive information on renegotiated lease rents, to analyze such data, and to determine current trends in renegotiated or adjusted residential lease rents, particularly as to the affects of Act 185 on renegotiated lease rents and lease conditions and to report its findings to the legislature not later than twenty days before the convening of the 1978 legislative session.

Act 185 of 1975 established a number of restrictions upon renegotiated lease rents and lease conditions. The purpose of these restrictions, as stated in the findings of the Act, were to ensure the rights of a lessee to "have rentals set at reasonable levels and to enjoy his leasehold estate under reasonable terms;". In order to assess the sufficiency of this Act and to determine the need for future amendment to Chapter 519 a study as requested in this resolution would be beneficial.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 141 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 804 Legislative Management

Informing the Senate that S.C.R. Nos. 141 and 142, S.R. Nos. 400 and 401, Stand. Com. Rep. Nos. 805 to 809 and Spec. Com. Rep. No. 6 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 805 Health on S.C.R. No. 93

The purpose of this concurrent resolution is to urge Federal, State and local agencies to emphasize health education, good health maintenance, and the preventive aspects of medicine in their health services programs.

Your Committee agrees with the concept of using the health care system to check

disease and ill health before it actually occurs, by giving special emphasis to the preventive and educational aspects of medicine. Your Committee has amended S.C.R. No. 93 to provide for the Department of Health to analyze the implementation of S.C.R. No. 93 over the next year and to report its findings to the Legislature 20 days prior to the opening of the 1978 Legislature. Your Committee has also made some minor grammatical and language changes and has further provided for copies of S.C.R. No. 93 to be delivered to the Board of Regents of the University of Hawaii, the Board of Education, and Hawaii's Congressional delegates, in addition to those parties already specified by S.C.R. No. 93.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 93, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 93, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 806 Health on S.C.R.No. 114

The purpose of this concurrent resolution is to establish a joint advisory committee on nutrition and preventive health to advise the Legislature as to future legislation in said field.

Testimony taken at the hearing on S.C.R. 114 indicates that there is an existing Nutrition Committee located in the State Health Planning and Development Agency. In the interests of efficiency, your Committee has amended S.C.R. No. 114 to expand the Nutrition Committee to include many disciplines of preventive health, which will advise the legislative and executive branches of government regarding preventive health care. Your Committee has also added a section requesting the expanded Nutrition Committee to report its findings and proposals for legislation to the Legislature twenty days before the opening of the 1978 Legislative session.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 114, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 114, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 807 Health on S.R. No. 35

The purpose of this resolution is to request the University of Hawaii School of Public Health, in collaboration with other state, community, and private agencies, to continue present efforts directed toward the development of a health planning information system for the State of Hawaii.

Your Committee finds that the on-going, collaborative efforts of the School of Public Health have already led to substantial progress in the development of a data base which health and social planners throughout the state need for their respective planning functions. The need for a health planning information system has intensified since the establishment of the State Health Planning and Development Agency under P.L. 93-641.

Your Committee adopted the several recommendations of the School of Public Health by amending the resolution to specifically cite the State Health Planning and Development Agency as a collaborative body in the first resolve, and by adding an additional resolve which requests an exploration of appropriate organizational forms whereby all data users and donors might collaborate for the purpose of creating a coordinated health planning information system for the State of Hawaii.

Your Committee on Health concurs with the intent and purpose of S.R. No. 35, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 35, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 808 Economic Development on S.C.R. No. 19

The purpose of this concurrent resolution is to urgently request the Congress of the United States to re-enact a Federal Sugar Act.

Your Committee finds that, since the lapse of the U.S. Sugar Act in 1974, critically unstable conditions have developed in the sugar industry. The problems of the sugar industry are well-known and at the present time sugar growers in Hawaii are

receiving as low as \$205 a ton of raw sugar which cost them as much as \$260 to produce. Losses to the sugar industry in Hawaii could be as much as \$55 million in this next year. In Hawaii our sugar producers cannot hope to survive in a world market excessively flooded with foreign sugar.

Your Committee has amended the title of this concurrent resolution to take into consideration the recommendations now before the President of the United States to urge the President to take such remedial action as he may deem appropriate to alleviate the present serious situation of the sugar producers in the State of Hawaii. Pending Federal legislation will do much to alleviate the problem on a long-term basis. Immediately, however, our Hawaii sugar producers need administrative action now which would call attention of the Federal government to our State's plight.

Your Committee on Economic Development is in accord with the intent and purpose of S.C.R. No. 19, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 19, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 809 Economic Development on S.R. No. 77

The purpose of this resolution is to urgently request the Congress of the United States to re-enact a Federal Sugar Act.

Your Committee finds that, since the lapse of the U.S. Sugar Act in 1974, critically unstable conditions have developed in the sugar industry. The problems of the sugar industry are well-known and at the present time sugar growers in Hawaii are receiving as low as \$205 a ton of raw sugar which cost them as much as \$260 to produce. Losses to the sugar industry in Hawaii could be as much as \$55 million in this next year. In Hawaii our sugar producers cannot hope to survive in a world market excessively flooded with foreign sugar.

Your Committee has amended the title of this resolution to take into consideration the recommendations now before the President of the United States to urge the President to take such remedial action as he may deem appropriate to alleviate the present situation of the sugar producers in the State of Hawaii. Pending Federal legislation will do much to alleviate the problem on a long-term basis. Immediately, however, our Hawaii sugar producers need administrative action now which would call attention of the Federal government to our State's plight.

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 77, as amended herein, and recommends its adoption in the form attached hereto as S.R. 77, S.D. 1.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 810 Legislative Management

Informing the Senate that S.C.R. No. 143, S.R. Nos. 402 to 404 and Stand. Com. Rep. Nos. 811 to 816 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 811 Intergovernmental Relations on S.C.R. No. 102

The purpose of this concurrent resolution is to request that the City and County of Honolulu amend its lease and rental policy to provide that State institutions using the Neal S. Blaisdell Center be charged only the costs incurred in the use of the Center.

Your Committee finds that it would be desirable to have the City offer the facilities of the Blaisdell Center at lower rates if used for educational or nonprofit programs.

As a result of testimony received, your Committee has amended the resolution to request that the City offer the Blaisdell Center facilities to State and county institutions at no charge or at reduced rates, instead of at cost. Your Committee has made other changes to the body of the resolution for the sake of emphasis or clarity.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of S.C.R. No. 102, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 102, S.D. 1.

Signed by all members of the Committee.

SCRep. 812 Intergovernmental Relations on S.R. No. 283

The purpose of this resolution is to request that the City and County of Honolulu amend its lease and rental policy to provide that State institutions using the Neal S. Blaisdell Center be charged only the costs incurred in the use of the Center.

Your Committee finds that it would be desirable to have the City offer the facilities of the Blaisdell Center at lower rates if used for educational or nonprofit programs.

As a result of testimony received, your Committee has amended the resolution to request that the City offer the Blaisdell Center facilities to State and county institutions at no charge or at reduced rates, instead of at cost. Your Committee has made other changes to the body of the resolution for the sake of emphasis or clarity.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of S.R. No. 283, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 283, S.D. 1.

Signed by all members of the Committee.

SCRep. 813 Ecology, Environment and Recreation on Gov. Msg. Nos. 184, 185 and 186

Recommending that the Senate advise and consent to the nominations to the King Kamehameha Celebration Commission of the following: HERMAN H. KALAHIKI, JR., MOANA AKANA AND ROSE P. KANEAPUA, for terms ending December 31, 1980.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 814 Ecology, Environment and Recreation on Gov. Msg. Nos. 260, 262, 264, 265, 266 and 323

Recommending that the Senate advise and consent to the nominations to the Environmental Council of the following: HELEN M. LUUWAI, WAYNE P. LAW, TOKIE BETTY TSUTSUI, SUSAN L. FRISTOE, DR. DENNIS I. HIROTA AND MILES Y. HONDA, for terms ending December 31, 1980.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 815 Ecology, Environment and Recreation on Gov. Msg. Nos. 162 and 163

Recommending that the Senate advise and consent to the nominations to the Animal Species Advisory Commission, of the following: RUTH ALINE GAY, for term ending December 31, 1979 and DR. EDWARD W. SHALLENBERGER, for term ending December 31, 1980.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 816 Ecology, Environment and Recreation on Gov. Msg. Nos. 254, 255, 256, 257, 258 and 259

Recommending that the Senate advise and consent to the nominations to the Environmental Quality Commission, of the following: FRANK S. YAMAMOTO, for term ending December 31, 1977; HENRY T. ALVES, for term ending December 31, 1977; ALBERT H. HAMAMOTO, for term ending December 31, 1980; ELMER D. PHILLIPS, for term ending December 31, 1980; LUCILLE CREPS PFALTZGRAFF, for term ending December 31, 1980; and DONALD A. BREMNER, for term ending December 31, 1980.

Signed by all members of the Committee except Senator Nishimura.

SCRep. 817 Legislative Management

Informing the Senate that S.C.R. Nos. 144 to 147, S.R. Nos. 405 to 415 and Stand. Com. Rep. Nos. 818 to 842 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 818 Health on S.R. No. 272

The purpose of this resolution is to request the Governor to petition the Nuclear Regulatory Commission for a rule change giving priority to medical licensees to reduce the extensive repetitious paper work involved in the use of radioisotopes.

Unlike industrial uses of radioisotopes, medical uses involve situations where the health and sometimes the life of a patient is involved. It is thus essential that requested medical license changes be expedited as rapidly as possible to ensure that patients are able to obtain the most up-to-date and advanced treatment possible, without, of course, lessening the safety standards which presently govern the granting or amending of medical licenses for the use of radioisotopes. It is therefore appropriate to give such licenses priority over general industrial licenses.

Your Committee on Health concurs with the intent and purpose of S.R. No. 272, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 819 Health on S.R. No. 274

The purpose of this resolution is to urge the members of the Hawaii Congressional delegation to actively support the extension of federal aid to states such as Hawaii which bear disproportionate health problems due to immigration.

Hawaii is one of the ten states with the largest foreign born population, and also has one of the highest immigration rates in the United States, largely from Pacific and Asian countries. Moreover, the influx of immigrants settling in Hawaii is largely due to federal legislation and policies. It is therefore appropriate for the federal government to bear the burden of health care needs related to immigrants and immigration.

Your Committee on Health concurs with the intent and purpose of S.R. No. 274, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 820 Health on S.R. No. 323

The purpose of this resolution is to ask the Department of Health and the Hawaii Advisory Commission on Drug Abuse and Controlled Substances to study, consider, evaluate and report to the Legislature the possible medicinal values of marijuana.

Recent research has brought to light some promising therapeutic applications of this drug. Among these are its treatment in glaucoma, its use as an anti-emetic for cancer patients receiving chemotherapy, and possibly in the treatment of asthmatics. While further research is needed in this area, there is a corresponding need for the information and studies already taken to be collected and evaluated for the Legislature's benefit.

Your Committee has amended S.R. No. 323 to have the School of Public Health of the University of Hawaii survey and evaluate the existing medical literature on this subject and to analyze the effect of the present laws concerning marijuana upon medical research and treatment programs. The School of Public Health is then to report its findings to the Legislature 60 days prior to the opening of the 1978 Legislative Session. To properly reflect said amendment we have amended the title of the resolution from that set out above to "SENATE RESOLUTION REQUESTING THE SCHOOL OF PUBLIC HEALTH TO SURVEY AND EVALUATE THE EXISTING MEDICAL LITERATURE ON THE MEDICINAL USES OF MARIJUANA AND TO ANALYZE THE EFFECT OF EXISTING LAWS CONCERNING MARIJUANA ON SUCH MEDICAL RESEARCH."

Your Committee on Health concurs with the intent and purpose of S.R. No. 323, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 323, S.D. 1.

Signed by all members of the Committee.

SCRep. 821 Health on S.R. No. 349

The purpose of this resolution is to enable the Legislative Reference Bureau to conduct a study of the possibility of eliminating the legal requirement of free ambulance service in the State of Hawaii.

Currently, over 95% of the citizens of Hawaii are covered by health insurance, Medicare/Medicaid, and private plans. With the increase of services, including paramedic care of the patient on the scene, there will be additional expenses to train, to equip, and to continue improvement of the emergency services system. There are, however, many points to be resolved in answering the question of whether ambulance services should

be free, which include the type of funding which should be set up from the revenues, the effect that not-free ambulance service might have upon the utilization of the emergency services system, the amount to which such services are reimbursable under existing prepayment schemes, and the resulting rise in insurance premiums, all of which factors, in their interrelationship and complexity, make a detailed study of the question appropriate.

Your Committee has amended S.R. No. 349 so as to expand its coverage to all emergency ambulance service providers and not merely State-owned or managed providers, a change which your Committee believes to be technical in nature and consistent with the intent of the unamended resolution.

Your Committee on Health concurs with the intent and purpose of S.R. No. 349, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 349, S.D. 1.

Signed by all members of the Committee.

SCRep. 822 Economic Development on S.C.R. No. 28

The purpose of this concurrent resolution is to request Hawaii's congressional delegation to provide subsidies to cruise ship lines operating between the mainland United States and Hawaii.

Your Committee finds the SS Mariposa and SS Monterey are the last two passenger ships that carry the American flag. They are in danger of going out of business in about a year unless action is taken immediately to insure their continued operation. These two ships in the course of a year employ approximately 850 crew, of which about one-third are Hawaii residents. It is estimated that approximately 400 shore-side jobs would be affected if these vessels were put out of business.

The Merchant Marine Acts 1920, 1936 and 1970 were recognition by Congress that the U.S. needs a strong merchant marine. Congress also recognized that in foreign trade it was difficult for American vessels to compete with foreign and run-away flag vessels. A program was set up to insure American competitiveness by granting operating subsidies to American vessels in the so-called liner trade. This included American passenger ships.

U.S. passenger and cargo ships are subject to severe competition from foreign vessels because most of the foreign vessels receive money from some form of subsidy from their governments, either operating or construction subsidies. In the past ten years, the number of U.S. passenger ships from the West Coast to Hawaii has been reduced from six to two. These two will lose their subsidies within the next year or so because they will reach the end of their statutory economic lives.

Other forms of transportation -- air, rail and mass transit -- receive some form of Federal subsidies through construction grants or operating programs. We feel the same equity should be applied to the maritime transportation service.

Your Committee finds that these two cruise ships alone spend between \$60,000 and \$68,000 in Hawaii on each of the five Island Cruises for the year. That amounts to about \$900,000 annually. In addition, various tour companies enjoy about \$126,000 in business from the passengers. Each ship brings about 300 passengers to the islands. In the area of ship repair, in 1976 the Dillingham Shipyard did about \$350,000 in ship repair business with these two vessels.

Your Committee would like to amend this concurrent resolution by:

1. Clarifying that it is directed to the President, the leadership of Congress, and our delegation to provide continuation of operating subsidies for all cruise ships, including the ones sailing between the mainland and Hawaii, and
2. Clarifying that this concurrent resolution applies only to U.S. flag lineships operating between Hawaii and the West Coast.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 28, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. NO. 28, S.D. 1.

Signed by all members of the Committee.

SCRep. 823 Economic Development on S.R. No. 16

The purpose of this resolution is to request Hawaii's congressional delegation to provide subsidies to cruise ship lines operating between the mainland United States and Hawaii.

Your Committee finds the SS Mariposa and SS Monterey are the last two passenger ships that carry the American flag. They are in danger of going out of business in about a year unless action is taken immediately to insure their continued operation. These two ships in the course of a year employ approximately 850 crew, of which about one-third are Hawaii residents. It is estimated that approximately 400 shore-side jobs would be affected if these vessels were put out of business.

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U.S. passenger and cargo ships are subject to severe competition from foreign vessels because most of the foreign vessels receive money from some form of subsidy from their governments, either operating or construction subsidies. In the past ten years, the number of U.S. passenger ships from the West coast to Hawaii has been reduced from six to two. These two will lose their subsidies within the next year or so because they will reach the end of their statutory economic lives.

Other forms of transportation -- air, rail and mass transit -- receive some form of Federal subsidies through construction grants or operating programs. We feel the same equity should be applied to the maritime transportation service.

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Your Committee would like to amend this resolution by:

1. Clarifying that it is directed to the President, the leadership of Congress, and our delegation to provide continuation of operating subsidies for all cruise ships, including the ones sailing between the mainland and Hawaii; and
2. Clarifying that this resolution applies only to U.S. flag lineships operating between Hawaii and the West Coast.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 16, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 16, S.D. 1.

Signed by all members of the Committee.

SCRep. 824 Economic Development on S.C.R. No. 111

The purpose of this concurrent resolution is to request that the Department of Agriculture immediately implement the formation of an Agricultural Park at Keahole, Kona, for dendrobium and indoor foliage production.

Your Committee finds the Keahole agricultural park is being considered as a means to expand the flower and ornamental plant industry. With limited resources, the State has had to prioritize its projects, and in the Kona area, priority has been given to the establishment of an agricultural park to meet the immediate needs of the vegetable farmers - existing farmers who are faced with short-term leases or who have already had their leases terminated. However, preliminary steps have already been taken for the eventual establishment of an agricultural park at Keahole, Kona. The Cooperative Experiment Station County Agent in Kona is currently conducting a dendrobium production experiment at the airport water tank site to ascertain suitability of the area for dendrobium production. A saran type shade house has been constructed, and pending the receipt of some experiment management assistance, the U.H. 44 variety of dendrobium will be placed in the Shade house.

Concurrently, the Department of Agriculture is exploring alternative sites on State lands within the area. The objective of the alternative site evaluation is to maximize the tourist attraction potential of a dendrobium and indoor foliage agricultural park in the area while minimizing development costs.

Your Committee has amended this concurrent resolution: first, that dendrobium production at Keahole Agricultural Park be de-emphasized, and second, that the experimental adaptation project proceed.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 111, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 111, S.D. 1.

Signed by all members of the Committee.

SCRep. 825 Economic Development on S.R. No. 293

The purpose of this resolution is to request that the Department of Agriculture immediately implement the formation of an Agricultural Park at Keahole, Kona, for dendrobium and indoor foliage production.

Your Committee finds the Keahole agricultural park is being considered as a means to expand the flower and ornamental plant industry. With limited resources, the State has had to prioritize its projects, and in the Kona area, priority has been given to the establishment of an agricultural park to meet the immediate needs of the vegetable farmers - existing farmers who are faced with short-term leases or who have already had their leases terminated. However, preliminary steps have already been taken for the eventual establishment of an agricultural park at Keahole, Kona. The Cooperative Experiment Station County Agent in Kona is currently conducting a dendrobium production experiment at the airport water tank site to ascertain suitability of the area for dendrobium production. A saran type shade house has been constructed, and pending the receipt of some experiment management assistance, the U.H. 44 variety of dendrobium will be placed in the Shade house.

Concurrently, the Department of Agriculture is exploring alternative sites on State lands within the area. The objective of the alternative site evaluation is to maximize the tourist attraction potential of a dendrobium and indoor foliage agricultural park in the area while minimizing development costs.

Your Committee has amended this resolution: first, that dendrobium production at Keahole Agricultural Park be de-emphasized, and second, that the experimental adaptation project proceed.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 293, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 293, S.D. 1.

Signed by all members of the Committee.

SCRep. 826 Economic Development on S.C.R. No. 120

The purpose of this concurrent resolution is to request the Department of Agriculture, the Department of Land and Natural Resources, the Land Use Commission, and agencies of the counties sharing responsibility for land use decision to give special consideration to the need to protect Hawaii's taro industry through the preservation of agricultural lands in the relatively few areas where taro can be commercially grown.

Your Committee received testimony on this matter and finds that the taro crop (taro, *Colocasia esculenta* (L.) Schott) can be grown in either wet land or dry land culture, and can utilize lands which are not suitable for increasing food supply and also affords an export potential.

The areas where taro is grown in Hawaii are where streams enter catchment areas thus making what would be swamps into production units. The total acreage of commercial taro farms is about 500 acres tended by some 128 farmers and their families. About ten per cent are full-time farmers. Taro farming is labor intensive because it takes a good deal of time and work to produce the crop.

The Board of Agriculture recently adopted a new land classification system which identifies the "agricultural lands of importance to the State of Hawaii." This classification system and criteria for classification were developed by an ad hoc committee; three categories

were identified. First, "Prime" agricultural land which is land best suited for the production of crops, because such land has the soil quality, growing season and moisture supply, needed. Second, "Unique" agricultural land is land which is in use for the production of specific crops. Unique land has a special combination of soil quality, growing season, temperature, humidity, sunlight, elevation, moisture supply, or other conditions that favor the production of a specific crop. Third, "Other Important" agricultural lands are lands which are important to agriculture in Hawaii, but do not qualify for the first two types of classification.

Your Committee finds that this type of classification supports the intent of this concurrent resolution as the relatively few areas in which taro can be grown in Hawaii are classified under the new system as unique agricultural lands.

Your Committee would like to amend this concurrent resolution by specifically citing Waihee as an area of land to be preserved which is particularly suited for the production of taro.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 120, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 120, S.D. 1.

Signed by all members of the Committee.

SCRep. 827 Economic Development on S.R.No. 309

The purpose of this resolution is to request the Department of Agriculture, the Department of Land and Natural Resources, the Land Use Commission, and agencies of the counties sharing responsibility for land use decision to give special consideration to the need to protect Hawaii's taro industry through the preservation of agricultural lands in the relatively few areas where taro can be commercially grown.

Your Committee received testimony on this matter and finds that the taro crop (taro, Colocasia esculenta (L.) Schott) can be grown in either wet land or dry land culture, and can utilize lands which are not suitable for increasing food supply and also affords an export potential.

The areas where taro is grown in Hawaii are where streams enter catchment areas thus making what would be swamps into production units. The total acreage of commercial taro farms is about 500 acres tended by some 128 farmers and their families. About ten per cent are full-time farmers. Taro farming is labor intensive because it takes a good deal of time and work to produce the crop.

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Your Committee finds that this type of classification supports the intent of this resolution as the relatively few areas in which taro can be grown in Hawaii are classified under the new system as unique agricultural lands.

Your Committee would like to amend this resolution by specifically citing Waihee as an area of land to be preserved which is particularly suited for the production of taro.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 309, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 309, S.D. 1.

Signed by all members of the Committee.

SCRep. 828 Human Resources on S.C.R. No. 118

The purpose of this resolution is to request Hawaii's Congressional Delegation to take the necessary action to have federal contracting agencies in Hawaii require compliance

by their contractors with the requirements of chapter 444, Hawaii Revised Statutes.

Presently, contractors that are performing work on State, County, and/or private projects are regulated by the Contractors License Law. These contractors are required to possess the necessary skill, integrity and financial responsibility before being accorded a license. The Contractors License Law has greatly alleviated unscrupulous acts of contractors and in general the public had gained confidence in dealing with licensed contractors.

Your Committee finds that on federal projects where no license requirements prevail, often times these jobs are performed by contractors who are not acquainted with the local prevailing bidding practices and who are here on a one time, one job basis. Consequently, the residual effect of an incomplete project, unpaid claims, poor workmanship, and the stigma of irresponsible licensed are shared by responsible licensed contractors as well.

Your Committee further finds that there exists no real difference between a federal project and a state or private project. Basically the same pool of labor resources is used. Construction techniques and the day-to-day operations hardly differ. Administration of the projects also follows an identical pattern.

Your Committee believes that the intent of this resolution is to protect the public health, safety, and general welfare, and insure the public an effective and practical protection against the incompetent, inexperienced, unlawful, and unfair practices of some unlicensed contractors.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 118 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 829 Human Resources on S.C.R. No. 126

The purpose of this concurrent resolution is to request the Office of the Legislative Reference Bureau to perform a study to evaluate the "thirty and out" proposal and to submit a report thereof prior to the convening to the Regular Session of 1978.

Among the more significant proposals receiving serious attention by government officials, employee organizations, and others is the "thirty and out" proposal whereby employees in the Employees Retirement System of the State may retire after thirty years of credited service regardless of age without reduction in retirement benefits.

Notwithstanding the additional employer costs, your Committee finds that the implementation of the "thirty and out" proposal may generate employer cost savings through potential reduction of unemployment rolls through increased job opportunities, potential reduction of reliance upon public assistance as a result of increased job opportunities, and the possibility of reduced salary requirements for those positions as may be filled from among the positions vacated by persons retiring after thirty years of service. However, the "thirty and out" concept is still likely to cause complex changes in the relatively unexplored area of public finance and deserves careful consideration and study before enactment into statutory law. This concurrent resolution further provides that the Office of the Legislative Reference Bureau may contract out selected portions of the study through the release of funds pursuant to the provisions of Act 1, Regular Session of 1977.

Your Committee has made a technical amendment to this concurrent resolution without altering its intent and purpose.

Your Committee on Human Resources concurs with the intent and purpose of S.C.R. No. 126, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.C.R. No. 126, S.D. 1.

Signed by all members of the Committee.

SCRep. 830 Human Resources on S.R. No. 330

The purpose of this resolution is to request the Office of the Legislative Reference Bureau to perform a study to evaluate the "thirty and out" proposal and to submit a report thereof prior to the convening to the Regular Session of 1978.

Among the more significant proposals receiving serious attention by government officials, employee organizations, and others is the "thirty and out" proposal whereby employees

in the Employees Retirement System of the State may retire after thirty years of credited service regardless of age without reduction in retirement benefits.

Notwithstanding the additional employer costs, your Committee finds that the implementation of the "thirty and out" proposal may generate employer cost savings through potential reduction of unemployment rolls through increased job opportunities, potential reduction of reliance upon public assistance as a result of increased job opportunities, and the possibility of reduced salary requirements for those positions as may be filled from among the positions vacated by persons retiring after thirty years of service. However, the "thirty and out" concept is still likely to cause complex changes in the relatively unexplored area of public finance and deserves careful consideration and study before enactment into statutory law. This resolution further provides that the Office of the Legislative Reference Bureau may contract out selected portions of the study through the release of funds pursuant to the provisions of Act 1, Regular Session of 1977.

Your Committee has made a technical amendment to this resolution without altering its intent and purpose.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 330, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No.330, S.D. 1.

Signed by all members of the Committee.

SCRep. 831 Human Resources on S.R. No. 30

The purpose of this resolution is to request the Governor to appoint a temporary commission for a special task force on Human Services Programs and Fiscal Planning to identify the current needs, characteristics, resources and delivery capabilities of operating human services programs in the state which may constitute the basis for the establishment of a Master Plan for Comprehensive Human Services.

Your Committee finds that concerns have been expressed on whether the coordination of human services programs are and will be current in terms of the total public need. The intent of the proposed resolution is to have the task force take a detailed look into the whole area of human services and resources in the State from all levels of Government and from the private sector. This will be the first step in working toward the development of a Master Plan for Comprehensive Human Services. This task force is also requested to monitor the development of new human services programs at the federal level and coordinate the development of the Master Plan accordingly.

Your Committee further finds that the intent of the proposed resolution also is to request the Director of Finance to assure that ongoing analysis, including the development of a Master Plan will be utilized in the future preparation of the Executive Budget and/or supplements.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 30 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 832 Human Resources on H.C.R. No. 83

The purpose of this resolution is to request Hawaii's congressional delegation to take the necessary action to have the State of Hawaii's determination of prevailing wage rates included within the specifications of contracts for federal construction projects in Hawaii.

Title 40, section 276 (a), United States Code, the "Davis-Bacon Act" requires that advertised specifications of certain contracts to which the United States is a party contain a provision stating that the minimum wages to be paid shall be based upon the wages which are determined by the Secretary of Labor to be prevailing for corresponding employees employed on similar projects where the work is to be performed.

The State's wage schedule under Chapter 104, HRS, Wages and Hours of Employees on Public Works Law, is compiled and published by the Research and Statistics Office of the State Department of Labor. The basic schedules are issued quarterly with amendments issued whenever necessary. Every public works construction contract in excess of \$2,000 to which a state or county contracting agency is a party must contain these rates in the specifications.

Your Committee finds that in addition to the duplication of effort, the statistics of

the Wage and Hour Division of the United States Department of Labor normally are not current. Testimony presented before your Committee estimated the time lag between the State and Federal Government to be six months. Because this situation exists, compliance with the Davis-Bacon Act for federal projects in Hawaii appears to favor non-union contractors. Therefore from a bidding standpoint on federal work, the organized firm finds itself at an immediate bidding disadvantage. For example, in the State Department of Labor Bulletin 310, dated February 15, 1977, it establishes the wage rates recognized by the Director of Labor and Industrial Relations to be prevailing on public construction work for the purposes of Chapter 104, HRS, which shows an asbestos worker earns \$11.59 per hour, including fringes. The Department of Labor's Federal Register, dated February 4, 1977, establishes the prevailing minimum wage for federal and federally assisted construction to be \$11.06 per hour, a difference of \$0.53. Other examples of wage difference can be cited such as: bricklayer - there is a \$2.21 per hour difference; electrician - \$0.67 per hour; elevator constructor \$0.91 per hour; and iron worker - \$1.11 per hour. From this example, the inequity can clearly be seen.

This resolution will request Hawaii's delegation to remedy this situation through Congressional legislation stipulating in the specifications on federal projects that the Davis-Bacon wage schedule or its equivalent be established by the project is located.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 83 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 833 Human Resources on H.C.R. No. 84

The purpose of this resolution is to request Hawaii's congressional delegation to take the necessary action to prohibit the use of foreign labor on federally funded projects in the south and western Pacific areas unless qualified personnel are not readily available, first from Hawaii and subsequently from the mainland United States.

Your Committee finds that federally funded projects being undertaken in the south and western Pacific areas are being performed by foreign labor. Hawaii has qualified personnel who are unemployed and actively seeking work, however, American firms competing for work on these projects contend that they are not competitive with foreign firms because of the lower cost of foreign labor.

This resolution will provide the opportunity to create jobs to Hawaii and other hard hit states and consequently alleviate the cost of unemployment compensation that places a heavy strain on government resources. It further provides action to insure, for employees so selected, the prevailing Davis-Bacon wage rate at the point of hire be adopted for a more equitable base for competitive bids for contracts by American industry and to provide the stimulus needed for labor mobility.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 84 and recommends its adoption.

Signed by all members of the Committee except Senator Anderson.

SCRep. 834 Human Resources on H.C.R. No. 89

The purpose of this resolution is to request the Congress of the United States to enact legislation cancelling or forgiving the indebtedness of the states to the Federal Unemployment Account in the Unemployment Compensation Trust Fund for funds advanced to the states for the payment of unemployment compensation benefits.

Your Committee finds that as of February 15, 1977, there were 22 states including Hawaii which obtained advances from the Federal Unemployment Account to pay unemployment insurance benefits to eligible claimants. The outstanding indebtedness of the 22 states as of February 15, 1977 was \$3.8 billion.

The advances received by the States from the Federal Unemployment Account is made up of monies contributed by all employers covered by the Federal Unemployment Tax Act. All employers in Hawaii covered by the Hawaii Employment Security Law have contributed to this account. The States requested these advances from the account because of the present unduly long recession. If Hawaii cannot repay all of its loans of \$22.5 million that were advanced before November 10, 1979, the employer's federal unemployment tax rates for that year will be increased from 0.5% to 0.8%. This increase will amount to \$3 million to \$4 million in federal unemployment taxes to be paid by Hawaii employers on 1979 wages. It is expected that by November 10, 1980, the total federal loan of \$22.5

million would have been repaid, however, if it is not repaid, then Hawaii employers' federal unemployment tax rates will be increased from 0.5% to 1.1% on 1980 wages. This will amount to an additional \$7 million to \$8 million in federal taxes to be paid by employers.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 89 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 835 Energy/Natural Resources on S.R. No. 374

The purpose of this resolution is to support the extension of the seaweed research-demonstration project currently underway at the Hawaii Institute of Marine Biology by Dr. Maxwell Doty to include Kahuku Seafood Plantation.

Your Committee held a hearing on April 1, 1977 with 14 persons testifying, of which 12 were in favor or not opposed to the purpose of this resolution, provided sufficient safeguards are included to protect the environment as stated in the Resolution.

In the past ten years, over one million dollars of Federal, State of Hawaii, and private monies has been spent to develop this particular species of seaweed (eucheuma striatum, or tambalang) which has significant potential as the basis of a multi-million dollar industry.

One major attribute of this seaweed that was pointed out at the hearing is its unusual ability to "purify" polluted waters, as in Kaneohe Bay. Further, there have been increases in the oxygen level by 10% or more as well as a clear improvement in water clarity. Where it has become established in the reef areas, fish populations have increased, as it is edible for fish, as well as for humans. In fact, test marketing has indicated that there are many persons who will purchase this species for consumption, as it is similar to the "ogo" variety of limu. THERE ARE NO NEGATIVE TRAITS OF EUCHEUMA except for the fact that no two objects can occupy the same space. Unless it receives special nutrients from man or perhaps from a sewage outfall (such as exists near its location on Coconut Island Reef), it tends to die off or be consumed by sealife faster than its rate of growth.

A major concern has been the ability to control the possible spread of eucheuma to locations where it is not wanted or difficult to control. The present research effort is essentially completed with various methods of control developed or under consideration. Most interested scientists agree that the best control system is "closed" so that no portion of the seaweed can "escape" and possibly become established in the reef areas of our islands. Again, testimony indicated that even if it did escape, it would be difficult, if not impossible, for it to become established except at a very few locations where the right conditions exist, chief of which are the needed nutrients for its growth. Normally, if eucheuma is not fertilized or fed, like any farm crop (such as corn), it will not grow. It has been planted in places around Oahu, such as at the Natatorium reef in Waikiki and at Fort Kamehameha. The testimony of the HIMB AD HOC COMMITTEE ON EUCHEUMA and the Environmental Center of the University of Hawaii said that "the alga has apparently not prospered at either of these locations, although some reputedly still survives at the Natatorium site (we have not been able to reconfirm this report recently)."

Of course, the best control method is "harvesting" as it has considerable value as a food and for other markets. There is no evidence that eucheuma spreads by spores (seeds) or sexual processes.

The near unanimous consensus of those testifying indicated that with the controls agreed to by Kahuku Seafood Plantation, the research-demonstration project will be positively enhanced, and many of the concerns raised by the few opponents can be scientifically resolved by such a "closed" system. The specific conditions agreed to by Kahuku Seafood Plantation are, firstly, KSP will not market or release eucheuma that can be "planted" elsewhere in Hawaii until necessary research is completed and a positive opinion is rendered as to its effective control. Secondly, the "closed" system of KSP will be tested by a disinterested third party to assure that there is no connection with the sea, either surface or subsurface, through which eucheuma might escape. Thirdly, the concerns of the HIMB Ad Hoc Eucheuma Committee should be met as to the harvesting and transmission of the eucheuma.

Based on the testimony provided, it would appear that the very concerns of those who have raised objections to the introduction of eucheuma could be satisfied and actually become significant assets with the extension of this research-demonstration project to Kahuku Seafood Plantation. Its value as a rapidly growing "purification" plant species will help clean up the environment by use in the KSP "purging" pond. Also, its rapid

growth is a positive asset for use in a variety of commercial ventures. Local endemic species, it was pointed out, simply do not have these same qualities.

The Board of Agriculture recently deferred action on the transfer request to KSP because of the advice of the Advisory Committee on Plants and Animals. Some members of the committee have subsequently visited KSP's facilities, and though they had previously either "opposed" or recommended "deferral", they have since indicated that they now approve the request. Other members have stated that they would now be in favor of the request provided that certain conditions are met as spelled out in this report. An April 1, 1977 poll of these members indicated six in favor, with two either opposed or for deferral.

Based on the testimony provided, and the willingness of Kahuku Seafood Plantation to agree to the conditions set forth by the Advisory Committee on Plants and Animals, your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 374 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 836 Economic Development on H.B. No. 1463

The purpose of this bill is to amend the State Exceptional Trees Act, Chapter 58, Hawaii Revised Statutes, to exclude from the definition of "exceptional trees" all trees planted for commercial forestry operations in each county within the State of Hawaii.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1463, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Hulten and Yim.

SCRep. 837 Economic Development on H.B. No. 103

The purpose of this bill is to require the Department of Land and Natural Resources to complete and maintain a current inventory of all State-owned lands suitable and available for residential development.

Your Committees feel that such an inventory is needed and would be beneficial to the Hawaii Housing Authority and other developers in providing information on available public lands to meet the future housing needs of the State.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 103, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 838 Economic Development on H.B. No. 674

The purpose of this bill is to limit the exemption from the requirement of mailing notices to all landowners affected by an application for boundary changes in forest and water reserves to the proposed revision of Regulation 4. However, the mailing requirement will continue to apply in all other instances.

Your Committee finds that the Department of Land and Natural Resources is presently in the process of revising Departmental Regulation No. 4, a regulation pursuant to Chapter 183-41, Hawaii Revised Statutes, regarding the use of land in the conservation district. There was no testimony regarding this bill, but in consultation with the deputy director of the department in the proposed revision of Regulation No. 4, the public notice requirements is satisfied by publication alone.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 674, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 839 Economic Development on H.B. No. 770

The purpose of this bill is to permit some variance to the minimum lot size standard in the subdivision of lands in a rural district in such cases where hardship is demonstrated by the landowner.

Your Committee finds that landowners have repeatedly requested the Land Use Commission to grant some variance to the minimum lot size standard. Under the present statutes, it has been interpreted that the Land Use Commission does not have the authority to permit the establishment of lots less than one-half acre within the Rural District.

This bill would allow a family to place two dwelling units on a single property without subdividing, provided that the property included a full one-half acre (21,780 square feet) for the first residence and at least 18,500 square feet for the second residence. "Equivalent residential density" as used in the bill shall refer to the number of houses per land area.

As newly created lots must conform to present standards, this provision will apply solely to lots existing on record prior to January 1, 1977 and shall address hardship situations only. It is also not the intent of your Committee to further reduce the minimum lot size standard.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 770, H.D. 2 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 840 Economic Development on H. B. No. 1319

The purpose of this bill is to include communications equipment buildings as a permitted use in agricultural land along with other similar utilities now permitted.

Your Committee finds that this bill would improve service to telephone customers and reduce the cost of providing service. Other utilities are not permitted in agricultural land, such as utility lines, electric transformer stations and water booster pumping stations; this bill will include communications equipment buildings as well and will better serve farmers and others residing on agricultural lands.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1319 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 841 Economic Development on H.B. No. 1533

The purpose of this bill is to amend Chapter 115, Hawaii Revised Statutes, to permit the State and counties to purchase lands for public rights-of-way and public transit corridors to coastal and inland recreational areas.

Your Committee finds that, under the present law, public access is only provided to the sea and the shorelines. This bill would broaden the scope of Chapter 115 to include coastal and inland recreational areas. This bill implements a finding of the Hawaii State Comprehensive Outdoor Recreation Plan (1975) which identifies reduced public access to shoreline and inland resource areas as a continuing problem throughout the State. This bill would greatly increase the Department of Planning and Economic Development's efforts to assure the availability of, and accessibility to, adequate recreational, cultural and educational opportunities for the citizens of Hawaii.

Your Committee on Economic Development is in accord with H.B. No. 1533 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 842 Economic Development on H.B. No. 1711

The purpose of this administrative bill is to eliminate ambiguous and obsolete definitions and to clarify the modern metric system definition of "SI".

Your Committee finds that because there is a Branch of Weights and Measures within the Division of Weights and Measures, the Division of Measurement Standards is proposed as the new name. There is no increase in statutory authority and your Committee would like to stress that this measure is to amend the definition only; there is no increase in personnel under the section affected.

Your Committee on Economic Development is in accord with the intent and purpose

of H.B. No. 1171 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators King and Yim.

SCRep. 843 Legislative Management

Informing the Senate that S.C.R. Nos. 148 to 155, S.R. Nos. 416 to 427 and Stand. Com. Rep. Nos. 844 to 886 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 844 Health on Gov. Msg. No. 148

Recommending that the Senate advise and consent to the nomination of DR. JOHN C. MILNOR, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 845 Health on Gov. Msg. No. 149

Recommending that the Senate advise and consent to the nomination of RICHARD W. SANTOS, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 846 Health on Gov. Msg. No. 150

Recommending that the Senate advise and consent to the nomination of ROBERT M. KAWAKONE, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 847 Health on Gov. Msg. No. 152

Recommending that the Senate advise and consent to the nomination of GEORGE C. WILKINS, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 848 Health on Gov. Msg. No. 153

Recommending that the Senate advise and consent to the nomination of RUTH F. YOSHIOKA, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 849 Health on Gov. Msg. No. 154

Recommending that the Senate advise and consent to the nomination of MARY BETH STATTS, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 850 Health on Gov. Msg. No. 155

Recommending that the Senate advise and consent to the nomination of DR. ALLAN C. OGLESBY, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 851 Health on Gov. Msg. No. 156

Recommending that the Senate advise and consent to the nomination of HARRIET O.

YOSHIMORI, to the State Board of Nursing, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 852 Health on Gov. Msg. No. 157

Recommending that the Senate advise and consent to the nomination of SOON YUR NAKATSU, to the State Board of Nursing, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 853 Health on Gov. Msg. No. 158

Recommending that the Senate advise and consent to the nomination of YOSHIKO SHIMAMOTO, to the State Board of Nursing, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 854 Health on Gov. Msg. No. 159

Recommending that the Senate advise and consent to the nomination of HILARIO RAMISCAL, to the State Board of Nursing, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 855 Health on Gov. Msg. No. 181

Recommending that the Senate advise and consent to the nomination of DR. GEORGE M. TAKUSHI, to the Board of Health, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 856 Health on Gov. Msg. No. 182

Recommending that the Senate advise and consent to the nomination of DR. YONEMICHI MIYASHIRO, to the Board of Health, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 857 Health on Gov. Msg. No. 221

Recommending that the Senate advise and consent to the nomination of DARLENE M.L. KAU, to the Board of Speech Pathology and Audiology, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 858 Health on Gov. Msg. No. 222

Recommending that the Senate advise and consent to the nomination of SUSUMU AWAYA, to the Board of Speech Pathology and Audiology, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 859 Health on Gov. Msg. No. 230

Recommending that the Senate advise and consent to the nomination of JERRY J. JARDIN, to the Board of Examiners of Nursing Home Administrators, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 860 Health on Gov. Msg. No. 231

Recommending that the Senate advise and consent to the nomination of ANN T. KADOGUCHI, to the Board of Examiners of Nursing Home Administrators, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 861 Health on Gov. Msg. No. 232

Recommending that the Senate advise and consent to the nomination of FRANCIS M. OKITA,

to the Board of Examiners of Nursing Home Administrators, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 862 Health on Gov. Msg. No. 233

Recommending that the Senate advise and consent to the nomination of MALCOLM K. CROSBY, to the Board of Medical Examiners, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 863 Health on Gov. Msg. No. 234

Recommending that the Senate advise and consent to the nomination of KENNETH N. SUMIMOTO, to the Board of Medical Examiners, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 864 Health on Gov. Msg. No. 235

Recommending that the Senate advise and consent to the nomination of DR. PATRICK AIU, to the Board of Medical Examiners, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 865 Health on Gov. Msg. No. 240

Recommending that the Senate advise and consent to the nomination of DR. JOSEPH E. ANDREWS, to the County Hospital Management Advisory Committee, County of Maui, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 866 Health on Gov. Msg. No. 241

Recommending that the Senate advise and consent to the nomination of BETSY S. ERDMAN, to the County Hospital Management Advisory Committee, County of Maui, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 867 Health on Gov. Msg. No. 242

Recommending that the Senate advise and consent to the nomination of SANFORD S. SAKUMOTO, to the County Hospital Management Advisory Committee, County of Maui, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 868 Health on Gov. Msg. No. 243

Recommending that the Senate advise and consent to the nomination of DR. CLIFFORD F. MORAN, to the County Hospital Management Advisory Committee, County of Maui, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 869 Health on Gov. Msg. No. 292

Recommending that the Senate advise and consent to the nomination of KENNETH K. FUKUNAGA, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 870 Health on Gov. Msg. No. 293

Recommending that the Senate advise and consent to the nomination of JOHN A. GRIFFITH, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 871 Health on Gov. Msg. No. 294

Recommending that the Senate advise and consent to the nomination of ROBERT K. MASUDA, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 872 Health on Gov. Msg. No. 295

Recommending that the Senate advise and consent to the nomination of RUSSELL H. COOK, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 873 Health on Gov. Msg. No. 296

Recommending that the Senate advise and consent to the nomination of RONALD P. C. CHANG, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 874 Health on Gov. Msg. No. 297

Recommending that the Senate advise and consent to the nomination of ROLAND J. WATSON, to the Advisory Commission on Drug Abuse and Controlled Substances, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 875 Health on Gov. Msg. No. 314

Recommending that the Senate advise and consent to the nomination of DR. WALTER R. HAAS, to the Board of Veterinary Examiners, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 876 Education on S.C.R. No. 74

The purpose of this resolution is to encourage the department of education to utilize the skills and talents of Hawaii's senior citizens. The department testified that they have been making use of this rich source of social and cultural history. This resolution is intended to foster this by supporting past efforts and suggesting new avenues which the department might examine in their search for these sources. The senior citizens of this state are a unique and valuable source of learning for our children. Hawaii has undergone fundamental changes in the twentieth century, changes which many of our citizens lived through and can share firsthand knowledge of. We cannot allow this resource to be lost.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 74 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 877 Education on S.R. No. 46

The purpose of this resolution is to request of the Department of Education that they incorporate the techniques developed through the teacher evaluation pilot programs, into the teacher classification system.

In the public hearing on this resolution, your Committee heard conflicting opinions as to effect that this request would have. There was concern that the result would be a merit pay system. Whatever the strengths a merit pay system may be, your Committee feels that such a proposal would be a drastic departure from the present system and not one which we will undertake at this time. We do however want to support the department's proposal that the evaluations be used as one of the criteria in teacher reclassification. We encourage the department to continue to explore uses for the evaluation.

Your Committee on Education concurs with the intent and purpose of S.R. No. 46, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 878 Education on S.R. No. 91

The purpose of this resolution is to encourage the Hawaii Public Broadcasting Authority to facilitate the enjoyment of television by the deaf. There is a national movement in the direction of providing such services which Hawaii's public broadcasting station is part of. Every encouragement should be given to this movement and to making any organizations or groups representing the deaf, part of this process.

Your Committee on Education concurs with the intent and purpose of S.R. No. 91 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 879 Education on S.R. No. 278

The purpose of this resolution is to request the Hawaii Public Broadcasting Authority to eliminate sex biased programming. The Committee heard testimony from the Public Broadcasting Authority, from a women's professional organization, and from a number of concerned individuals. There was a consensus of support for the resolution and the concept of eliminating sex biased programming is one that your Committee endorses.

Your Committee has made a number of amendments to the resolution that make clear that we do not expect instant achievement of programming which is totally free of sex bias but rather that it should be a goal of the highest priority. We have also requested that the Public Broadcasting Authority do what it can to change the policies of those national programs which it wishes to subscribe to and which are, in fact, sex biased.

Your Committee on Education concurs with the intent and purpose of S.R. No. 278, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 278, S.D. 1.

Signed by all members of the Committee.

SCRep. 880 Transportation on S.C.R. No. 140

The purpose of this concurrent resolution is to request the Department of Transportation to improve the H-1 from Middle Street to Aina Koa Street to conform to existing federal standards.

Your Committee finds the commuting public endangered by the outdated design and deficient carrying capacity of this central link of the Oahu highway transportation system. Present construction plans at Honolulu International Airport will compound the problem by adding three additional lanes of highway traffic to this portion of the H-1. Major improvements planned for Kalaniana'ole highway from Hawaii Kai will also serve to worsen the already hazardous and congested conditions of this area. Conditions as they exist are unacceptable and will only deteriorate with the addition of projected traffic volumes. Major improvements should be initiated on the older sections of the H-1 to improve the safety and also to increase the carrying capacity of this highway section.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 140 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 881 Transportation on S.R. No. 327

The purpose of this amendment is to request the Civil Aeronautics Board to hold evidentiary hearings on the proposed amendment to the Code of Federal Regulations, which would allow air taxi services to operate larger aircraft.

Your Committee finds the proposed amendment may have a significant effect on Hawaii's interisland air service. Such a decision should not be made solely from written testimony. Conflicting information on the quality and safety of service supplied by certified air carriers as opposed to air taxi services has been presented and the economic impact of such an amendment deserves to be explored as fully as possible. Your Committee feels the public interest best served and these questions best resolved through a public hearing.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 327 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 882 Transportation on S.R. No. 385

The purpose of this resolution is to request the Department of Transportation to improve the H-1 from Middle Street to Aina Koa Street to conform to existing Federal standards.

Your Committee finds the commuting public endangered by the outdated design and deficient carrying capacity of this central link of the Oahu highway transportation system. Present construction plans at Honolulu International Airport will compound the problem by adding three additional lanes of highway traffic to this portion of the H-1. Major improvements planned for Kalaniana'ole highway from Hawaii Kai will also serve to worsen the already hazardous and congested conditions of this area. Conditions as they exist are unacceptable and will only deteriorate with the addition of projected traffic volumes. Major improvements should be initiated on the older sections of the H-1 to improve the safety and also to increase the carrying capacity of this highway section.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 385 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 883 Military and Civil Defense on S.R. No. 402

The purpose of this Resolution is to request the Hawaii Association of Realtors to conduct a program to educate member realtors of the importance of AICUZ studies and to promulgate in-house rules and policies requiring realtors involved in the sale of land located within AICUZ to notify potential purchasers of this fact and its significance.

During a hearing on Senate Bill No. 669, your Committee learned that airfields have a very significant effect on the use of land surrounding them. Noise pollution is a constant problem and aircraft accidents are always a potential hazard. Recognizing these problems the military in Hawaii has conducted studies and adopted the Air Installation Compatible Use Zones (AICUZ) program following nationally developed guidelines. The AICUZ program consists of various zones which reflect varying levels of noise impact and potential for aircraft accidents. Your Committee finds that the AICUZ program is a valuable resource which should be utilized.

Your Committee further finds that there are many different methods of using the AICUZ concept such as the incorporation of the AICUZ into land use and zoning statutes, but feels that such steps might impose unnecessary hardship upon property owners. Your Committee, therefore, concludes that the most prudent approach at this time is to develop a program of disclosure to potential buyers that certain property is located within AICUZ and that this may have some effect on the uses to which the land is suited.

Your Committee further finds that the most appropriate means of implementing this program is to request the assistance of the Hawaii Association of Realtors.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S. R. No. 402, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 884 Human Resources on S.R. No. 366

The purpose of this resolution is to request the Ho'opono Advisory Board to conduct a study of the Hawaii Vending Facilities Program.

Your Committee finds that the Federal Government has promulgated laws and regulations governing vending operations on Federal property and has proposed new rules and regulations for such operations. It is desirable to establish program uniformity among vending operations on Federal, State, County and private properties. The intent of this resolution is to have the Ho'opono Advisory Board, comprised of blind and sighted members, coordinate a study of the Hawaii Vending Facilities Program with all interested persons and organizations with similar concerns throughout the State of Hawaii. This study can be done at no cost to the State government and will provide for an opportunity to study the need for program uniformity.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 366 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 885 Human Resources on S.R. No. 379

The purpose of this resolution is to review the reserve ratio and the benefit ratio methods for financing the State's Unemployment Insurance Program and the submission of appropriate legislation to strengthen the solvency of the State's Unemployment Insurance Trust Fund.

Your Committee finds that the current Unemployment Insurance (UI) financing system is no longer able to insure the solvency of the trust fund during prolonged periods of high unemployment and that we must seek alternative means of financing the fund.

Your Committee has reviewed the benefit ratio method which is used by about thirteen states. This is another type of experience rating system in which the employer's tax rate is based on the benefits paid their former employees during the last three years. Whereas the Reserve Ratio system, which is the current rating system, is based on the reserves they have accumulated in their unemployment insurance accounts since they became employers. This method relies on all past contributions and benefits paid out and the necessary reserve is a percentage of their wages paid out.

The reserve ratio method has been criticized because it has not raised the necessary monies to pay unemployment benefits. In addition, there is no way to finance employer accounts out of which more benefits have been paid out than contributions paid in. Once an employer's reserve falls below a certain amount, he pays the maximum tax and this tax does not increase no matter how deep his account goes into a negative balance.

The benefit ratio method has been criticized because it has a socializing effect because it has a built in "forgiveness" factor. Any experience prior to three years are no longer considered in the computation of rates. Therefore, any bad experience, more than three years ago is forgotten and benefits are financed on a socialized basis by all employers.

Your Committee received two proposals for a new financing system - one from the Department of labor and Industrial Relations and the other by Dr. Thomas Hitch, a well-known authority on Unemployment Insurance financing schemes.

Both proposals suggest a basic contribution rate plus a fund solvency or adjustment rate. The fund solvency or adjustment rate would be triggered when the fund balances are at a certain level and all employers pay the same rate in addition to his basic contribution rate. The Department suggests a reserve ratio method to determine the basic contribution rate and Dr. Hitch suggests a benefit ratio method and both proposals suggest a maximum rate of about 5% to 5.5%. The maximum rate has an effect of socializing benefits because without the maximum rate some employers would pay as much as 10% of payroll under either system.

A completely experienced rated system, either the reserve ratio or benefit method, could place a heavy tax burden on some employers, particularly small employers and employers in seasonal or cyclical industries, that may jeopardize their very existence. This problem would be compounded if there was no maximum rate.

Your Committee believes that generally, unemployment is beyond the control of the employers. They do not have the influence nor the power to affect any change in our economic situation. In addition, the small employers and the employers in seasonal or cyclical industries like construction, pineapple, or tourism must be encouraged to remain in business in order to preserve their continued contributions to our community - such as providing employment, paying taxes, and providing services necessary and desirable to our community.

Your Committee has not made any decisions on the new financing scheme because we do not have all of the necessary data to determine whether the reserve ratio or the benefit ratio be adopted. This resolution will aid your Committee in obtaining the necessary data to succeed in developing the necessary legislation for 1979.

Your Committee believes that an experience rated system be instituted by January 1, 1979, and that the maximum rate should not be more than 5%.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 379 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 886 Human Resources on H.C.R. No. 72

The purpose of this resolution is to request for federal assistance to states such as Hawaii which receive large numbers of foreign immigrants.

Your Committee finds that one of the problems which the State of Hawaii has been facing in the past years is the dramatic increase of foreign immigration since the United States Congress revised the immigration policy in 1965. During the 1960-70 period, more than 36,000 aliens arrived in Hawaii with intentions to reside in the state and constituted more than one quarter of the net population increase. However, in the period between 1970-75, the number of immigrants approximately doubled, with 37,500 aliens arriving and constituting more than 40% of the net population increase. In 1975, Hawaii received 8.7 immigrants per thousand civilian population. This was the highest ratio in the nation and 4.8 times the national average of 1.83 immigrants per thousand civilian population. As a result of aggregate immigration, aliens comprised 8.2% of Hawaii's civilian population in the fiscal year 1975, a larger proportion than any other state in the Nation.

Your Committee strongly believes that foreign immigration to Hawaii will continue to increase because it seems to be the preferred state of settlement, therefore placing an increasing burden on the State. It has also recognized that the State has an obligation to assist these immigrants economically and socially in their adjustment to a new community. The needs of Hawaii's immigrants can be directly traced to federal action, and should be addressed by federal assistance to areas carrying a substantial burden from immigration. The intent of this resolution is to request for federal assistance especially directed toward alleviating the social, economic, and employment hardships of immigrants.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 72, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 887 Legislative Management

Informing the Senate that S.C.R. Nos. 156 to 161, S.R. Nos. 428 to 440, Stand. Com. Rep. Nos. 888 to 911 and Gov. Msg. Nos. 338, 341 to 437 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 888 Health on S.C.R. No. 13

The purpose of this concurrent resolution is to request the Department of Health to develop a comprehensive plan for making maximum use of available federal monies for health programs. The plan is to include the following:

1. A continuously updated information system that will identify all available federal monies that can possibly be utilized for the provision of health services and programs.
2. A methodology for evaluating federal monies in order to prioritize requests.
3. A methodology for advising all offices, divisions and branches within the Department of Health of potentially available federal monies and subsequently, a methodology for insuring that these monies will be requested.
4. A methodology for coordinating requests for federal monies within the Department of Health.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 13 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 889 Health on S.R. No. 37

The purpose of this resolution is to request the Department of Health to develop a comprehensive plan for making maximum use of available federal monies for health programs. The plan is to include the following:

1. A continuously updated information system that will identify all available federal

monies that can possibly be utilized for the provision of health services and programs.

2. A methodology for evaluating federal monies in order to prioritize requests.
3. A methodology for advising all offices, divisions and branches within the Department of Health of potentially available federal monies and subsequently, a methodology for insuring that these monies will be requested.
4. A methodology for coordinating requests for federal monies within the Department of Health.

Your Committee on Health concurs with the intent and purpose of S.R. No. 37 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 890 Health on S.C.R. No. 132

The purpose of this concurrent resolution is to request the Governor to effect a system to protect and advocate the rights of persons with developmental disabilities in accordance with P.L. 94-103 and the interim guidelines established thereunder.

Many developmentally disabled persons have great difficulty dealing with problems of everyday living. Your Committee therefore favors in principle a system of advocacy for the developmentally disabled.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 132 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 891 Health on S.R. No. 346

The purpose of this resolution is to request the Governor to effect a system to protect and advocate the rights of persons with developmental disabilities in accordance with P.L. 94-103 and the interim guidelines established thereunder.

Many developmentally disabled persons have great difficulty dealing with problems of everyday living. Your Committee therefore favors in principle a system of advocacy for the developmentally disabled.

Your Committee on Health concurs with the intent and purpose of S.R. No. 346 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 892 Health on S.C.R. No. 136

The purpose of this Concurrent Resolution is to request that the members of Hawaii's Congressional delegation exert maximum effort with the U.S. Department of Health, Education and Welfare to maintain the Z-5 program of health services to the gap group at current levels.

The Z-5 program of health services to the gap group, operated by Kaiser Foundation and funded by the U.S. Department of Health Education and Welfare, has been treating 4,500 persons who do not qualify employer or union sponsored insurance programs, and whose incomes are not high enough to afford to pay for the premiums but yet too high to qualify for Medicaid reimbursement. There is presently a waiting list of 400 persons. The U.S. Department of Health, Education and Welfare has asked Kaiser to reduce their budget for the Z-5 program from 1,662,000 to \$1,452,000, thus threatening the reduction of health services to the gap group through the Z-5 program. Your Committee, therefore, finds this Resolution to be appropriate and necessary to maintain the current level of services.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 136 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 893 Health on S.R. No. 362

The purpose of this Resolution is to request that the members of Hawaii's Congressional

delegation exert maximum effort with the U.S. Department of Health, Education and Welfare to maintain the Z-5 program of health services to the gap group at current levels.

The Z-5 program of health services to the gap group, operated by Kaiser Foundation and funded by the U.S. Department of Health Education and Welfare, has been treating 4,500 persons who do not qualify employer or union sponsored insurance programs, and whose incomes are not high enough to afford to pay for the premiums but yet too high to qualify for Medicaid reimbursement. There is presently a waiting list of 400 persons. The U.S. Department of Health, Education and Welfare has asked Kaiser to reduce their budget for the Z-5 program from 1,662,000 to \$1,452,000, thus threatening the reduction of health services to the gap group through the Z-5 program. Your Committee, therefore, finds this Resolution to be appropriate and necessary to maintain the current level of services.

Your Committee on Health concurs with the intent and purpose of S.R. No. 362 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 894 Health on S.C.R. No. 143

The purpose of this concurrent resolution is to urge police officers and the Department of Social Services and Housing to cooperate in reporting cases of suspected child abuse so that necessary remedial action and follow-up can take place to prevent further incidents.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 143 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 895 Health on S.R. No. 404

The purpose of this resolution is to urge police officers and the Department of Social Services and Housing to cooperate in reporting cases of suspected child abuse so that necessary remedial action and follow-up can take place to prevent further incidents.

Your Committee on Health concurs with the intent and purpose of S.R. No. 404 and recommends its adoption.

Signed by all members of the Committee except Senators Ching and Nishimura.

SCRep. 896 Education in response to S.R. No. 297 - Makiki Library

The purpose of this resolution is to request this Committee to conduct a hearing on the matter of the Makiki library.

Pursuant to the concerns set forth in S.R. No. 297, your Committee held a public hearing on March 23, 1977, to acquire information regarding the action of the Board of Education in recommending that the Governor accept land and facilities for a library in Makiki, and especially as such action affects the Statewide allocation of funds for library services. Several members of the Board were present at the hearing, and of those members present, Mr. Noboru Yonamine, Mrs. Ruth Tabrah, and Dr. Richard Ando were among the persons presenting testimony at the hearing. Also testifying were a number of Makiki residents, many of whom have been very involved in the Makiki library. The sincerity and level of motivation shown by most of these witnesses were impressive.

Based on the testimony presented your Committee finds that the Makiki community is to be commended for its effort in operating the existing Makiki library. The library is composed of books and materials all of which have been donated, and the staff is composed almost entirely of volunteers. Your Committee feels that such efforts have been very productive and hopes that they will continue.

However, your Committee finds that the recommendation by the Board that the Governor accept the land and facilities in Makiki was made in the absence of a legal offer upon which the Governor could have acted.

Your Committee also finds that the Board has not, and at present has no plans to respond to the Governor's requests for information regarding the proposed acceptance of the library and its potential impact on the overall library system in the State. The information appears to be the reasonable request of a decision-maker concerned with the statewide impact of what may seem, on the surface, to be an isolated decision.

Your Committee further finds, based on the testimony of the members of the Board, that the Board's recommendation was made with full awareness that there is no provision for any allocation of funds or positions for the Makiki library for the next two years, and on the premise that the Makiki library will not divert CIP or operating funds from other libraries and communities in the rest of the State by continuing to function on a volunteer basis.

In summary your Committee on Education finds that further legislative action on the Makiki library controversy is not needed at this time.

SCRep. 897 Consumer Protection on Gov. Msg. No. 273

Recommending that the Senate advise and consent to the nomination of TAD TAKAMATSU, to the Consumer Advisory Council, to serve at the pleasure of the Governor.

Signed by all members of the Committee.

SCRep. 898 Economic Development on Gov. Msg. No. 176

Recommending that the Senate advise and consent to the nomination of FORTUNATO TEHO, to the Advisory Committee on Flowers and Foliage, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 899 Economic Development on H.B. No. 1319

The purpose of this bill is to include communications equipment buildings as a permitted use in agricultural land along with other similar utilities now permitted.

Your Committee finds that this bill would improve service to telephone customers and reduce the cost of providing service. Other utilities are now permitted in agricultural land, such as utility lines, electric transformer stations and water booster pumping stations; this bill will include communications equipment buildings as well and will better serve farmers and others residing on agricultural lands.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 1319 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 900 Ways and Means on H.B. No. 562

The purpose of this bill is to allow a public employee the option to continue contributing into the Retirement System during periods when the employee is receiving Workers' Compensation benefits.

Act 124, Session Laws of Hawaii, 1967, provided in the case of an employee who is absent because of injuries and receiving Workers' Compensation benefits, that the employee was entitled to earn vacation, sick leave, and retirement credits "as though he was not absent but performing duties of his regular job". Contributions to the Retirement System were deducted from the member's benefit checks until it was learned that this process was contrary to law. As a result, when the member was required, at a later date, to make up the deficiency in his contributions, an inconvenience and hardship occurred.

Your Committee finds that this bill will permit public employees the option to continue contributing into the Retirement System. This contribution will be an amount equal to the employee's normal deduction and be deducted from the worker's compensation benefit payments upon the individual's authorization.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 562, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 901 Ways and Means on H.B. No. 813

The purpose of this bill is to provide that only those public officers and employees who have tenure or permanent status may be granted a leave for the purpose of participating in any employment loan program with any other governments.

Your Committee incorporates the findings of your Committee on Human Resources in favor of this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 813 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 902 Ways and Means on H.B. No. 1001

The purpose of this bill is to permit the use of fuel tax revenues for the acquisition, design, construction, improvement, repair, and maintenance of bikeways.

Both motorists and bicyclists benefit through increased safety and improved traffic flow brought about by the construction or designation of lanes to be exclusively used for bicycles. This measure provides that county fuel taxes may be used for bikeways as is already the existing practice, and ensures that highway funds will continue to be available for bikeways in the future to supplement the funds already available under section 249-17.5, Hawaii Revised Statutes.

This measure also provides that no person shall drive upon any bicycle lane or bicycle path except as is set forth under the provisions of this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1001, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 903 Ways and Means on H.B. No. 1683

The purpose of this bill is to simplify and revise the existing vessel registration fee schedule, and to provide additional revenues required to aid in defraying the costs of administering, operating, and maintaining a comprehensive statewide boating program.

Your Committee finds it time-consuming to compute individual fees based on the length of a vessel expressed in feet or fractions thereof, in accordance with the existing graduated fee schedule. It has also proved difficult to enforce this provision. A simplified schedule is found to be needed. The limited graduated fee schedule proposed is desirable as owners of boats towed on trailers to the water are assessed boat trailer registration fees in addition to vessel registration fees. A lower vessel registration fee for vessels in this category is desirable. The state legislature has clearly expressed an intent that the state boating program be funded by the users. In view of the foregoing, an increased vessel registration fee should be adopted.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1683 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 904 Ways and Means on H.B. No. 1693

The purpose of this bill is to establish the means of financing witness expenses required by county prosecutors and the public defender.

This bill amends existing law by providing that duly certified witness certificates for witnesses subpoenaed on behalf of the State by the public prosecutor, and on behalf of a defendant by the public defender shall be paid upon vouchers approved by the state director of finance and warrants drawn by the state comptroller.

This bill also provides that each public prosecutor or county attorney and the public defender shall submit to the department of budget and finance of the State for inclusion in the department's budget request for each fiscal biennium the amount required for each fiscal year for expenses for witnesses subpoenaed by him.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1693 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 905 Ways and Means on H.B. No. 185

The purpose of this bill is to provide the State with clear authorization to invest

in bank repurchase agreements.

Although section 36-21, Hawaii Revised Statutes, appears to permit the State to invest in bank repurchase agreements, this authorization is not explicitly stated. This bill is a housekeeping measure to clarify the statutory language by expressly providing for this type of short-term investment.

A repurchase agreement is a short-term investment security that provides a great deal of flexibility because it can be purchased for a holding period of less than 30 days.

Essentially, a bank repurchase agreement involves the purchase of an investment security (usually a government obligation, for example, a United States Treasury Bill) from a bank and the simultaneous resale of the security to the bank at a specified future delivery and payment date. It guarantees the investor a fixed rate of return at no risk of loss of principal and affords the bank an opportunity to maximize its earnings on the investor's moneys for the agreed period. Prices and dates for sale and resale are agreed upon at the initial negotiation. Bank repurchase agreements are useful investment instruments which provide interest income and at the same time can be quickly liquidated to meet short-term cash demands.

Your Committee agrees that bank repurchase agreements would provide the State with the necessary liquidity to meet unanticipated expenditures consistent with the objectives of safety and yield. This bill will grant to the State a similar authorization which was granted to the counties by the 1976 Legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 185 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 906 Ways and Means on H.B. No. 186

The purpose of this bill is to amend section 248-4, Hawaii Revised Statutes, to require that the counties submit their budgets directly to the Legislature instead of through the State Director of Finance, and to eliminate the control that the State Director of Finance now has related to the form in which county budgets may be submitted.

Your Committee finds that the requirement for the State Director of Finance to act as a clearinghouse for forwarding the county budgets to the Legislature has served no practical purpose. The Department of Budget and Finance does not exercise control over the content of the county budgets, and the need to regulate the format of the county budget submission has not arisen. Therefore, the effect of the current law has been to add on unnecessary handling expenses and time delay to the transmission of the county budgets to the Legislature.

Your Committee agrees that legislative control over county budget information is still necessary and has provided for this.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 186, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 907 Ways and Means on H.B. No. 192

The purpose of this bill is to clarify statutory language relating to the condition under which accidental death benefits may be provided for a member of the state retirement system.

Section 88-85, Hawaii Revised Statutes, presently allows accidental death benefits to be provided if the death of a member occurred while in the actual performance of duty and was not caused by negligence on the part of the member. The legislature previously amended statutes relating to service connected disability retirement to provide that negligence must involve "willful negligence" in order for a member to be disqualified from receiving benefits. To provide statutory consistency, this bill adds the term "willful" to negligence to clarify conditions under which accidental death benefits may be provided.

This bill also extends to police officers, eligibility for accidental death benefits when death is a result of health impairment from diseases of the heart, lungs, or respiratory

system.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 192, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 908 Ways and Means on H.B. No. 235

The purpose of this bill is to increase the exemption and change the rates imposed under the inheritance tax law.

The bill amends the law by increasing the inheritance tax exemption for a surviving spouse from \$20,000 to \$100,000; for direct line beneficiaries from \$5,000 to \$50,000; and for other beneficiaries from \$500 to \$5,000. The rates imposed are changed appropriately.

Your Committee finds that the inheritance tax exemption and rates have remained unchanged since 1957, while land, particularly in Hawaii, has increased in value tremendously over the same period of time. Under the present law there are many modest estates whose major asset is the home and the real property on which it stands. This bill will increase the exemption to a level where once again the modest estate will not be taxed or taxed at a low rate. Your Committee further finds that this bill also complements the federal Tax Reform Act of 1976 which increased the exemptions from estate taxes.

Your Committee finds that although this bill will result in a loss of tax revenues it will be of considerable financial assistance to the people of Hawaii in time of bereavement, particularly when their homes are so highly valued under current market conditions.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 235, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 909 Ways and Means on H.B. No. 236

This bill would make it possible for taxpayers with adjusted gross incomes of \$15,000 to have the option of filing short form returns.

Your Committee finds that since the adoption of the short form option for taxpayers with adjusted gross incomes under \$10,000 in 1968, many taxpayers' incomes have risen above \$10,000 so that they may no longer utilize the convenient short form option.

In order to simplify tax filing, this bill extends the short form option to taxpayers with adjusted gross incomes of up to \$15,000.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 236 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 910 Ways and Means on H.B. No. 632

The purpose of this bill is to allow purchase of prior service rendered by employees of Haliimaile Dispensary and Paia Hospital, as well as by persons serving as full-time sheriff or deputy sheriff for credit in the employees' retirement system.

Employees of private hospital operations which later became part of the state/county hospital system were initially allowed to purchase prior service credits for services rendered before transfer to the State. However, it now appears that such provisions were not clearly spelled out for employees of Haliimaile Dispensary and Paia Hospital. This bill would allow them to buy back prior service credit for retirement purposes.

The office of the sheriff was transferred to the Judiciary in 1975 and the positions of full-time sheriff and deputy sheriff were converted from appointed to civil service positions. As a result of this conversion, persons serving as sheriff and deputy sheriff have become members of the employees' retirement system. Your Committee feels that any services rendered by these persons as appointed employees should be included in service credit towards retirement. This bill would allow such persons to purchase prior service credit for previous services rendered as full-time sheriff or deputy sheriff

in the office of the sheriff.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 632, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 911 Ways and Means on H.B. No. 685

The purpose of this bill is to increase the rate of interest applicable to late payment of obligations by the State and its counties.

Under section 103-10, Hawaii Revised Statutes, a person is entitled to interest on state payments that have been due over sixty days. The rate of interest is set by this section at one-half of one per cent a month. This bill would raise this interest rate to one per cent a month.

Your Committee recommends that clarification be included with regard to the source of funds for paying interest when such payment is required. In the past, under section 103-10 as it now stands, there have been minor disagreements regarding which agency should be charged with the interest payments. Your Committee agrees that the party responsible for any late payment should bear the cost of the interest. The recommended language change would avoid misunderstanding as to the manner in which any necessary interest would be charged.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 685, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 912 Legislative Management

Informing the Senate that S.C.R. Nos. 162 to 173, S.R. Nos. 441 to 475, Conf. Com. Rep. No. 1 and Stand. Com. Rep. Nos. 913 to 925 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 913 Human Resources on S.R. No. 96

The purpose of this resolution is to request the President and the Congress of the United States to consider its recommendations to initiate certain reforms in the Food Stamp Program which will remove the existing complexities and simplify the program.

Your Committee finds that the Food Stamp Program has unnecessary complexities in ineligibility requirements and administration, and inadequate attention is given to errors in benefits and eligibility. The program must be examined and changed to ensure the existence of a more rational income maintenance system.

Your Committee further finds that the proposed resolution offers recommendations by the Intergovernmental Relations Committee of the National Conference of State Legislatures on reforms for congressional administrative consideration. The resolution also proposes that future reform oriented initiatives should be directed by the Congress of the United States rather than through the actions of the Administration.

Your Committee recommends amending recommendation No. 4 by applying standard deductions to gross income minus mandatory deductions from wages. The purpose of this revision is to prevent the low-income working poor from being penalized.

Your Committee further recommends that recommendation No. 9 be deleted because under present federal regulations, college students who are claimed as tax dependents by parents are not eligible for food stamps.

Your Committee on Human Resources concurs with the intent and purpose of S.R. 96 as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 96, S.D. 1.

Signed by all members of the Committee.

SCRep. 914 Human Resources on S.R. No. 97

The purpose of this resolution is to request the President and the Congress of the United States to establish a Commission on Reform of Social Welfare Programs to examine and plan for a comprehensive, long-range reform of the welfare system.

Your Committee finds that welfare reform has been a national issue for many years and is a difficult problem to solve requiring a select group of competent people. The functions of the Commission as proposed by the Intergovernmental Relations Committee would include proposing legislation, planning for administrative implementation, proposing regulations, and submitting recommendations.

Your Committee further finds the intent of the proposed resolution to be an initial step towards reform of the welfare system. The Commission as proposed appears to represent the best vehicle for obtaining the degree for political consensus necessary for the enactment of a reform.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 97 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 915 Human Resources on S.R. No. 109

The purpose of this resolution is to request the Congress and the President of the United States to accept and direct actions for implementation of the recommendations presented by the Intergovernmental Relations Committee of the National Conference for State Legislatures on developing a nationwide quality control system applying to AFDC, SSI, Medical Assistance, and the Food Stamp Program.

The Department of Health, Education and Welfare in 1975 issued regulations which provided for reductions in federal payments for administrative errors in excess of certain tolerance levels established in the regulations. In 1976 a United States District Court in Washington D.C. declared DHEW's regulations arbitrary and enjoined the Department from enforcing the regulations.

Your Committee finds that there is a need for a nationwide quality control system to be developed as a management tool to allow elected officials, program managers, and the public to know the accuracy of eligibility and payment systems.

Your Committee further finds that the recommendations as proposed in this resolution encompasses procedures for reporting and categorizing errors, developing periodic corrective plans geared to each state, and applying sanctions.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 109 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 916 Human Resources on S.R. No. 122

The purpose of this resolution is to request the Legislative Auditor to conduct an audit of the State's General Assistance Program to identify any deficiencies in the standards and rules of the program making it more consistent with the Aid to Families With Dependent Children Program.

Your Committee finds that there are inconsistencies in the requirements and eligibility of parents in the state-administered G.A. Program and the federally-funded AFDC. The intent of the proposed resolution is to act upon the G.A. program and make it more consistent with AFDC without compromising the intent of the programs, or violating federal rules and statutes.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 122 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 917 Human Resources on S.R. No. 209

The purpose of this resolution is to request the Office of the Legislative Reference Bureau to sponsor a study to explore the possibility of establishing an income supplementation

program for needy retirees and pensioners who are permanent residents of the State of Hawaii.

Your Committee finds that there has been a growing number of retirees in this State who are having an increasingly difficult time in meeting their daily needs because of inadequate incomes due to inflationary trends and other economic factors. It has become a major concern that these retirees are unable to increase their incomes to cope with this problem of inadequacy because of ineligibility due to age and other reasons to receive benefits under publicly administered programs of income support.

The intent of this resolution is to study the feasibility of establishing a special program of income supplementation for those retirees and pensioners with limited incomes and financial means.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 209 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 918 Economic Development on S.C.R. No. 21

The purpose of this concurrent resolution is to urge the Department of Agriculture, assisted by the Department of Planning and Economic Development, to make application for all available Federal funds for agricultural support to maximize the receipt of same.

Your Committee finds that only a small percentage of Federal resources is currently being tapped in order to enhance the quality of the State's agricultural program. This year, for example, Federal funds totaling \$622,500 were dispersed among four of the Department's seven divisions. However, many other agricultural-related Federal assistance programs remain to be solicited and, therefore, are potential sources of funds for Hawaii's agricultural needs.

Steps to rectify this situation have already been taken by the Department of Agriculture. Your Committee would like to make one amendment to the concurrent resolution. The University of Hawaii often works cooperatively with the Department on projects that may qualify for Federal funds, and, as such, the fourth paragraph of the resolution should be amended to read:

"BE IT RESOLVED by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, the House of Representatives concurring, that the Department of Agriculture and the University of Hawaii, assisted by the Department of Planning and Economic Development, make application for all available Federal funds for agricultural support to maximize the receipt of same; and"

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 21, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. 21, S.D. 1.

Signed by all members of the Committee.

SCRep. 919 Economic Development on S.C.R. No. 30

The purpose of this concurrent resolution is to request the Secretary of Navy to permit the operation of a commercial fishery station on Midway Island at the earliest possible date.

Your Committee finds that the Western Pacific Regional Fishery Management Council has been established under the authority of the Fisheries Conservation and Management Act of 1976 and is in the process of assuming its statutory responsibility of recommending conservation and management policies and measures for the fishery resources within the 200-mile fishery conservation zone which became effective on March 1, 1977. The region for which the Council will have this responsibility, as presently defined, comprises the fishery conservation zones around the Hawaiian Islands, the islands of American Samoa and Guam.

The basic thrust of the Act is to promote the welfare and further development of American fisheries by ensuring that the nation's fishery resources are maintained at a high level of productivity through appropriate regulation of both foreign and domestic fishing. One of the stated purposes of the Act is "to encourage the development of fisheries which are currently underutilized or not utilized by United States fishermen."

In the Hawaii area, and particularly along the leeward chain of islands and reefs stretching out to Midway Island, there are known to exist important fishery resources that have as yet been almost completely unutilized by American fishermen. The potential fishing grounds of greatest interest are beyond the practical operating range of most if not all of the small vessels which constitute the present commercial fishing fleet based in the main Hawaiian Islands, and it is unlikely that the fishing industry can be expected to invest in vessels of greater range until the potential of the resources has been proven. The members of the Western Pacific Council believe that this obstacle to the first stage of development of new Hawaiian fisheries would be largely overcome if Midway Island were made available as an operating base for United States flag fishing vessels. Midway is ideally situated for this purpose and has the harbor and other facilities necessary for the support of fishing operations.

Your Committee finds that, in reply to the Western Pacific Regional Fishery Council's request for access to Midway Island, outgoing Secretary of Navy Middendorf refused to consider the request without an Executive Order. Therefore, your Committee would like to amend this resolution to request that the President issue an Executive Order allowing American fishermen access to Midway with certified copies to be sent to the President and Hawaii's Congressional delegation.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 30 as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 30, S.D. 1.

Signed by all members of the Committee.

SCRep. 920 Economic Development on Gov. Msg. No. 160

Recommending that the Senate advise and consent to the nomination of ORRIN GILBERT, to the Advisory Committee on Agricultural Products, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 921 Education on H.B. No. 74

The purpose of this bill is to allow school facilities to be used for child care programs during after school hours. In a state where both parents of school age children often work, the advantages of child care programs in the schools seem obvious. The convenience, the accessibility, the cost savings to parents and the safety value of not having to transport students to other locations for supervision during this period, are among the advantages we would cite for such program. The department of education is to formulate such rules as are necessary to implement this program, a process which should be implemented as soon as practicable.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 74, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 922 Education on H.B. No. 1375

The purpose of this bill is to authorize suit by John E. and Aiko T. Reinecke for their abridgement of the employment rights by the Commissioners of Public Instruction. Your Committee recommends that the Legislature authorize suit by expressly waiving the State's immunity and by expressly waiving the statute of limitations in this case. Your Committee respectfully requests that the Judiciary do everything in its power to expedite this matter when it is brought before them.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 1375, H.D. 2 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 923 Education on H.B. No. 1602

The purpose of this bill is to extend the definition of "arts" to include plant life and landscaping. This change will allow recognition of what is a creative and artistic enterprise, and give the State Foundation on Culture and the Arts the flexibility and encouragement to work in this field. It is not the intent of this Act that the State Foundation should

assume landscaping duties but rather that the Foundation should initiate such projects with ongoing maintenance being the responsibility of the department currently doing the work.

Your Committee on Education is in accord with the intent and purpose of H.B. 1602, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 924 Transportation on S.C.R. No. 138

The purpose of this Concurrent Resolution is to request the Department of Transportation to proceed in an expeditious manner with improvements to Kalaniana'ole Highway which would increase the capacity and improve the traffic flow of the highway.

Your Committee finds the traffic volume at peak hours along Kalaniana'ole Highway has reached intolerable levels presenting a hazard to driving safety as well as an inconvenience of travel within the area. Methods currently used to ease traffic along this route are intended to provide short-term relief and are inadequate to accommodate the projected population and traffic levels of the near future. Transportation services to the area need to be expanded and immediate improvements to increase highway capacity and ease congestion problems need to be encouraged.

Your Committee has amended the Concurrent Resolution to delete the establishment of a Kalaniana'ole Highway Improvements Committee. The Department of Transportation has proposed to the 1977 Legislature a recommended course of action for which a draft Environmental Impact Statement has been prepared. The department anticipates preliminary engineering plans to be completed in 1977 with final engineering plans completed by mid-1978. Your Committee feels adequate planning and review has already gone into these plans and further review may impede the development of the highway.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 138, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 138, S.D. 1.

Signed by all members of the Committee.

SCRep. 925 Transportation on S.R. No. 383

The purpose of this Resolution is to request the Department of Transportation to proceed in an expeditious manner with improvements to Kalaniana'ole Highway which would increase the capacity and improve the traffic flow of the highway.

Your Committee finds the traffic volume at peak hours along Kalaniana'ole Highway has reached intolerable levels presenting a hazard to driving safety as well as an inconvenience of travel within the area. Methods currently used to ease traffic along this route are intended to provide short-term relief and are inadequate to accommodate the projected population and traffic levels of the near future. Transportation services to the area need to be expanded and immediate improvements to increase highway capacity and ease congestion problems need to be encouraged.

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Your Committee on Transportation concurs with the intent and purpose of S.R. No. 383, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 383, S.D. 1.

Signed by all members of the Committee.

SCRep. 926 Economic Development on S.C.R. No. 133

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development to carry out, to the extent possible, the recommendations for the formulation and completion of the forthcoming State Plan.

INTRODUCTION

The importance of the State Plan is often misunderstood because of the lack of detail and apparent practical application. Nevertheless, to date we have spent more than approximately \$200,000 to produce a document for the Legislature which upon enactment into law will serve as the single most important guide to the orderly and controlled development in the State of Hawaii. Your Committee in reviewing the very complex process feels that now is the appropriate time to try to bring all of the moving parts of the State Plan into a static document so that we can properly focus on the State Plan. For this reason, even though this Committee Report is unusually long, it will provide the foundation for important and meaningful discussions in the future and hopefully be a tool to assist the Legislature in better understanding the Plan today.

Your Committee finds that Chapter 225, Hawaii Revised Statutes, calls for a "new State Plan which will serve as a guide for the future long-range development of the State." The State Plan would be derived through a planning process that integrates, and subsequently directs, the actions of State and County agencies toward common goals. According to mandate, the purpose of this planning process would be to create "a structure for policy plan formulation and program plan coordination which will order the actions of all State agencies and the respective Counties under the general policies and directions prescribed by the Legislature through a State Plan."

The State Plan is intended to be both statewide and comprehensive in scope. Toward this end, the State Plan must necessarily contain broad statements that reflect the different types of concerns throughout the State. As a policy planning and process-oriented framework, the State Plan will not include the traditional land use and public facility maps. Various topic areas, collectively forming a comprehensive plan, will be contained in the following components:

- An overall theme or concept that ties together all parts of the State Plan.
- Goal statement and objectives that reflect desired ends and conditions to be pursued.
- Policies that describe courses or methods of action to guide present and future activities.
- An implementation framework that outlines the process and mechanisms to be used in carrying out the State Plan.

PART I - BASIS FOR PLAN FORMULATION - Goal Statement, Objectives and Policies -

Provisions of Chapter 225, Hawaii Revised Statutes

The State Plan mandate calls for the development of "both long and short range goals and general implementation directions for the State." In other words, the State Plan is a policy planning document, composed of goal, objective and policy statements and an implementation framework. The State Plan must be comprehensive in scope, addressing the areas mentioned in Chapter 225, Hawaii Revised Statutes, covering:

- Population
- The economy
- Natural environment
- Facility Systems
- Socio-cultural advancement

Existing and proposed policies and programs are to be reviewed as part of the plan formulation process. The mandate requires that special attention be given to the interrelationships among major topic areas. The enabling legislation further encourages the active involvement of the Legislature, Policy Council, and public throughout plan formulation.

Work Program Tasks

A detailed work program was developed in accordance with the provisions of Chapter 225. The thrust of these work tasks has been in the following areas:

- Existing reports and plans were reviewed and an inventory compiled of goal, objective and policy statements.
- Technical studies were conducted in each major topic area. In addition, technical findings and recommendations were utilized from a number of recent or on-going studies.

- Public Information and Participation is a continuous effort consisting of a statewide household survey, public meetings and hearings, press releases, and the distribution of informational materials.
- Policy Council meetings were held on a regular basis. Composed of high level State and County officials, the Policy Council provides advice and support during plan formulation, implementation and revision.
- Legislative involvement is considered essential in order to develop a State Plan that reflects the needs and desires of all Hawaii's people. During legislative sessions, hearings are conducted on a regular basis. Workshops have been held during the interim period with House and Senate Interim Committees.

Draft Components

A preliminary draft of the State Plan goal statement, objectives and policies was transmitted to the Legislature in the 1977 Progress Report. The draft product is organized around the major topic areas -- population, the economy, natural environment, facility systems and socio-cultural advancement. This reflects the comprehensive scope of the State Plan as required by Chapter 225, Hawaii Revised Statutes.

The 1977 Progress Report also includes a number of preliminary statewide priority issue reports. These issues reflect the interrelated nature of statewide issues and problems, suggesting that a concerted and coordinated effort is required in the near future. Priority issue reports suggest the types of activities that can be undertaken to further the State Plan.

PART II - BASIS FOR PLAN FORMULATION - Implementation Framework -

Provisions of Chapter 225, Hawaii Revised Statutes

The purpose of the State Plan is to establish both long and short range goals and general implementation directions for the State which directions shall increase the effectiveness and level of coordination among agencies, administrative and legislative bodies of the State and County governments. The key to achieving this purpose is a planning framework that integrates, and subsequently directs, the actions of these participants toward common goals. Toward this end, the State Plan mandate outlines the roles and responsibilities of each participant in the planning process and suggests a number of coordinative mechanisms such as monitoring, increased information flow, a forum for conflict resolution, technical support, and the exchange of statistical data.

Within two years after completion, all functional plans and County Plans must conform with the State Plan. All agencies are responsible for implementing the State Plan goal statement, objectives and policies through their plans, programs and projects.

The Department of Planning and Economic Development will receive and forward information to the Policy Council for their review. In addition, DPED will provide staff assistance and periodic reports relating to major issues affecting State and County development. DPED is also responsible for identifying areas of conflict between State agencies and between the State and Counties. It will provide assistance to the Policy Council in order to reconcile these conflicts. DPED will also initiate studies periodically to provide current technical data and support.

In its capacity as the A-95 State Clearinghouse agency, capital improvement project review agency, and administrator for several planning and economic development programs, the DPED is also responsible for implementing the State Plan.

The Policy Council will review the actions of all State agencies for conformity with the State Plan. It will serve as a forum for addressing differences between the State and Counties. Their advice and recommendations will be transmitted to the administrative, legislative, and other appropriate implementing bodies.

Both the DPED and Policy Council are responsible for the preparation of an Annual Report, the mandatory four-year-comprehensive review of the State Plan, and recommended amendments to the State Plan.

As policy-making bodies, the State Legislature and respective County Councils play an important role. Their legal and fiscal responsibilities permeate every area of State Plan involvement. Recommendations, as appropriate, will be referred to these policy-making bodies for review and action.

Similarly, the Chief Executive and respective County administrators are responsible

for carrying out this legislative policy. To a large extent, these administrative bodies exercise an important role in achieving increased effectiveness and coordination. DPED and the Policy Council will refer their recommendations for administrative review and action.

Work Program Tasks

In accordance with the provisions of Chapter 225, HRS, a work program was developed to serve as guide for the formulation of a State Plan Implementation Framework. The thrust of these work tasks are in the following areas:

- Preliminary statewide priority issue reports have been submitted in the 1977 Progress Report for review and comment. These issue reports are based on activities conducted during the past year, such as technical studies, public meetings, Policy Council meetings, and legislative interim committee workshops. Issue reports address the interrelated and more immediate nature of selected statewide directions for growth. They suggest the types of planning and implementation activities which could be undertaken to further the State Plan. Since issue reports will be changed periodically to reflect current public concerns, they may not be enacted into law. Statewide priority issues may be adopted by legislative resolution.
- The relationship of statutory planning and related processes to State Plan implementation will be reviewed and analyzed. This technical study includes an identification and review of major planning and implementation processes at the State and County levels in terms of functional types, statutory roles and responsibilities, and other forms of planning functions and directions being implemented (e.g., policies, guidelines, requirements, etc.).
- Another technical study will deal with the relationship of County General Plans to the State Plan. This study will examine County Charter requirements, process for General Plan development and implementation, State and County agency roles and responsibilities, relationships between general plan and development plans, and relationships of State and County functional plans and program activities to County General Plans.
- The relationships of State functional plans and programs to the State Plan is the topic for another technical study. This will entail a review of major functional plans and programs in terms of enabling legislation, scope and purposes, roles and responsibilities, relations with County General Plans, and program implementation.
- Other major work program activities related to the entire State Plan package (Goal Statement, Objectives, Policies, Implementation Framework) will include public meetings and hearings statewide, continued involvement by the Policy Council and Interim Legislative Committees, and preparation of materials for general distribution.

PART III - REVIEW AND REVISION OF DRAFT STATE PLAN BEFORE SUBMITTAL IN 1978

It is expected that a draft of all components of the State Plan will be completed by June, 1977, and available for review and comment. At this time, public meetings, Policy Council Meetings and Legislative Interim Committee workshops will be conducted. Draft State Plan components will be discussed in terms of its purpose, function and basis for plan formulation. Public hearings will be held throughout the State in September-October, 1977. This period will offer ample opportunities for review, comment and revision before a final legislative package is submitted for enactment.

Your Committee finds that the State Plan as presented this year by the Department of Planning and Economic Development is a document which is still in its development stages. The implementation portion of the State Plan is the most important part yet to come. In 1978 a mechanism for implementation will emerge, but this, too, will only be a beginning. It will take time for the back and forth process between the State and Counties to develop which, in the long run, will be the actual implementation of the State Plan. Time is crucial in order to establish the linkages between State and County agencies and the private sector.

Your Committee finds that the Department of Planning and Economic Development has fully complied with the requirements as set forth by the Legislature in 1976 in S.R. No. 385 and S.C.R. No. 101. In accordance with these requirements the Progress Report was transmitted to the Legislature, various technical studies are being completed, a statewide household survey was conducted in addition to many statewide public meetings in order to obtain the broadest input for the objective and policy statements contained in the document presented to Legislature this year. The Department is in full compliance with those requirements set forth in 1976 for completion and is on schedule for the completion of the tasks

required prior to final submittal of the State Plan document to the 1978 Legislature.

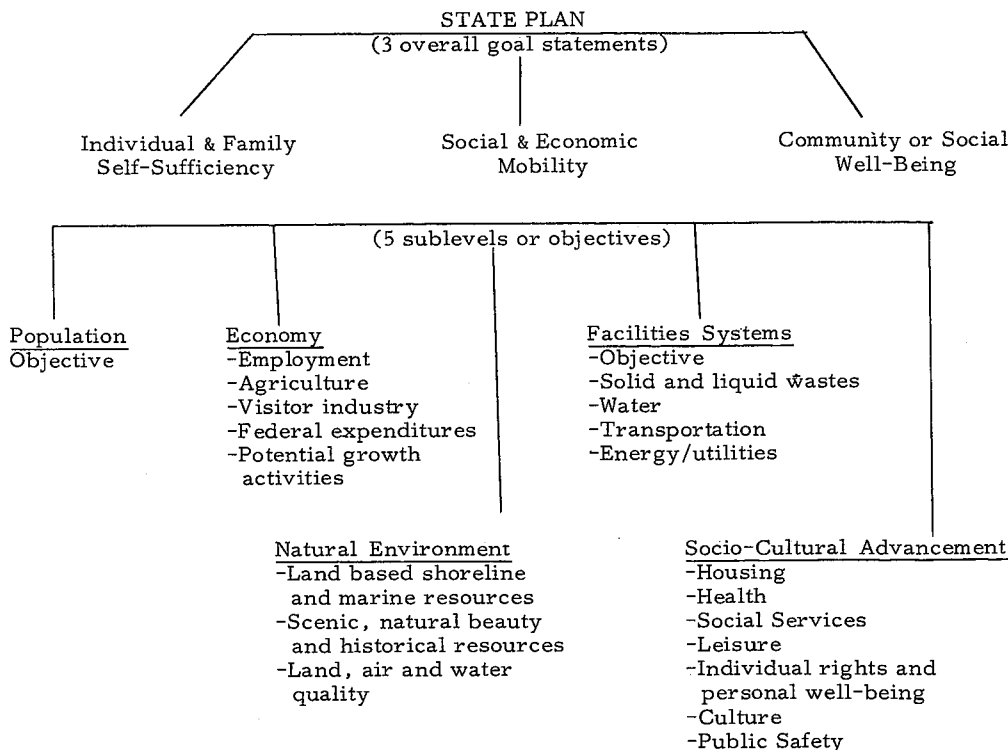
S.C.R. 133 and S.R. 355 served as vehicles this year for preliminary study and discussion by the Senate of what has been done thus far and what will transpire for the remainder of this year. The Committee had an opportunity to interact with the Department of Planning and Economic Development, members of the Plan Policy Council and some of the County planning directors. What emerged was a general picture of what the State Plan is, the significance of the Plan, the structural relationships between the State Plan and various other plans, the linkages between all these plans, and an overview of some of the more important considerations and concerns as presented by the Committee at this time.

Structural Relationships - Establishment of Linkages

In the Hawaii State Plan, Draft Goals, Policies and Objectives three overall themes or priority goal statements were identified:

- Individual and family self-sufficiency.
- Social and economic mobility (economic stability).
- Community or social well-being (preservation of our limited resources).

In addition to these three overall priority goal statements, five statements, or sublevels, further define these three broad goal statements which are found listed on page 3 of this Report (See Provisions of Chapter 225). The three overall goal statements have, in addition, a total of twenty-two objective statements which cut across the conditions to be met by these three broad goals. Finally, policy statements are presented under each of the twenty-two objective statements.



In establishing linkages among the various plans and studies, this framework for the State Plan is the starting off point. On the State agency level, in addition to the State Plan draft itself, each County shall be responsible for preparing one plan -- a County general plan. Within two years following adoption of the State Plan by the Hawaii State Legislature, the County general plan for each County must conform to the broad goal statements, objectives and policies as set forth in the State Plan.

In addition to the County plans, there are plans on a regional level which provide valuable information and policy input with community as the basis for information. These regional design plans, such as the Windward Oahu Regional Plan, are actually studies and not policy

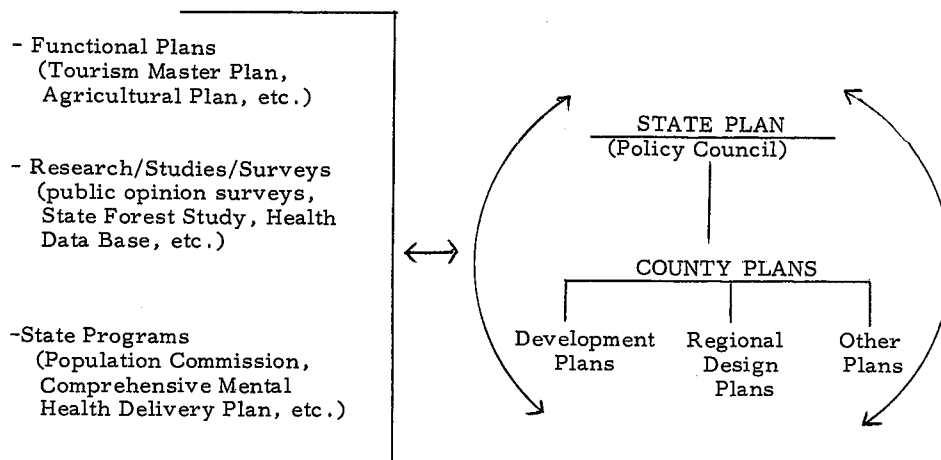
plans in and of themselves. They will ultimately become part of their respective County general plans.

On a program level, the various State departments and agencies have the responsibility as mandated by the State Legislature to produce long range goal plans called "functional plans." These functional plans include, but are not limited to, the Tourism Master Plan, State Housing Plan, Statewide Transportation Plan, Agricultural Master Plan, State Comprehensive Health Plan, Historic Preservation Plan, and State Comprehensive Outdoor Recreation Plan. The importance of these functional plans is that they relate directly to the State Plan by providing research and substantive information for the many policy objectives outlined above (see State Plan chart page 8). These statements are not intended to provide the solutions to our State's economic and social issues. The objective of the State Plan is not to provide the answers, but a framework for the implementation of objectives for our State. The State Plan will provide a module into which functional plans feed information and out of which emerges the direction in which the various Counties and agencies shall develop their individual land use and growth plans and programs. Once each County's general plan is set, these in turn will feed back into the functional plans.

As additional functional plans come forth the more substance the State Plan will take on as a result of the specific information and clarity based on the best possible data, research and information available. This in turn will more explicitly guide the Counties and agencies as they translate these State plan goals and objectives to their individual needs. Each County plan will thus be a unique document tailored to the specific concerns of that County. It will be the job of the State Plan to remain broad enough so as to be applicable to the State as a whole and it will be the job of the County plans to be as specific as possible to relate to their own problems and needs. In the long run the implementation of the State Plan on the County level will be the achievement of the goals and objectives outlined in the State Plan.

As the linkages are established among the various State, departmental, County and agency plans and studies, the State Plan then emerges as an extremely fluid and valuable working document which will be re-evaluated regularly as more functional plans come forth and as the Counties continue to assess their needs and redirect and refine their plans and policies according to the directions indicated in the State Plan. The significant role of the Counties and agencies thus emerges in so far as they will ultimately have the responsibility for implementation and measurement of the objectives and policies of the State Plan. They will have the opportunity also to feed information back to the State Plan via the Policy Council and the functional plans. The State Plan, therefore, cannot in any way be seen as a fixed document or set of inflexible directives because of the flow of information to and from the State Plan and to and from the Counties and agencies will be a constant process.

LINKAGES



Your Committee finds that the linkages between these different levels of input and plan formulation are still emerging and, as such, the Hawaii State Plan can be viewed as a young document. The intention of the Committee in hearing testimony on SR 355/SCR 133 was to provide a vehicle or forum for dialogue in the Senate; it was also to provide an opportunity for working out as closely as possible an acceptable document with the Department of Planning and Economic Development. This would serve also as the "go ahead" for the work completed thus far for the final completion and adoption of the State Plan in 1978.

Despite the monumental work that has gone into the State Plan to date, there remains a great deal yet to be done. It is the intention of this Committee to present the Hawaii State Plan in an acceptable form for the 1978 Legislature; it is also the goal of this Committee to have a document which will be adopted, thus allowing our State to finally realize a State Plan which will serve the people of Hawaii for many years to come.

"We must learn to walk before we can run," and in this summary statement by the Chairman of the Committee was a plea to allow the Hawaii State Plan, as a fledgling document, its grace period. The intention of this Committee is to give as much endorsement as possible to those parts of the State Plan which have already been completed. Those areas of agreement should be identified during the 1977 legislative session and the concerns of the Committee members should be aired before the work already completed is set into motion and before the development of the implementation framework is undertaken for the remainder of this year.

Hawaii State Plan: Implementation Framework

In its deliberation on the State Plan, Committee members expressed a number of questions and concerns revolving primarily around the issue of accountability and the implementation mechanism for the State Plan. The following is a summary of some of the major areas of concern.

- Will the goal statements contained in the State Plan, Draft Goals, Objectives and Policies be more specific than they are now?

The goal statements contained in the State Plan are by necessity broad so that they can relate to the needs of the State as a whole and yet specific enough to provide direction for the Counties as they develop their plans. As it is seen now, unless the Legislature directs otherwise, the goals and objectives contained in the State Plan Progress Report document will remain broad; it will be up to the other structures, such as the County plans, to assume responsibility for greater specificity and subsequent measurement of these broader goal statement.

This will take time to accomplish. This time element becomes particularly acute when one considers the fact that the State Plan should be, in large part, the outgrowth of the research and data provided by the functional plans prepared by the various State departments and agencies. However, to date, only two functional plans have been submitted to the State Legislature for adoption and next year, at the same time the State Plan itself is to be submitted for adoption, several other functional plans will just become available. It will take time for the State Plan to absorb the input from these forthcoming functional plans. In the same way, County plans are to conform to the directions as outlined in the State Plan goal statements and objectives, but some Counties are already finalizing their plans. These, then, will have to eventually be redrafted in order to meet the conforming requirements and this, again, will take time. It will also require considerable time before the input from County and agency levels to filter back up to the State Plan level via the Policy Council for refinement of the State Plan when appropriate. It will be at that point only, when the process of input/refinement/output is set into motion, that the State Plan will begin to serve the needs of our State and will become a living, workable document. The State Plan as it is now is merely a vision, a blueprint for how this process is to transpire and it will only be in the final setting into motion of this process that the implementation framework of the State Plan can be evaluated.

- Will the objectives and policies be prioritized since there are so many of them?

To identify in order of importance those courses of action outlined in the Draft Statement of Goals, Objectives and Policies would be difficult as they have statewide implications. The major priority areas over the short range development of the Plan will be identified by virtue of their inclusion in the priority issue papers. It will become the function of the Counties, over the long range, to prioritize the numerous objectives and policies according to their individual needs as they develop their own plan policies.

Your Committee would like to add that in reviewing this position, it was felt that at some point an indication of those objectives which are more important than the others would be appropriate. To merely list policies and objectives as they are now in the draft document does not serve the County policy makers in the way it was intended for the State Plan to assist them.

- Will these statewide issues and policies be more specific in the final document in 1978?

The priority statements need to be as broad and abstract as possible so as to apply to the State as a whole and to retain the flexibility the State Plan will need from year to year.

What will not be included in the State Plan will be the citation of specific statements, such as, the identification of specific areas where, for example, housing will be built, site specification for destination resort areas, percentage rates for population growth, urban density or identification of specific land and resource allocation. The purpose of the State Plan is to provide a module for information from the functional plans which will translate this information into broad themes and objectives for the State as a whole. The County plans have the responsibility of fleshing out their policy plans, in conformance with the overall statements of the State Plan, in order to meet their individual local needs. County general plans together with County development plans will form a comprehensive land use package for specific areas including the identification of population distribution and other unique concerns of each County.

- What will be done to implement the priority statements and statewide issues and policies?

The implementation of the State Plan will be in the realization of the objectives and policies of the State Plan on the local level; that is, when these broad goals are carried out on the program and local levels, it is at this point that the implementation of the State Plan will be achieved. At this time, the implementation framework for the State Plan is a concept only. The development of the implementation framework for the State Plan is the task yet to be achieved prior to the 1978 legislative session and will comprise the major work of the Department in finalizing the State Plan.

It is hoped by that time the implementation aspects of the State Plan will have been developed to such a point that the Legislature will be able to comment on its structure. The implementation framework is not anticipated to be a lengthy document. What will be indicated will be an identification of the implementation strategy for the coordinating and concluding mechanisms in carrying out the State Plan upon its adoption by the Legislature. The implementation will ultimately come about in part by (1) the implementation framework developed in the State Plan to be completed by 1978 and (2) in the interaction of the Counties with the State Plan. Neither the State Plan nor the Counties are at this point yet. It is the intention of the drafters of the State Plan that the County general plans conform with the State Plan within two years so that the State can better achieve the goals and objectives stated in the Plan. The role of the Policy Council and the Department of Planning and Economic Development is to assist in determining appropriate measures to achieve this end.

Specifically, there are five items that could be identified as constituting the major mechanisms for implementation of the State Plan:

1. County general plans
2. State functional plans
3. The Policy Council in its role as identified in Chapter 225, Hawaii Revised Statutes
4. The Department of Planning and Economic Development in its role as the State Planning Agency
5. The Statewide Priority Issue Reports which will provide recommended directions for more immediate attention and action.

- What will we see in 1978?

In 1978 the Department will submit to the Legislature a document called the Hawaii State Plan to be enacted into law. Included in this document will be goal statements and the objectives and policies covering the five broad areas covered previously. Submitted to the Legislature also will be:

1. A set of legislative proposals which will identify statewide priority issues which will, in turn, set into motion the shorter range directions or activities of the State Plan and which may be subject to review and change more frequently than the State Plan document.
 2. Supporting technical studies which are generally identified in the priority issue areas.
 3. Functional plans, such as the Tourism Master Plan, and possibly other such documents.
- Who will coordinate the implementation framework of the State Plan and what is the accountability for the State Plan?

There is an important linkage that is not readily apparent when reviewing the State Plan. There is a provision in Act 225, adopted by the Legislature two years ago, which states

that all CIP funds appropriated shall be in accordance with the State Plan goals and objectives, otherwise these funds will not be released to the expending agency. The expending agency, therefore, becomes an important link for it will be their responsibility to monitor the conformance of uses of State funds with regard to the State Plan. This dollars and cents portion of Act 225 represents the significant handle for greater accountability.

PART IV - IMPLEMENTATION OF THE STATE PLAN: A CASE STUDY

This next section will briefly present a hypothetical case study as an example of the kinds of linkages discussed previously, how they work, and what the implementation of the State Plan goals and objectives could look like.

Case Study Problem: How to provide housing in Kauai County for an identified "gap group" of residents.

For many years a particular segment of the resident population of Kauai County has experienced difficulties in obtaining low cost housing. How will the State Plan significantly alter the life style of this group of people?

Case Study Linkages: How They Work

The following will be a discussion of the progression of the various linkages of the State Plan and how on the local level the broad statements found in the Plan can be achieved.

1. The State plan overall theme or goal statement, one of the three major goal statements, for this particular area of concern states:

"Community or social well-being is a value which is all pervasive. It is a value which translates into sound and healthy social, economic, and physical environments. It is a set of conditions which promotes individual well-being as such."

This, then, is the abstract statement or goal for the entire State with regards, but not limited, to housing. Under the separate Objectives discussion for this overall theme are outlined the objectives as they relate specifically to housing:

- Greater opportunities for all residents to secure reasonably priced, safe, sanitary, livable homes located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals.
- Encouragement of orderly residential development patterns sensitive and responsive to other land use values, issues and needs of communities.

Five specific policies are then presented under these objectives (see State Plan Progress Report, Draft Goals, Objectives and Policies).

This series of statements was a direct result, in part, of a functional plan which was developed and completed at the same time the objectives for housing were being considered. The Comprehensive Housing plan -- the functional plan for housing -- was the culmination of a great deal of research and thought. This functional plan was then distilled for inclusion, under the objectives and policies for housing, in the State Plan. This particular phase will occur again and again as more functional plans are completed and can be incorporated into the State Plan thereby making the objectives and policies section under each major theme heading more viable.

2. The County of Kauai then can incorporate into its County General Plan and the more specific Development Plan for neighborhoods and communities these overall objectives and policies relating to housing as stated in the State Plan. The Kauai General Plan will have statements that pertain specifically to the policies for Kauai County's housing needs, for example, in meeting the housing needs of gap groups identified in specific areas. The individual Development Plans will then, in turn, specify which communities will meet some of these needs and where. For example, the Hanapepe-Eleele Development Plan could identify the need for 1000 new dwelling units and administratively require 100 units be for gap group residents of these two communities.

3. It is at this neighborhood level, as a result of the linkages from the State and County levels, that the Planning Department of the County of Kauai can say to a developer in the Hanapepe-Eleele area that they, the developers, must designate a specific number or per cent of the units proposed for construction for the identified gap group residents.

The crucial linkage at this point is that, in the event the developer will not comply with the policy as stated in the Kauai General Plan and the Hanapepe-Eleele Development

Plan calling for the construction of housing in that community including units for gap group residents, the expending agency can withhold approval and those funds appropriated to that community for, say, the public amenities (parks, schools, roads, sewer lines, etc.). This is the important handle which will allow for the kind of accountability desired in order to guarantee that the goals and policies outlined in the State Plan will be realized.

PART V

Your Committee heard testimony from the Department of Planning and Economic Development in addition to comments offered by several of the representatives from the Counties and other groups concerned with the impact of the provisions of this Resolution under consideration. There was not the opportunity for sufficient discussion with all the Counties and this should be an important consideration for future discussion of this Resolution.

Your Committee has amended this Concurrent Resolution to change the language of the various parts which the Department felt were at this time too specific and without appropriate supporting documentation. It was felt that the flexibility and statewide effectiveness of the State Plan would be in jeopardy and because of this the Concurrent Resolution was redrafted. Your Committee has also changed the title of this Concurrent Resolution to read: "RELATING TO THE DEVELOPMENT OF THE STATE PLAN."

Your Committee on Economic Development is in accord with the intent and purpose of S.C.R. No. 133, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 133, S.D. 1.

Signed by all members of the Committee except Senators Nishimura, Yim and Saiki.

SCRep. 927 Economic Development on S.R. No. 355

The purpose of this resolution is to request the Department of Planning and Economic Development to carry out, to the extent possible, the recommendations for the formulation and completion of the forthcoming State Plan.

INTRODUCTION

The importance of the State Plan is often misunderstood because of the lack of detail and apparent practical application. Nevertheless, to date we have spent more than approximately \$200,000 to produce a document for the Legislature which upon enactment into law will serve as the single most important guide to the orderly and controlled development in the State of Hawaii. Your Committee in reviewing the very complex process feels that now is the appropriate time to try to bring all of the moving parts of the State Plan into a static document so that we can properly focus on the State Plan. For this reason, even though this Committee Report is unusually long, it will provide the foundation for important and meaningful discussions in the future and hopefully be a tool to assist the Legislature in better understanding the Plan today.

Your Committee finds that Chapter 225, Hawaii Revised Statutes, calls for a "new State Plan which will serve as a guide for the future long-range development of the State." The State Plan would be derived through a planning process that integrates, and subsequently directs, the actions of State and County agencies toward common goals. According to mandate, the purpose of this planning process would be to create "a structure for policy plan formulation and program plan coordination which will order the actions of all State agencies and the respective Counties under the general policies and directions prescribed by the Legislature through a State Plan."

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- Facility Systems
- Socio-cultural advancement

Existing and proposed policies and programs are to be reviewed as part of the plan formulation process. The mandate requires that special attention be given to the interrelationships among major topic areas. The enabling legislation further encourages the active involvement of the Legislature, Policy Council, and public throughout plan formulation.

Work Program Tasks

A detailed work program was developed in accordance with the provisions of Chapter 225. The thrust of these work tasks has been in the following areas:

- Existing reports and plans were reviewed and an inventory compiled of goal, objective and policy statements.
- Technical studies were conducted in each major topic area. In addition, technical findings and recommendations were utilized from a number of recent or on-going studies.
- Public Information and Participation is a continuous effort consisting of a statewide household survey, public meetings and hearings, press releases, and the distribution of informational materials.
- Policy Council meetings were held on a regular basis. Composed of high level State and County officials, the Policy Council provides advice and support during plan formulation, implementation and revision.
- Legislative involvement is considered essential in order to develop a State Plan that reflects the needs and desires of all Hawaii's people. During legislative sessions, hearings are conducted on a regular basis. Workshops have been held during the interim period with House and Senate Interim Committees.

Draft Components

A preliminary draft of the State Plan goal statement, objectives and policies was transmitted to the Legislature in the 1977 Progress Report. The draft product is organized around the major topic areas -- population, the economy, natural environment, facility systems and socio-cultural advancement. This reflects the comprehensive scope of the State Plan as required by Chapter 225, Hawaii Revised Statutes.

The 1977 Progress Report also includes a number of preliminary statewide priority issue reports. These issues reflect the interrelated nature of statewide issues and problems, suggesting that a concerted and coordinated effort is required in the near future. Priority issue reports suggest the types of activities that can be undertaken to further the State Plan.

PART II - BASIS FOR PLAN FORMULATION - Implementation Framework -Provisions of Chapter 225, Hawaii Revised Statutes

The purpose of the State Plan is to establish both long and short range goals and general implementation directions for the State which directions shall increase the effectiveness and level of coordination among agencies, administrative and legislative bodies of the State and County governments. The key to achieving this purpose is a planning framework that integrates, and subsequently directs, the actions of these participants toward common goals. Toward this end, the State Plan mandate outlines the roles and responsibilities of each participant in the planning process and suggests a number of coordinative mechanisms such as monitoring, increased information flow, a forum for conflict resolution, technical support, and the exchange of statistical data.

Within two years after completion, all functional plans and County Plans must conform with the State Plan. All agencies are responsible for implementing the State Plan goal statement, objectives and policies through their plans, programs and projects.

The Department of Planning and Economic Development will receive and forward information to the Policy Council for their review. In addition, DPED will provide staff assistance and periodic reports relating to major issues affecting State and County development. DPED is also responsible for identifying areas of conflict between State agencies and between the State and Counties. It will provide assistance to the Policy Council in order to reconcile these conflicts. DPED will also initiate studies periodically to provide current technical data and support.

In its capacity as the A-95 State Clearinghouse agency, capital improvement project review agency, and administrator for several planning and economic development programs, the DPED is also responsible for implementing the State Plan.

The Policy Council will review the actions of all State agencies for conformity with the State Plan. It will serve as a forum for addressing differences between the State and Counties. Their advice and recommendations will be transmitted to the administrative, legislative, and other appropriate implementing bodies.

Both the DPED and Policy Council are responsible for the preparation of an Annual Report, the mandatory four-year-comprehensive review of the State Plan, and recommended amendments to the State Plan.

As policy-making bodies, the State Legislature and respective County Councils play an important role. Their legal and fiscal responsibilities permeate every area of State Plan involvement. Recommendations, as appropriate, will be referred to these policy-making bodies for review and action.

Similarly, the Chief Executive and respective County administrators are responsible for carrying out this legislative policy. To a large extent, these administrative bodies exercise an important role in achieving increased effectiveness and coordination. DPED and the Policy Council will refer their recommendations for administrative review and action.

Work Program Tasks

In accordance with the provisions of Chapter 225, HRS, a work program was developed to serve as guide for the formulation of a State Plan Implementation Framework. The thrust of these work tasks are in the following areas:

- Preliminary statewide priority issue reports have been submitted in the 1977 Progress Report for review and comment. These issue reports are based on activities conducted during the past year, such as technical studies, public meetings, Policy Council meetings, and legislative interim committee workshops. Issue reports address the interrelated and more immediate nature of selected statewide directions for growth. They suggest the types of planning and implementation activities which could be undertaken to further the State Plan. Since issue reports will be changed periodically to reflect current public concerns, they may not be enacted into law. Statewide priority issues may be adopted by legislative resolution.
- The relationship of statutory planning and related processes to State Plan implementation will be reviewed and analyzed. This technical study includes an identification and review of major planning and implementation processes at the State and County levels in terms of functional types, statutory roles and responsibilities, and other forms of planning functions and directions being implemented (e.g., policies, guidelines, requirements, etc.).
- Another technical study will deal with the relationship of County General Plans to the State Plan. This study will examine County Charter requirements, process for General Plan development and implementation, State and County agency roles and responsibilities, relationships between general plan and development plans, and relationships of State and County functional plans and program activities to County General Plans.
- The relationships of State functional plans and programs to the State Plan is the topic for another technical study. This will entail a review of major functional plans and programs in terms of enabling legislation, scope and purposes, roles and responsibilities, relations with County General Plans, and program implementation.
- Other major work program activities related to the entire State Plan package (Goal

Statement, Objectives, Policies, Implementation Framework) will include public meetings and hearings statewide, continued involvement by the Policy Council and Interim Legislative Committees, and preparation of materials for general distribution.

PART III - REVIEW AND REVISION OF DRAFT STATE PLAN BEFORE SUBMITTAL IN 1978

It is expected that a draft of all components of the State Plan will be completed by June, 1977, and available for review and comment. At this time, public meetings, Policy Council Meetings and Legislative Interim Committee workshops will be conducted. Draft State Plan components will be discussed in terms of its purpose, function and basis for plan formulation. Public hearings will be held throughout the State in September-October, 1977. This period will offer ample opportunities for review, comment and revision before a final legislative package is submitted for enactment.

Your Committee finds that the State Plan as presented this year by the Department of Planning and Economic Development is a document which is still in its development stages. The implementation portion of the State Plan is the most important part yet to come. In 1978 a mechanism for implementation will emerge, but this, too, will only be a beginning. It will take time for the back and forth process between the State and Counties to develop which, in the long run, will be the actual implementation of the State Plan. Time is crucial in order to establish the linkages between State and County agencies and the private sector.

Your Committee finds that the Department of Planning and Economic Development has fully complied with the requirements as set forth by the Legislature in 1976 in S.R. No. 385 and S.C.R. No. 101. In accordance with these requirements the Progress Report was transmitted to the Legislature, various technical studies are being completed, a statewide household survey was conducted in addition to many statewide public meetings in order to obtain the broadest input for the objective and policy statements contained in the document presented to Legislature this year. The Department is in full compliance with those requirements set forth in 1976 for completion and is on schedule for the completion of the tasks required prior to final submittal of the State Plan document to the 1978 Legislature.

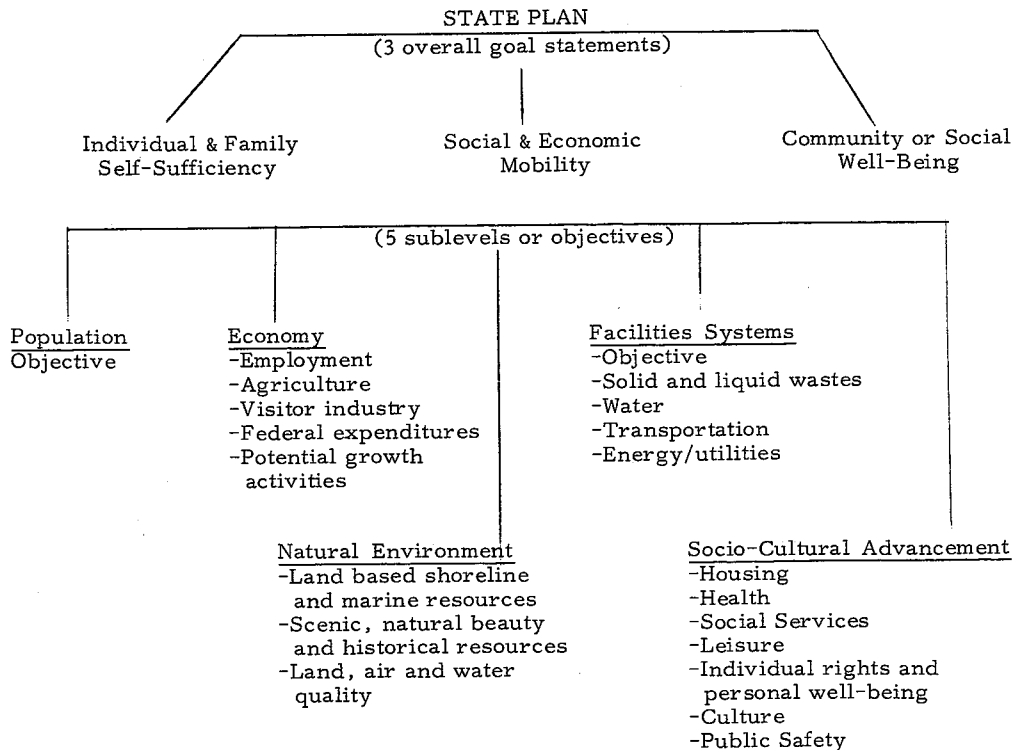
S.C.R. 133 and S.R. 355 served as vehicles this year for preliminary study and discussion by the Senate of what has been done thus far and what will transpire for the remainder of this year. The Committee had an opportunity to interact with the Department of Planning and Economic Development, members of the Plan Policy Council and some of the County planning directors. What emerged was a general picture of what the State Plan is, the significance of the Plan, the structural relationships between the State Plan and various other plans, the linkages between all these plans, and an overview of some of the more important considerations and concerns as presented by the Committee at this time.

Structural Relationships - Establishment of Linkages

In the Hawaii State Plan, Draft Goals, Policies and Objectives three overall themes or priority goal statements were identified:

- Individual and family self-sufficiency.
- Social and economic mobility (economic stability).
- Community or social well-being (preservation of our limited resources).

In addition to these three overall priority goal statements, five statements, or sublevels, further define these three broad goal statements which are found listed on page 3 of this Report (See Provisions of Chapter 225). The three overall goal statements have, in addition, a total of twenty-two objective statements which cut across the conditions to be met by these three broad goals. Finally, policy statements are presented under each of the twenty-two objective statements.



In establishing linkages among the various plans and studies, this framework for the State Plan is the starting off point. On the State agency level, in addition to the State Plan draft itself, each County shall be responsible for preparing one plan -- a County general plan. Within two years following adoption of the State Plan by the Hawaii State Legislature, the County general plan for each County must conform to the broad goal statements, objectives and policies as set forth in the State Plan.

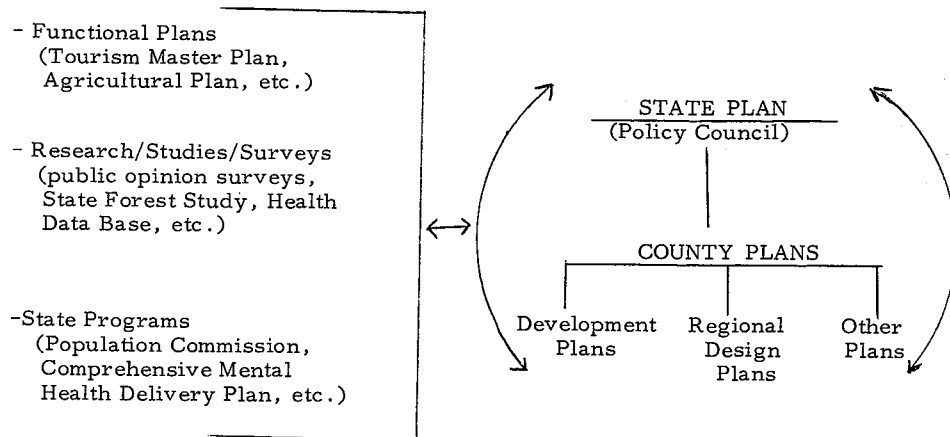
In addition to the County plans, there are plans on a regional level which provide valuable information and policy input with community as the basis for information. These regional design plans, such as the Windward Oahu Regional Plan, are actually studies and not policy plans in and of themselves. They will ultimately become part of their respective County general plans.

On a program level, the various State departments and agencies have the responsibility as mandated by the State Legislature to produce long range goal plans called "functional plans." These functional plans include, but are not limited to, the Tourism Master Plan, State Housing Plan, Statewide Transportation Plan, Agricultural Master Plan, State Comprehensive Health Plan, Historic Preservation Plan, and State Comprehensive Outdoor Recreation Plan. The importance of these functional plans is that they relate directly to the State Plan by providing research and substantive information for the many policy objectives outlined above (see State Plan chart page 8). These statements are not intended to provide the solutions to our State's economic and social issues. The objective of the State Plan is not to provide the answers, but a framework for the implementation of objectives for our State. The State Plan will provide a module into which functional plans feed information and out of which emerges the direction in which the various Counties and agencies shall develop their individual land use and growth plans and programs. Once each County's general plan is set, these in turn will feed back into the functional plans.

As additional functional plans come forth the more substance the State Plan will take on as a result of the specific information and clarity based on the best possible data, research and information available. This in turn will more explicitly guide the Counties and agencies as they translate these State plan goals and objectives to their individual needs. Each County plan will thus be a unique document tailored to the specific concerns of that County. It will be the job of the State Plan to remain broad enough so as to be applicable to the State as a whole and it will be the job of the County plans to be as specific as possible to relate to their own problems and needs. In the long run the implementation of the State Plan on the County level will be the achievement of the goals and objectives outlined in the State Plan.

As the linkages are established among the various State, departmental, County and agency plans and studies, the State Plan then emerges as an extremely fluid and valuable working document which will be re-evaluated regularly as more functional plans come forth and as the Counties continue to assess their needs and redirect and refine their plans and policies according to the directions indicated in the State Plan. The significant role of the Counties and agencies thus emerges in so far as they will ultimately have the responsibility for implementation and measurement of the objectives and policies of the State Plan. They will have the opportunity also to feed information back to the State Plan via the Policy Council and the functional plans. The State Plan, therefore, cannot in any way be seen as a fixed document or set of inflexible directives because of the flow of information to and from the State Plan and to and from the Counties and agencies will be a constant process.

LINKAGES



Your Committee finds that the linkages between these different levels of input and plan formulation are still emerging and, as such, the Hawaii State Plan can be viewed as a young document. The intention of the Committee in hearing testimony on SR 355/SCR 133 was to provide a vehicle or forum for dialogue in the Senate; it was also to provide an opportunity for working out as closely as possible an acceptable document with the Department of Planning and Economic Development. This would serve also as the "go ahead" for the work completed thus far for the final completion and adoption of the State Plan in 1978.

Despite the monumental work that has gone into the State Plan to date, there remains a great deal yet to be done. It is the intention of this Committee to present the Hawaii State Plan in an acceptable form for the 1978 Legislature; it is also the goal of this Committee to have a document which will be adopted, thus allowing our State to finally realize a State Plan which will serve the people of Hawaii for many years to come.

"We must learn to walk before we can run," and in this summary statement by the Chairman of the Committee was a plea to allow the Hawaii State Plan, as a fledgling document, its grace period. The intention of this Committee is to give as much endorsement as possible to those parts of the State Plan which have already been completed. Those areas of agreement should be identified during the 1977 legislative session and the concerns of the Committee members should be aired before the work already completed is set into motion and before the development of the implementation framework is undertaken for the remainder of this year.

Hawaii State Plan: Implementation Framework

In its deliberation on the State Plan, Committee members expressed a number of questions and concerns revolving primarily around the issue of accountability and the implementation mechanism for the State Plan. The following is a summary of some of the major areas of concern.

- Will the goal statements contained in the State Plan, Draft Goals, Objectives and Policies be more specific than they are now?

The goal statements contained in the State Plan are by necessity broad so that they can relate to the needs of the State as a whole and yet specific enough to provide direction for the Counties as they develop their plans. As it is seen now, unless the Legislature directs otherwise, the goals and objectives contained in the State Plan Progress Report document

will remain broad; it will be up to the other structures, such as the County plans, to assume responsibility for greater specificity and subsequent measurement of these broader goal statement.

This will take time to accomplish. This time element becomes particularly acute when one considers the fact that the State Plan should be, in large part, the outgrowth of the research and data provided by the functional plans prepared by the various State departments and agencies. However, to date, only two functional plans have been submitted to the State Legislature for adoption and next year, at the same time the State Plan itself is to be submitted for adoption, several other functional plans will just become available. It will take time for the State Plan to absorb the input from these forthcoming functional plans. In the same way, County plans are to conform to the directions as outlined in the State Plan goal statements and objectives, but some Counties are already finalizing their plans. These, then, will have to eventually be redrafted in order to meet the conforming requirements and this, again, will take time. It will also require considerable time before the input from County and agency levels to filter back up to the State Plan level via the Policy Council for refinement of the State Plan when appropriate. It will be at that point only, when the process of input/refinement/output is set into motion, that the State Plan will begin to serve the needs of our State and will become a living, workable document. The State Plan as it is now is merely a vision, a blueprint for how this process is to transpire and it will only be in the final setting into motion of this process that the implementation framework of the State Plan can be evaluated.

- Will the objectives and policies be prioritized since there are so many of them?

To identify in order of importance those courses of action outlined in the Draft Statement of Goals, Objectives and Policies would be difficult as they have statewide implications. The major priority areas over the short range development of the Plan will be identified by virtue of their inclusion in the priority issue papers. It will become the function of the Counties, over the long range, to prioritize the numerous objectives and policies according to their individual needs as they develop their own plan policies.

Your Committee would like to add that in reviewing this position, it was felt that at some point an indication of those objectives which are more important than the others would be appropriate. To merely list policies and objectives as they are now in the draft document does not serve the County policy makers in the way it was intended for the State Plan to assist them.

- Will these statewide issues and policies be more specific in the final document in 1978?

The priority statements need to be as broad and abstract as possible so as to apply to the State as a whole and to retain the flexibility the State Plan will need from year to year. What will not be included in the State Plan will be the citation of specific statements, such as, the identification of specific areas where, for example, housing will be built, site specification for destination resort areas, percentage rates for population growth, urban density or identification of specific land and resource allocation. The purpose of the State Plan is to provide a module for information from the functional plans which will translate this information into broad themes and objectives for the State as a whole. The County plans have the responsibility of fleshing out their policy plans, in conformance with the overall statements of the State Plan, in order to meet their individual local needs. County general plans together with County development plans will form a comprehensive land use package for specific areas including the identification of population distribution and other unique concerns of each County.

- What will be done to implement the priority statements and statewide issues and policies?

The implementation of the State Plan will be in the realization of the objectives and policies of the State Plan on the local level; that is, when these broad goals are carried out on the program and local levels, it is at this point that the implementation of the State Plan will be achieved. At this time, the implementation framework for the State Plan is a concept only. The development of the implementation framework for the State Plan is the task yet to be achieved prior to the 1978 legislative session and will comprise the major work of the Department in finalizing the State Plan.

It is hoped by that time the implementation aspects of the State Plan will have been developed to such a point that the Legislature will be able to comment on its structure. The implementation framework is not anticipated to be a lengthy document. What will be indicated will be an identification of the implementation strategy for the coordinating and concluding mechanisms in carrying out the State Plan upon its adoption by the Legislature. The implementation will ultimately come about in part by (1) the implementation framework developed in the State Plan to be completed by 1978 and (2) in the interaction of the Counties with the State Plan. Neither the State Plan nor the Counties are at this point yet. It is the intention of the drafters

of the State Plan that the County general plans conform with the State Plan within two years so that the State can better achieve the goals and objectives stated in the Plan. The role of the Policy Council and the Department of Planning and Economic Development is to assist in determining appropriate measures to achieve this end.

Specifically, there are five items that could be identified as constituting the major mechanisms for implementation of the State Plan:

1. County general plans
 2. State functional plans
 3. The Policy Council in its role as identified in Chapter 225, Hawaii Revised Statutes
 4. The Department of Planning and Economic Development in its role as the State Planning Agency
 5. The Statewide Priority Issue Reports which will provide recommended directions for more immediate attention and action.
- What will we see in 1978?

In 1978 the Department will submit to the Legislature a document called the Hawaii State Plan to be enacted into law. Included in this document will be goal statements and the objectives and policies covering the five broad areas covered previously. Submitted to the Legislature also will be:

1. A set of legislative proposals which will identify statewide priority issues which will, in turn, set into motion the shorter range directions or activities of the State Plan and which may be subject to review and change more frequently than the State Plan document.
 2. Supporting technical studies which are generally identified in the priority issue areas.
 3. Functional plans, such as the Tourism Master Plan, and possibly other such documents.
- Who will coordinate the implementation framework of the State Plan and what is the accountability for the State Plan?

There is an important linkage that is not readily apparent when reviewing the State Plan. There is a provision in Act 225, adopted by the Legislature two years ago, which states that all CIP funds appropriated shall be in accordance with the State Plan goals and objectives, otherwise these funds will not be released to the expending agency. The expending agency, therefore, becomes an important link for it will be their responsibility to monitor the conformance of uses of State funds with regard to the State Plan. This dollars and cents portion of Act 225 represents the significant handle for greater accountability.

PART IV - IMPLEMENTATION OF THE STATE PLAN: A CASE STUDY

This next section will briefly present a hypothetical case study as an example of the kinds of linkages discussed previously, how they work, and what the implementation of the State Plan goals and objectives could look like.

Case Study Problem: How to provide housing in Kauai County for an identified "gap group" of residents.

For many years a particular segment of the resident population of Kauai County has experienced difficulties in obtaining low cost housing. How will the State Plan significantly alter the life style of this group of people?

Case Study Linkages: How They Work

The following will be a discussion of the progression of the various linkages of the State Plan and how on the local level the broad statements found in the Plan can be achieved.

1. The State plan overall theme or goal statement, one of the three major goal statements, for this particular area of concern states:

"Community or social well-being is a value which is all pervasive. It is a value which translates into sound and healthy social, economic, and physical environments. It is a set of conditions which promotes individual well-being as such."

This, then, is the abstract statement or goal for the entire State with regards, but not limited, to housing. Under the separate Objectives discussion for this overall theme are outlined the objectives as they relate specifically to housing:

- Greater opportunities for all residents to secure reasonably priced, safe, sanitary, livable homes located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals.
- Encouragement of orderly residential development patterns sensitive and responsive to other land use values, issues and needs of communities.

Five specific policies are then presented under these objectives (see State Plan Progress Report, Draft Goals, Objectives and Policies).

This series of statements was a direct result, in part, of a functional plan which was developed and completed at the same time the objectives for housing were being considered. The Comprehensive Housing plan -- the functional plan for housing -- was the culmination of a great deal of research and thought. This functional plan was then distilled for inclusion, under the objectives and policies for housing, in the State Plan. This particular phase will occur again and again as more functional plans are completed and can be incorporated into the State Plan thereby making the objectives and policies section under each major theme heading more viable.

2. The County of Kauai then can incorporate into its County General Plan and the more specific Development Plan for neighborhoods and communities these overall objectives and policies relating to housing as stated in the State Plan. The Kauai General Plan will have statements that pertain specifically to the policies for Kauai County's housing needs, for example, in meeting the housing needs of gap groups identified in specific areas. The individual Development Plans will then, in turn, specify which communities will meet some of these needs and where. For example, the Hanapepe-Element Development Plan could identify the need for 1000 new dwelling units and administratively require 100 units be for gap group residents of these two communities.

3. It is at this neighborhood level, as a result of the linkages from the State and County levels, that the Planning Department of the County of Kauai can say to a developer in the Hanapepe-Element area that they, the developers, must designate a specific number or per cent of the units proposed for construction for the identified gap group residents.

The crucial linkage at this point is that, in the event the developer will not comply with the policy as stated in the Kauai General Plan and the Hanapepe-Element Development Plan calling for the construction of housing in that community including units for gap group residents, the expending agency can withhold approval and those funds appropriated to that community for, say, the public amenities (parks, schools, roads, sewer lines, etc.). This is the important handle which will allow for the kind of accountability desired in order to guarantee that the goals and policies outlined in the State Plan will be realized.

PART V

Your Committee heard testimony from the Department of Planning and Economic Development in addition to comments offered by several of the representatives from the Counties and other groups concerned with the impact of the provisions of this Resolution under consideration. There was not the opportunity for sufficient discussion with all the Counties and this should be an important consideration for future discussion of this Resolution.

Your Committee has amended this Resolution to change the language of the various parts which the Department felt were at this time too specific and without appropriate supporting documentation. It was felt that the flexibility and statewide effectiveness of the State Plan would be in jeopardy and because of this the Resolution was redrafted. Your Committee has also changed the title of this Resolution to read: "RELATING TO THE DEVELOPMENT OF THE STATE PLAN."

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 355, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 355, S.D. 1.

Signed by all members of the Committee except Senators Nishimura, Yim and Saiki.

SCRep. 928 Legislative Management

Informing the Senate that S.R. Nos. 476 to 479, Gov. Msg. Nos. 440 to 459, Conf. Com. Rep. Nos. 2 and 3 and Stand. Com. Rep. Nos. 926 and 927, 929 to 972 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 929 Ecology, Environment and Recreation on Gov. Msg. Nos. 143, 144, 145 and 302

Recommending that the Senate advise and consent to the nominations to the Fish and Wildlife Advisory Committee, City and County of Honolulu, as follows: DOROTHY BABINEAU, for term ending December 31, 1978; HERBERT S.L. CHOCK, for term ending December 31, 1978; THOMAS H. TAKANO, for term ending December 31, 1978; and THOMAS M.W. LEE, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 930 Ecology, Environment and Recreation on Gov. Msg. Nos. 146 and 147

Recommending that the Senate advise and consent to the nominations to the Fish and Wildlife Advisory Committee, County of Maui, as follows: WILBERT Y.K. YEE, for term ending December 31, 1978; and CHRISTY T. MAMIYA, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 931 Ecology, Environment and Recreation on Gov. Msg. Nos. 247 and 249

Recommending that the Senate advise and consent to the nominations to the Fish and Wildlife Advisory Committee, County of Kauai, as follows: JEFFERY G. BRYANT, for term ending December 31, 1978; and GORO SADAOKA, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 932 Ecology, Environment and Recreation on Gov. Msg. Nos. 250, 251, 252 and 253

Recommending that the Senate advise and consent to the nominations to the Fish and Wildlife Advisory Committee, County of Hawaii, as follows: ALVIN M. INOUE, for term ending December 31, 1977; ALVIN I. TANAKA, for term ending December 31, 1978; JAMES Y.C. LEE, for term ending December 31, 1978; and EARL J. PACHECO, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 933 Ecology, Environment and Recreation on H.C.R. No. 88

The purpose of this concurrent resolution is to request the department of land and natural resources to designate Onomea Bay, Hawaii, as a marine life conservation district, and also that the department coordinate their efforts with the county of Hawaii in this matter.

Your Committee heard testimony from the department of land and natural resources in support of this resolution.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of H.C.R. No. 88 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 934 Ecology, Environment and Recreation on S.C.R. No. 79

The purpose of this concurrent resolution is to request the board of land and natural resources to expedite final action on the revised master plan for the development and establishment of Makena-LaPerouse State Park, and immediately thereafter to initiate proceedings for the initial incremental land acquisition of lands for the Makena-LaPerouse State Park.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 79 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 935 Ecology, Environment and Recreation on S.R. No. 217

The purpose of this resolution is to request the board of land and natural resources to expedite final action on the revised master plan for the development and establishment of Makena-LaPerouse State Park, and immediately thereafter to initiate proceedings

for the initial incremental land acquisition of lands for the Makena-LaPerouse State Park.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 217 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 936 Ecology, Environment and Recreation on S.C.R. No. 142

The purpose of this concurrent resolution is to request the Governor to take appropriate steps to develop and implement a selective growth program with the full cooperation and support of the House of Representatives and the Senate of the Ninth State Legislature and the cooperation of all four counties and agencies operating in the State of Hawaii.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 142 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 937 Ecology, Environment and Recreation on S.R. No. 396

The purpose of this resolution is to urge the Hawaii delegation to the United States Congress to support all efforts to halt the senseless slaughter of newborn Harp Seals in Canadian waters including the resolutions introduced by Congressman Ryan of California and United States Senator Matsunaga of Hawaii.

Your Committee has been informed that the resolutions introduced by Congressman Ryan and Senator Matsunaga were passed and, therefore, has amended the resolution to join the Congress of the United States in supporting all efforts to halt the slaughter of newborn Harp Seals. It was brought up at the public hearing that the principal market for the furs of the newborn Harp Seals is Norway; therefore, the final BE IT FURTHER RESOLVED has been amended to indicate that certified copies of this resolution be transmitted to the Honorable Odvar Nordli, Prime Minister of the Kingdom of Norway, as well as to the Honorable Pierre E. Trudeau, Prime Minister of Canada and to Assistant Secretary of State Patsy T. Mink.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 396, as amended herein, and recommends its adoption in the form attached hereto, as S.R. No. 396, S.D. 1.

Signed by all members of the Committee.

SCRep. 938 Economic Development on S.C.R. No. 27

The purpose of this concurrent resolution is to request the U.S. Commissioner of Customs to rescind all present rules restricting time ashore for passengers on foreign flag vessels transiting U.S. ports.

Your Committee has heard testimony on this concurrent resolution and finds that this concurrent resolution would have a beneficial effect on Hawaii's tourist industry. Recent years have seen a decline in the number of passenger ships calling at Hawaiian ports. Although not the principal cause, the restriction limiting shore leave of passengers on foreign vessels undoubtedly contributes to this decline. Rescinding these rules should offer greater incentive to foreign flag vessels to call here. Your Committee further finds that in the twelve-month period from October, 1976, to September, 1977, a passenger ship is scheduled to be in Honolulu for 87 days. Foreign flag passenger ships account for only 24 of those "ship days." This is regrettable since ship passengers, as a group, are affluent and educated, making them highly desirable visitors. Any step we can take to encourage more of them to visit and stay longer will help the State's tourist industry.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 27 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 939 Economic Development on S.R. No. 14

The purpose of this resolution is to request the U.S. Commissioner of Customs to rescind all present rules restricting time ashore for passengers on foreign flag vessels transiting U.S. ports.

Your Committee has heard testimony on this resolution and finds that this resolution would have a beneficial effect on Hawaii's tourist industry. Recent years have seen a decline in the number of passenger ships calling at Hawaiian ports. Although not the principal cause, the restriction limiting shore leave of passengers on foreign vessels undoubtedly contributes to this decline. Rescinding these rules should offer greater incentive to foreign flag vessels to call here. Your Committee further finds that in the twelve-month period from October, 1976, to September, 1977, a passenger ship is scheduled to be in Honolulu for 87 days. Foreign flag passenger ships account for only 24 of those "ship days." This is regrettable since ship passengers, as a group, are affluent and educated, making them highly desirable visitors. Any step we can take to encourage more of them to visit and stay longer will help the State's tourist industry.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 14 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 940 Economic Development on S.C.R. No. 91

The purpose of this concurrent resolution is to establish a grain storage facility on the Island of Hawaii.

Your Committee finds that monies for the establishing of the grain facility on the Big Island has already been appropriated by the 1972 and 1976 Legislatures. To date, only the site selection study has been effected. Your Committee hopes that the adoption of this resolution will give the needed impetus to the completion of this task.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 91 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 941 Economic Development on S.R. No. 252

The purpose of this resolution is to establish a grain storage facility on the Island of Hawaii.

Your Committee finds that monies for the establishing of the grain facility on the Big Island has already been appropriated by the 1972 and 1976 Legislatures. To date, only the site selection study has been effected. Your Committee hopes that the adoption of this resolution will give the needed impetus to the completion of this task.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 252 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 942 Economic Development on S.C.R. No. 92

The purpose of this concurrent resolution is to restore the 4-H Youth Agent position for Maui County.

Your Committee finds that the restoration of the 4-H Youth Agent position on Maui would potentially serve a target group of 15,000 young people and more efficiently provide leadership in the cultivation of agricultural interests in these youths. Your Committee further finds that attempts to re-open this position were initiated through normal extension channels each year with negative results.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 92 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 943 Economic Development on S.R. No. 253

The purpose of this resolution is to restore the 4-H Youth Agent position for Maui County.

Your Committee finds that the restoration of the 4-H Youth Agent position on Maui would potentially serve a target group of 15,000 young people and more efficiently provide leadership in the cultivation of agricultural interests in these youths. Your Committee further finds that attempts to re-open this position were initiated through normal extension channels each year with negative results.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 253 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 944 Economic Development on S.C.R. No. 125

The purpose of this concurrent resolution is to request the counties of the State to review their existing land use regulatory processes and division of responsibility for review of development approval applications, and the effect of regulations administered by agencies of the State as related to disposition of development approval requests in their county. The counties are requested to consider adoption of appropriate regulatory reforms to expedite processing of land use action.

Your Committee finds that the current land use regulatory process, which may require three and one-half to five years for the approval of all the necessary permits for land development activities to begin, is probably one of the major causes of our high cost of housing. The reduction of this time factor, through the consolidation of the various applications for land use, general plan and zoning changes into a single application; consolidation of public hearings by the various agencies; and determining reasonable time limits for the proper agency action could accomplish much in reducing our cost of housing. Some of the alternatives suggested for consideration by the counties are consolidation of agency referrals, public hearings and application forms. One significant proposal would be to set reasonable time limits for agency review and comment on requests. The ultimate benefactor will be the consumer.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 125 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 945 Economic Development on S.R. No. 328

The purpose of this resolution is to request the counties of the State to review their existing land use regulatory processes and division of responsibility for review of development approval applications, and the effect of regulations administered by agencies of the State as related to disposition of development approval requests in their county. The counties are requested to consider adoption of appropriate regulatory reforms to expedite processing of land use action.

Your Committee finds that the current land use regulatory process, which may require three and one-half to five years for the approval of all the necessary permits for land development activities to begin, is probably one of the major causes of our high cost of housing. The reduction of this time factor, through the consolidation of the various applications for land use, general plan and zoning changes into a single application; consolidation of public hearings by the various agencies; and determining reasonable time limits for the proper agency action could accomplish much in reducing our cost of housing. Some of the alternatives suggested for consideration by the counties are consolidation of agency referrals, public hearings and application forms. One significant proposal would be to set reasonable time limits for agency review and comment on requests. The ultimate benefactor will be the consumer.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 328 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 946 Economic Development on S.C.R. No. 128

The purpose of this concurrent resolution is to request the Department of Agriculture, in cooperation with the College of Tropical Agriculture and the Departments of Land and Natural Resources and Planning and Economic Development, to conduct a study to ascertain the need for a processing plant for selected agricultural and aquaculture commodities on Kauai to include the cost and location for such a plant.

Your Committee finds that from a cost standpoint, with the location of processing plants close to the area of crop production, costs of production and processing, over the long run will be reduced thereby making it possible for Hawaii and, in this case the County of Kauai, to expand its production of export agricultural commodities.

A study of this kind, because of its importance to the economy of Kauai, should not

be conducted in a superficial manner. Much of the information which is needed is already available. What is needed is a coordinated effort to secure that information, put it all together and make it available. Testimony was heard from the Department of Agriculture and your Committee finds that the Department is not equipped with either the staff or the funding necessary to carry out such a study within the allocated time limit.

Your Committee has amended this concurrent resolution, per the testimony of the Department of Agriculture, to request allocation of funds from the Kauai Task Force to carry out this study.

Your Committee on Economic Development is in accord with the intent and purpose of S.C.R. No. 128, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 128, S.D. 1.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 947 Economic Development on S.R. No. 332

The purpose of this resolution is to request the Department of Agriculture, in cooperation with the College of Tropical Agriculture and the Departments of Land and Natural Resources and Planning and Economic Development, to conduct a study to ascertain the need for a processing plant for selected agricultural and aquaculture commodities on Kauai to include the cost and location for such a plant.

Your Committee finds that from a cost standpoint, with the location of processing plants close to the area of crop production, costs of production and processing, over the long run will be reduced thereby making it possible for Hawaii and, in this case the County of Kauai, to expand its production of export agricultural commodities.

A study of this kind, because of its importance to the economy of Kauai, should not be conducted in a superficial manner. Much of the information which is needed is already available. What is needed is a coordinated effort to secure that information, put it all together and make it available. Testimony was heard from the Department of Agriculture and your Committee finds that the Department is not equipped with either the staff or the funding necessary to carry out such a study within the allocated time limit.

Your Committee has amended this resolution, per the testimony of the Department of Agriculture, to request allocation of funds from the Kauai Task Force to carry out this study.

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 332, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 332, S.D. 1.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 948 Economic Development on S.C.R. No. 137

The purpose of this concurrent resolution is to request the College of Tropical Agriculture, the U.S. Department of Agriculture and the State Departments of Agriculture and Planning and Economic Development to institute a study directed at the development of a fumigation or other alternative treatment processes for fresh banana.

Your Committee heard testimony from the Department of Agriculture and Planning and Economic Development, the College of Tropical Agriculture and the Oahu Banana Growers Association. Your Committee finds that the fruit fly disinfestation treatment on bananas exported out of state limits the expansion of this industry. The techniques for disinfestation used on the Williams and Chinese varieties of bananas cause severe discoloration, a side-effect noted as early as 1950 by the College of Tropical Agriculture, yet this method is still in use today. It is believed that in solving the fruit fly infestation problem, Hawaii would increase its potential of exporting many of its diversified agriculture commodity products. Bananas is a crop that has the export potential. Island bananas have an exotic flavor that is unmatched elsewhere and product acceptance on the mainland is felt to be good. Testimony was received specifically to the issue of markets which currently exist for Hawaii's banana crop. The Department of Agriculture was particularly interested in directing those resources available in the State in developing alternative fruit fly disinfestation treatment methods for all exportable fruit crops.

Your Committee on Economic Development concurs with the intent and purpose of

S.C.R. No. 137 and recommends its adoption.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 949 Economic Development on S.R. No. 377

The purpose of this resolution is to request the College of Tropical Agriculture, the U.S. Department of Agriculture, the State Departments of Agriculture and Planning and Economic Development to institute a study directed at the development of a fumigation or other alternative treatment processes for fresh banana.

Your Committee heard testimony from the Departments of Agriculture and Planning and Economic Development, the College of Tropical Agriculture and the Oahu Banana Growers Association. Your Committee finds that the fruit fly disinfestation treatment on bananas exported out of state limits the expansion of this industry. The techniques for disinfestation used on the Williams and Chinese varieties of bananas cause severe discoloration, a side-effect noted as early as 1950 by the College of Tropical Agriculture, yet this method is still in use today. It is believed that in solving the fruit fly infestation problem, Hawaii would increase its potential of exporting many of its diversified agricultural commodity products. Bananas is a crop that has the export potential. Island bananas have an exotic flavor that is unmatched elsewhere and product acceptance on the mainland is felt to be good. Testimony was received specifically to the issue of markets which currently exist for Hawaii's banana crop. The Department of Agriculture was particularly interested in directing those resources available in the State in developing alternative fruit fly disinfestation treatment methods for all exportable fruit crops.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 377 and recommends its adoption.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 950 Economic Development on S.C.R. No. 139

The purpose of this concurrent resolution is to request the U.S. Department of Housing and Urban Development to make sufficient funds available to the City and County of Honolulu to carry out the final stages of the Kapahulu General Neighborhood Renewal Program.

Your Committee finds that one of the more serious problems of the Kapahulu area is an aging housing facility, where an above average incidence of substandard or unsafe sidewalks, public facilities such as streets and sewers which are overtaxed, and changing land uses through development of commercial and high-density apartment structures are commonplace. This community has strengths, including widespread homeownership and community consciousness and pride and the neighborhood conservation approach whereby assistance to homeowners and businessmen willing to renovate their facilities are emphasized. The Kapahulu area was designated for neighborhood conservation programming by the City and County of Honolulu in 1959 thus launching the "Kapahulu General Neighborhood Renewal Program" (GNRP) with the objective of upgrading the public and private facilities in the entire neighborhood to be carried out in stages over 20 years. The U.S. Department of Housing and Urban Development has absorbed over two-thirds of project costs. A new federal formula adopted in 1974 will result in Hawaii receiving less funds than formerly available and jeopardizes the future of the Kapahulu renewal program. Federal assistance for this project should be continued so that this neighborhood has an opportunity to complete its long-range plans.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 139 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 951 Economic Development on S.R. No. 384

The purpose of this resolution is to request the U.S. Department of Housing and Urban Development to make sufficient funds available to the City and County of Honolulu to carry out the final stages of the Kapahulu General Neighborhood Renewal Program.

Your Committee finds that one of the more serious problems of the Kapahulu area is an aging housing facility, where an above average incidence of substandard or unsafe sidewalks, public facilities such as streets and sewers which are overtaxed, and changing

land uses through development of commercial and high-density apartment structures are commonplace. This community has strengths, including widespread homeownership and community consciousness and pride and the neighborhood conservation approach whereby assistance to homeowners and businessmen willing to renovate their facilities are emphasized. The Kapahulu area was designated for neighborhood conservation programming by the City and County of Honolulu in 1979 thus launching the "Kawahulu General Neighborhood Renewal Program" (GNRP) with the objective of upgrading the public and private facilities in the entire neighborhood to be carried out in stages over 20 years. The U.S. Department of Housing and Urban Development has absorbed over two-thirds of project costs. A new federal formula adopted in 1974 will result in Hawaii receiving less funds than formerly available and jeopardizes the future of the Kapahulu renewal program. Federal assistance for this project should be continued so that this neighborhood has an opportunity to complete its long-range plans.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 384 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 952 Economic Development on S.R. No. 15

The purpose of this resolution is to request the Maritime Affairs Coordinator to make recommendations as to improvements to existing educational and training programs or recommendations for a new program to provide maritime and fishing training for our youth and prospective fishermen.

Your Committee finds that the Office of the Marine Affairs Coordinator has long been aware of the importance of maritime training in Hawaii, and has been supportive of both Pacific Maritime Academy and the Marine Technician Training Program at Leeward Community College. Late last summer, the Marine Affairs Coordinator began working more closely than ever with the administration of the Leeward Community College, seeking ways to improve and strengthen the existing marine technician training program. Leeward Community College has also indicated that there seems to be some desire and need for Marine Technician courses, and especially fishery courses, on the Neighbor Islands. The greatest barrier is the lack of travel funds for a competent instructor to fill this instructional need on the Neighbor Islands when a competent instructor was not locally available.

Your Committee finds that for a number of years the young people of Hawaii were extremely reluctant to enter the commercial fishing industry. To some degree, at least, this now seems to be changing. Leeward Community College is making a needs assessment of local marine industries to include commercial fishing industry. The purpose of such an assessment is to try to make sure that the number of students trained is in reasonable proportion to the number of job opportunities expected to be available in the near future.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 15 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 953 Economic Development on S.R. No. 21

The purpose of this resolution is to request the Secretary of the Navy to permit the operation of a commercial fishery station on Midway Island at the earliest possible date.

Your Committee finds that the Western Pacific Regional Fishery Management Council has been established under the authority of the Fisheries Conservation and Management Act of 1976 and is in the process of assuming its statutory responsibility for recommending conservation and management policies and measures for the fishery resources within the 200-mile fishery conservation zone which became effective on March 1, 1977. The region for which the Council will have this responsibility, as presently defined, comprises the fishery conservation zones around the Hawaiian Islands, the islands of American Samoa and Guam.

The basic thrust of the Act is to promote the welfare and further development of American fisheries by ensuring that the nation's fishery resources are maintained at a high level of productivity through appropriate regulation of both foreign and domestic fishing. One of the stated purposes of the Act is "to encourage the development of fisheries which are currently underutilized or not utilized by United States fishermen."

In the Hawaii area, and particularly along the leeward chain of islands and reefs

stretching out to Midway Island, there are known to exist important fishery resources that have as yet been almost completely unutilized by American fishermen. The potential fishing grounds of greatest interest are beyond the practical operating range of most if not all of the small vessels which constitute the present commercial fishing fleet based in the main Hawaiian Islands, and it is unlikely that the fishing industry can be expected to invest in vessels of greater range until the potential of the resources has been proven. The members of the Western Pacific Council believe that this obstacle to the first stage of development of new Hawaiian fisheries would be largely overcome if Midway Island were made available as an operating base for United States flag fishing vessels. Midways is ideally situated for this purpose and has the harbor and other facilities necessary for the support of fishing operations.

Your Committee finds that, in reply to the Western Pacific Regional Fishery Council's request for access to Midway Island, outgoing Secretary of Navy Middendorf refused to consider the request without an Executive Order. Therefore, your Committee would like to amend this resolution to request that the President issue an Executive Order allowing American fishermen access to Midway with certified copies to be sent to the President and Hawaii's Congressional delegation.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 21, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 21, S.D. 1.

Signed by all members of the Committee.

SCRep. 954 Economic Development on S.R. No. 76

The purpose of this resolution is to urge the Department of Agriculture, assisted by the Department of Planning and Economic Development, to make application for all available Federal funds for agricultural support to maximize the receipt of same.

Your Committee finds that only a small percentage of Federal resources is currently being tapped in order to enhance the quality of the State's agricultural program. This year, for example, Federal funds totaling \$622,500 were dispersed among four of the Department's seven divisions. However, many other agricultural-related Federal assistance programs remain to be solicited and, therefore, are potential sources of funds for Hawaii's agricultural needs.

Steps to rectify this situation have already been taken by the Department of Agriculture. Your Committee would like to make one amendment to the resolution. The University of Hawaii often works cooperatively with the Department on projects that may qualify for Federal funds, and, as such, the fourth paragraph of the resolution should be amended to read:

"BE IT RESOLVED by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, that the Department of Agriculture and the University of Hawaii, assisted by the Department of Planning and Economic Development, make application for all available Federal funds for agricultural support to maximize the receipt of same; and"

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 76, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 76, S.D. 1.

Signed by all members of the Committee.

SCRep. 955 Economic Development on S.R. No. 100

The purpose of this resolution is to request the Director of Planning and Economic Development to establish, upon consultation with appropriate local, national and international economists and entrepreneurs, an on-going program for the establishment and updating of the State Plan for selective development of the State's resources.

Your Committee finds that the idea of the State selectively developing our resources within the context of world markets and competition is a sound one in light of our limited resources and our inability to control external markets. Hawaii's markets are so small that in order to provide the jobs Hawaii needs we have to expand our export industries. In order to do that, we must be cognizant of the demands and functioning of the national and international markets.

Your Committee heard testimony from the Department of Planning and Economic Development and finds that through the direction of the Governor, the Department has been con-

ducting activities aimed at specifically the above concerns. Efforts in aquaculture, energy development, the World Trade Center, the Foreign Trade Zone, and other promotion and business assistance programs are examples of activities resulting from these concerns. The State Plan will also be providing a more thorough approach to the State's economic development and more specific strategies will be developed through the Overall Economic Development Program.

Your Committee has amended this resolution in light of the above comments. The first BE IT RESOLVED is amended to read as follows:

"BE IT RESOLVED by the Senate of the Ninth Legislature of the State of Hawaii, Regular Session of 1977, that the Director of Planning and Economic Development is requested to continue and expand, in cooperation with appropriate local, national and international economists and entrepreneurs, the selective development of State resources in order that Hawaii's products may be favorably competitive in the local, national, and international market places; and"

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 100, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 100, S.D. 1.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 956 Economic Development on S.R. No. 103

The purpose of this resolution is to request the State Comptroller, in consultation with the Director of Planning and Economic Development and the Director of Agriculture, to review the on-going procedures, and its implementation, to encourage the inclusion of additional vendors on the Hawaii products list.

Your Committee finds that government support in the compilation, publication, and distribution of a list of local vendors would be in agreement with the current program to encourage a "buy local" ethic in our hotels, restaurants and markets. Your Committee further finds that the Department of Agriculture has already developed expertise in this area in its compilation of the Agricultural Buyers Guide, and that the Department of Agriculture stands ready to assist in this project.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 103 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 957 Economic Development on S.R. No. 175

The purpose of this resolution is to request the Department of Planning and Economic Development to contact the United States Bicentennial Commission regarding a repeat of "Operation Tall Ships" for Hawaii's 1978 bicentennial and that a report be submitted to the Legislature not less than ten days prior to the conclusion of the 1977 Legislature.

Your Committee finds that, whereas this event could focus worldwide attention on Hawaii and our bicentennial celebration, and whereas it would be worthwhile for the Director of the Department to look into this matter, perhaps a more feasible activity would be to focus on a simpler event. One suggestion made to the Committee was to locate the replica of the HMS Bounty in Kealahou Bay and to hold a voyage which would retrace Captain Cook's third voyage or calling on various ports of call which he visited during all three of his voyages.

The Bounty is recommended because it most closely resembles the Resolution and Discovery with which Captain Cook arrived in Hawaii. The National Maritime Museum, Greenwich, England, would serve as a good source of information as to the location and present owners of these ships. Documentary footage of the voyage released periodically to a television sponsor, would help create mounting international public interest from the moment of formal departure from England to the arrival in Hawaii. Cook also called at the present site of Vancouver before returning to Hawaii, which would be of interest to our Canadian market.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 175 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 958 Economic Development on S.R. No. 178

The purpose of this resolution is to request the agencies of the State and the County of Hawaii to offer full cooperation to the Hawaiian Holiday Macadamia Nut Company to solve its sign problems and other areas of concern.

Your Committee has heard testimony on this resolution from the Department of Transportation and concurs that agencies of the State can cooperate with the Hawaiian Holiday Macadamia Nut Company to the extent permitted by Federal and State laws governing outdoor advertising.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 178 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 959 Economic Development on S.R. No. 179

The purpose of this resolution is to request all public agencies to assist the ailing sugar industry for the common good of Hawaii.

Your Committee found, during a public hearing of this resolution, that some public agencies are already providing assistance to our sugar industry. Nevertheless, the adoption of this resolution could give added impetus to government assistance of our vital sugar industry.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 179 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 960 Economic Development on S.R. No. 243

The purpose of this resolution is to request the Departments of Agriculture and Planning and Economic Development, the College of Tropical Agriculture and the Agricultural Extension Service, in the interest of insuring the continuation of diversified and small agricultural undertakings in Hawaii, to aid the small and independent farmers of the State to establish and maintain a farmers' marketing cooperative on the island of Oahu for the use and service of all such growers in the State.

Your Committee finds that the encouragement of the creation of a marketing cooperative on Oahu for all farmers would provide a degree of security for the small and independent farmer and help to ensure the future of diversified, independent farming on Oahu.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 243 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 961 Economic Development on S.R. No. 248

The purpose of this resolution is to request the Departments of Agriculture and Planning and Economic Development and the College of Tropical Agriculture, and the Agricultural Extension Service, to study and determine the means by which the Federal restrictions against the export to the mainland of mango and avocado may be moderated or eliminated.

Your Committee finds that all agencies concerned are in agreement with this resolution and concur that methods must be found to modify or eliminate Federal restrictions on Hawaiian mangoes and avocados, the export of which would have beneficial effects on Hawaii's economy.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 248 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 962 Economic Development on S.R. No. 259

The purpose of this resolution is to request the Department of Water Supply of the County of Hawaii to consider a lower rate for agricultural producers.

Your Committee finds that great strides are being made in the development of agriculture in the County of Hawaii, especially in plant nursery, in anthurium growing, in vegetable production, in livestock production and in field crops, all of which require large quantities of water. In order to promote further development and encouragement to these agricultural industries, lower agricultural water rates seem imperative.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 259 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 963 Economic Development on S.R. No. 270

The purpose of this resolution is to request the College of Tropical Agriculture to research alternative, improved methods for export commodities.

Your Committee finds that research in the area of finding and identifying insecticides and fungicides which could be used on local agricultural goods, such as papaya, could serve to expand the market for papaya as well as the markets for other export crops. Your Committee further finds that the College of Tropical Agriculture could identify the economically efficient and feasible methods of quarantine treatment for our local goods.

You Committee on Economic Development concurs with the intent and purpose of S.R. 270 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 964 Economic Development on S.R. No. 340

The purpose of this resolution is to request the Department of Land and Natural Resources, through its Fish and Game Division, to carefully inspect and study the taking of ogo from Kaneohe Bay, to institute such controls within its authority as necessary and to recommend to the Legislature such protective legislation as it considers desirable.

Your Committee finds that the harvesting of ogo has significantly increased at Kaneohe Bay during recent years. Summaries of monthly fish catch reports submitted to the Division of Fish and Game by licensed commercial fishermen have indicated that commercial harvests of limu (any of the seaweeds, including ogo) from Keehi Lagoon has decreased by more than 50 per cent from 91,000 to 44,000 pounds during the three-year period 1973-1975, while harvest at Kaneohe Bay have increased by more than two-fold from 6,000 to 19,000 pounds during the same period. Although data for 1976 are incomplete, reports for the 10-month period from January through October show that about 37,000 pounds of limu have been harvested at Keehi Lagoon and 15,000 pounds harvested from Kaneohe Bay. Testimony from the Department of Land and Natural Resources indicated that the recommendations in this resolution for the ogo in Kaneohe Bay should be based on the formulation of measures which are taken from scientific biological studies of the edible seaweed. Studies conducted by the University of Hawaii are available on the ogo resources in the Fort Kamehameha and Sand Island areas of Oahu but not for Kaneohe Bay.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 340 and recommends its adoption.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 965 Economic Development on S.R. No. 394

The purpose of this resolution is to request the Departments of Land and Natural Resources, Agriculture, Planning and Economic Development, and the Agricultural Extension Service of the University of Hawaii to conduct a joint study on the feasibility of creating an agricultural park on state lands in Kuliouou Valley pursuant to Act 110 and to report their findings prior to the next legislative session.

Your Committee finds that the parcel referred to by this resolution is 161.6 acres in size; approximately 60 acres are within the State Land Use Urban District and the remainder is classified conservation. That portion of the land which is capable of development encompasses 45-60 acres and this parcel has been under revocable permit for pasture use since 1966. Feasibility studies of the nature proposed in this resolution are seen as necessary otherwise, if prematurely used for other than agricultural purposes, the good lands are

forever lost to urbanization. It was also brought to the attention of the Committee that this acreage serves as a hiker access to the forest reserve and that there are archeological sites present on the State lands.

Your Committee heard testimony from the Department of Agriculture, and Social Services and Housing, the Hawaiian Housing Authority and various community groups concerned with this area. The Hawaiian Housing Authority has at the present time contracted with the Kuliouou Valley Associates for a feasibility study which will incorporate new and previous housing development concepts. The details of the feasibility study are not yet finalized and will not be available until May 1977. If the Hawaii Housing Authority should decide not to proceed with the proposed housing project currently under study, alternative uses of the property, including agricultural park use, should be explored. The agricultural park feasibility study should commence upon completion of the HHA study if the conclusions of that study determines that the parcel in question is not suitable for housing development.

Your Committee has amended this resolution to provide for the commencement of the agricultural park feasibility study upon the conclusion of the Hawaii Housing Authority's housing feasibility study if that study concludes that the parcel of land in question is not suitable for housing development.

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 394, as amended herein, and recommends its adoption in the form attached herein as S.R. No. 394, S.D. 1.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 966 Economic Development on H.C.R. No. 27

The purpose of this concurrent resolution is to request the City and County of Honolulu to delineate the ways in which the Department of General Planning will involve interested members of the public in the formulation of new development plans and to allocate a portion of the department's funds and staff resources to work directly with citizens in creating these plans.

Your Committee received testimony from the Kailua Neighborhood Board No. 31. Your Committee finds that the Neighborhood Boards were specifically developed under the City Charter to advise city agencies of the public reaction to government. It was contemplated from the earliest charter commission discussions that the Boards would take an active role in the planning process. It is appropriate due to the continued and on-going increased citizen participation in the affairs of local communities that those ways in which the Department of General Planning will involve citizens in new development plans for the City and County of Honolulu be as specifically defined and detailed as possible.

Your Committee on Economic Development concurs with the intent and purpose of H.C.R. No. 27, H.D. 1 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 967 Economic Development on H.C.R. No. 85

The purpose of this concurrent resolution is to request the establishment of a Farmers Home Administration office in Hawaii.

Your Committee heard testimony from the Department of Agriculture and the Hawaii Farm Bureau and finds that it would be a definite advantage for the State of Hawaii to have a State Farmers Home Administration Office in Hawaii, similar to the California State office located in Woodland, California. Hawaii's highest administrative office is considered only a district office under California's organization structure. Other USDA agencies with State offices in Hawaii are in direct communication with Washington and thereby are able to provide faster and more efficient service. The Farmers Home Administration program in Hawaii suffers from the lack of specialists that are normally part of the staffing of State offices. The presence of such specialists would be a direct advantage to the farmers of Hawaii because the specialists would be more aware of our local conditions, more available to help our farmers and more able to handle tropical agriculture and rural development needs for the entire Pacific Basin. It was found also that Hawaii is not participating to the extent it should in all of the eligible Farmers Home programs, such as Farm Ownership Loans on lease lands, Youth Project Loans, livestock loans, soil and water loans, etc. There is a definite time lag in new program implementation in Hawaii as well.

Your Committee on Economic Development concurs with the intent and purpose of H.C.R. No. 85, H.D. 1 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Yim.

SCRep. 968 Economic Development on Gov. Msg. Nos. 226, 227 and 228

Recommending that the Senate advise and consent to the nominations to the Pest Control Board, as follows: EUGENE M. YAMANE, for term ending December 31, 1980; PAUL ROMIAS, for term ending December 31, 1979; and LEO GILBERT, for term ending December 31, 1980.

Signed by all members of the Committee except Senators Hulten, Kuroda, Nishimura and Yamasaki.

SCRep. 969 Economic Development on H.B. No. 515

The purpose of this bill is to amend Section 188-25, subsection (c) of the Hawaii Revised Statutes to lift the restriction on the sale of certain fish taken or killed with a spear.

Your Committee on Economic Development heard testimony from the Department of Land and Natural Resources and a number of fishing and diving clubs of Hawaii. Your Committee finds that spearfishing is efficient from an environmental standpoint as well as being economical for the fisherman. The consumer will also benefit by having more of certain types of speared fish available, thereby reducing the cost of items that were formerly in less supply.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 515, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Henderson, Yamasaki and Yim.

SCRep. 970 Human Resources on H.C.R. No. 96

The purpose of this resolution is to request the Governor to call a conference on the impact of immigrants on the State of Hawaii.

Your Committee finds that the last conference called by the Governor of the State of Hawaii to address the needs of immigrants was held eight years ago in 1969. Conditions have changed since then and because of the current economic constraints there has been an increasing concern over the impact of the immigrants on the limited resources of the State. The information regarding the actual impact of these people has been inadequate and conflicting. The intent of this resolution is to call a conference to identify, document and evaluate the impact that immigration has had on the State of Hawaii. This resolution calls for the Governor to invite the members of Hawaii's Congressional delegation, representatives from appropriate State Agencies, county officials, representatives of private voluntary agencies, and representatives of all ethnic groups, and also representatives from federal agencies involved with immigration.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 96, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 971 Human Resources on S.R. No. 223

The purpose of this resolution is to request that the United States Congress to amend title 29, chapter 17, subchapter III, part A of the United States Code to designate native Hawaiians and other minority groups in employment and training programs.

Chapter 17, title 29 of the United States Code provides job training and employment opportunities for the economically disadvantaged, unemployed, and underemployed persons, to assure that maximum employment opportunities will be obtained and self-sufficiency enhanced by establishing a flexible and decentralized system of federal, state, and local programs. This chapter also has in subchapter III, part A, a provision which designates Indian and Alaskan native communities as special target groups because of the unemployment and economic disadvantage existing among these persons. This provision requires that comprehensive manpower training and employment programs

be established to reduce the economic disadvantage these people face.

Your Committee finds that there is serious unemployment and economic disadvantage among the native Hawaiians and other minority groups in the State of Hawaii. There is a need for these people to be included in the special target groups in part A of the United States Code for federal comprehensive employment and training programs.

Your Committee on Human Resources concurs with the intent and purpose of S.R. No. 223 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 972 (Joint) Human Resources and Higher Education on S.R. No. 365

The purpose of this resolution is to request the Departments of Budget and Finance and Personnel Services and the University of Hawaii to submit a report relative to the problem of functional duplication among these three State departments in the areas of statewide and multi-department in-service training. The report shall accomplish a clear delineation of the functional and jurisdictional relationships of these departments and shall be submitted to the Senate Committee on Human Resources on or before November 15, 1977.

The three aforementioned units of State government are presently involved in statewide in-service training programs. Your Committees find that functional duplication among these three State departments impedes the operational effectiveness and efficiency of these programs.

The Department of Personnel Services is responsible for administering the State personnel program which includes employee development and training. Your Committees find that any joint delineation of statewide and multi-department in-service training functions, responsibilities and authorities among the three departments should be conducted in relation to the functions of the Department of Personnel Services with the specific objective of eliminating duplication of services, programs and manpower, and with specific attention to fiscal resources.

The Hawaii Institute for Management and Analysis in Government was created by Act 86, SLH 1974 and assigned very specific and restricted duties and responsibilities. The Government Development Center at the University was created by Act 190, SLH 1967 as amended by Act 149, SLH 1970 as the educational arm for state employees and agency development and improvement. The Department of Personnel Services is responsible for initiating and providing suitable in-service training programs and the coordination of all in-service training activities of all departments of government with related activities.

Your Committees are of the opinion that any joint delineation of functions, responsibilities and authorities should take cognizance of the above mentioned roles of HIMAG, the Government Development Center and the Department of Personnel Services.

Your Committees have amended this resolution to provide for the submittal of the aforementioned report to the Senate Committees on Human Resources and Higher Education.

Your Committees on Human Resources and Higher Education concur with the intent and purpose of S.R. No. 365 as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 365, S.D. 1.

Signed by all members of the Committees.

SCRep. 973 Legislative Management

Informing the Senate that S.C.R. Nos. 174 and 175, S.R. Nos. 480 to 486, Conf. Com. Rep. Nos. 4 to 39 and Stand. Com. Rep. Nos. 974 to 1001 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 974 Education on Gov. Msg. Nos. 236 and 237

Recommending that the Senate advise and consent to the nominations to the Library Advisory Commission, County of Hawaii, as follows: RUTH O. NEVILLE, for term ending December 31, 1980; and CHIYOKO WADA, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 975 Education on Gov. Msg. No. 291

Recommending that the Senate advise and consent to the nomination of MARY JANE KAHANAMOKU, to the State Foundation on Culture and the Arts, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 976 Education on Gov. Msg. No. 313

Recommending that the Senate advise and consent to the nomination of HENRY K. NAKAMURA, to the Library Advisory Commission, County of Kauai, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 977 Education on Gov. Msg. Nos. 389, 390, 391 and 392

Recommending that the Senate advise and consent to the nominations to the Library Advisory Commission, City and County of Honolulu, as follows: EMMA N. VILLA, for term ending December 31, 1980; EDGAR S. HIMEDA, for term ending December 31, 1980; CHARLES AINA, for term ending December 31, 1980; and AMY S. HINAZUMI, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 978 Education on Gov. Msg. No. 419

Recommending that the Senate advise and consent to the nomination of KIYOTO TSUBAKI, to the Hawaii Education Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 979 Transportation on Gov. Msg. No. 202

Recommending that the Senate advise and consent to the nomination of RICHARD A. ARAKAKI, to the Commission on Transportation, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 980 Transportation on Gov. Msg. No. 203

Recommending that the Senate advise and consent to the nomination of GEORGE K. KUBOTA, to the Commission on Transportation, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 981 Transportation on Gov. Msg. No. 305

Recommending that the Senate advise and consent to the nomination of JANE L. MARTIN, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 982 Transportation on Gov. Msg. No. 306

Recommending that the Senate advise and consent to the nomination of JOHN M. FARNELL, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 983 Transportation on Gov. Msg. No. 307

Recommending that the Senate advise and consent to the nomination of CYNTHIA H. THIELEN, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 984 Transportation on Gov. Msg. No. 308

Recommending that the Senate advise and consent to the nomination of JOSEPH G.F. FARRELL, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 985 Transportation on Gov. Msg. No. 309

Recommending that the Senate advise and consent to the nomination of BERNABE QUITTEVIS, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 986 Transportation on Gov. Msg. No. 310

Recommending that the Senate advise and consent to the nomination of HERBERT Y. KITAZAKI, to the State Highway Safety Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 987 Transportation on Gov. Msg. No. 311

Recommending that the Senate advise and consent to the nomination of JAMES S. FUJITA, to the State Highway Safety Council, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 988 Transportation on Gov. Msg. No. 312

Recommending that the Senate advise and consent to the nomination of ISAMU KANEDA, to the State Highway Safety Council, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 989 Military and Civil Defense on S.C.R. No. 6

The purpose of this Concurrent Resolution is to request the Department of Defense to continue analysis of military land requirements in Hawaii, to involve the community in such analysis, to maintain the smallest land inventory consistent with defense needs, and to return to State ownership supernumerary lands useable for recreational, conservation and other public purpose by the people of Hawaii.

As the population of our islands continues to increase, the need for land for recreational, conservation and other public uses also increases. Past studies have shown that the military's need for land in Hawaii is subject to change and have resulted in the return of military land to the state. Your Committee finds that the wise use of our limited lands requires that we continually reassess existing land uses, including the large holdings of land used by the military.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S. C. R. No. 6 and recommends its adoption.

Signed by all members of the Committee except Senator Leopold.

SCRep. 990 Military and Civil Defense on S.R. No. 24

The purpose of this Resolution is to request the Department of Defense to continue analysis of military land requirements in Hawaii, to involve the community in such analysis, to maintain the smallest land inventory consistent with defense needs, and to return to State ownership supernumerary lands useable for recreational, conservation and other public purposes by the people of Hawaii.

As the population of our islands continues to increase, the need for land for recreational, conservation and other public uses also increases. Past studies have shown that the military's need for land in Hawaii is subject to change and have resulted in the return of military land to the state. Your Committee finds that the wise use of our limited lands requires that we continually reassess existing land uses, including the large holdings of land used by the military.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 24 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 991 Military and Civil Defense on S.C.R. No. 83

The purpose of this Resolution is to support the retention of the Cost of Living Allowance for Federal employees in Hawaii with military commissary and post exchange privileges and to urge the rescission of the November 1976 action of the United States Civil Service Commission to reduce and eliminate such allowance.

The Cost of Living Allowance (COLA) was authorized by Congress in 1947 to help Federal employees at overseas posts, including Hawaii, to cope with a higher cost of living. In November of 1976 the U.S. Civil Service Commission announced the phase-out of COLA for those Federal employees who are entitled to receive post exchange and commissary privileges. This phase-out has been initiated.

Your Committee finds that the post exchange and commissary privileges are not part of the employees compensation for their present employment. Rather, they were earned through military and other service which was separate from the employees' present employment.

Your Committee further finds that eliminating the COLA for these employees results in penalizing and discriminating against these employees on the basis of awards made to them by Congress in appreciation of prior services rendered. This is contrary to the intention of Congress in awarding these post exchange and commissary privileges and is also contrary to the intent of Congress in establishing the COLA.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 83 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 992 Military and Civil Defense on S.R. No. 231

The purpose of this Resolution is to support the retention of the Cost of Living Allowance for Federal employees in Hawaii with military commissary and post exchange privileges and to urge the rescission of the November 1976 action of the United States Civil Service Commission to reduce and eliminate such allowance.

The Cost of Living Allowance (COLA) was authorized by Congress in 1947 to help Federal employees at overseas posts, including Hawaii, to cope with a higher cost of living. In November of 1976 the U.S. Civil Service Commission announced the phase-out of COLA for those Federal employees who are entitled to receive post exchange and commissary privileges. This phase out has been initiated.

Your Committee finds that the post exchange and commissary privileges are not part of the employees compensation for their present employment. Rather, they were earned through military and other service which was separate from the employees' present employment.

Your Committee further finds that eliminating the COLA for these employees results in penalizing and discriminating against these employees on the basis of awards made to them by Congress in appreciation of prior services rendered. This is contrary to the intention of Congress in awarding these post exchange and commissary privileges and is also contrary to the intent of Congress in establishing the COLA.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 231 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 993 Education on S.C.R. No. 164

The purpose of this resolution is to request the Department of Education to complete implementation of FPAIS. Curriculum management has long been a legislative concern and early this session your Committee heard testimony on a bill which would have made this process a statutory requirement. During that hearing it was the position of the Department that the FPAIS project was its major program in this area and that the completion of its implementation will provide a better understanding of what can be done in terms of curriculum management. It is for this reason that your Committee supports this resolution and urges the Department to extend whatever resources it can to the completion of the implementation of FPAIS.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 164

and recommends its adoption.

Signed by all members of the Committee.

SCRep. 994 Education on S.R. No. 448

The purpose of this resolution is to request the Department of Education to complete implementation of FPAIS. Curriculum management has long been a legislative concern and early this session your Committee heard testimony on a bill which would have made this process a statutory requirement. During that hearing it was the position of the Department that the FPAIS project was its major program in this area and that the completion of its implementation will provide a better understanding of what can be done in terms of curriculum management. It is for this reason that your Committee supports this resolution and urges the Department to extend whatever resources it can to the completion of the implementation of FPAIS.

Your Committee on Education concurs with the intent and purpose of S.R. No. 448 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 995 Education on S.C.R. No. 165

The purpose of this concurrent resolution is to request an interim study on the Legislative Auditor's report on the library system. It also recommends that attention be given to the Government Reorganization Commission's report as it effects the library system. Both of these studies are long-awaited reports on the functioning of state government and their recommendations should be carefully reviewed and studied.

The Auditor's report was a detailed study of the combined public library and school library system. That report found a number of serious problems in the functioning of that unified system. A thorough review of these problems is necessary before the Legislature can take any action to correct any of these problems.

The Government Reorganization Commission recommended that the two library systems be split, leaving the school libraries within the Department of Education, and moving the public libraries into the proposed Department of Life-long Learning. This is one of the alternatives which the Auditor's report suggested and must be considered as one possible solution to the current set of problems.

The advantages of the unified library system are self-evident and before any move is made to reorganize this system by splitting the two units, a thorough review needs to be made of the Auditor's recommendations and the possibility of retaining the present system, with modifications, explored.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 165 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Young.

SCRep. 996 Education on S.R. No. 449

The purpose of this resolution is to request an interim study on the Legislative Auditor's report on the library system. It also recommends that attention be given to the Government Reorganization Commission's report as it effects the library system. Both of these studies are long-awaited reports on the functioning of state government and their recommendations should be carefully reviewed and studied.

The Auditor's report was a detailed study of the combined public library and school library system. That report found a number of serious problems in the functioning of that unified system. A thorough review of these problems is necessary before the Legislature can take any action to correct any of these problems.

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The advantages of the unified library system are self-evident and before any move is made to reorganize this system by splitting the two units, a thorough review needs

to be made of the auditor's recommendations and the possibility of retaining the present system, with modifications, explored.

Your Committee on Education concurs with the intent and purpose of S.R. No. 449 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 997 Education on S.R. No. 119

The purpose of this resolution is to request the Department of Education to establish a uniform policy on truancy and chronic absenteeism. Such a policy is a necessary consequence of the compulsory attendance law and while the Department has established certain guidelines for all schools to follow, the intent of the statutory attendance law requires more.

It is essential to remember that the chronic absentee and the truant are all too easily forgotten unless there is a vigorous effort made to bring them back into the schools. While leaving policies to the individual schools may have some advantages in terms of flexibility, the problem is too large and the variations in treatment between schools too potentially disruptive to allow policy to be set this way.

The Department of Education will undoubtedly encounter difficulties in the enforcement of such a uniform policy. Your Committee feels that any such problems can be brought back before the Legislature next session. Among the ideas that the Department might want to consider is the attendance officer concept proposed earlier this session.

Your Committee on Education is in accord with the intent and purpose of S.R. No. 119 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 998 Education on S.R. No. 180

The purpose of this resolution is to request a study be made of the feasibility of extending the school day. The advantages of such a proposal are numerous. The increased job opportunities would obviously benefit the teachers who are presently unable to obtain work. The additional time would allow the schools to offer significant programs in leisure time activities, and athletics, as well as increasing academic opportunities within a regular school context. Such an experiment has already been carried out in San Francisco and the results should be extremely valuable in studying this issue.

The resolution has been modified to request the Legislative Reference Bureau to conduct the study rather than the Department of Education. In order to best evaluate this program, an outside party is needed to provide an independent perspective. Among the issues which must be considered are the costs, the ability of the department to deliver such services and the disadvantages, if any, as well as the advantages of this program.

The Department of Education has stated that it will cooperate in the study and the Hawaii State Teachers Association has also volunteered its help. These groups and all other interested parties should be contacted including parents, students and community leaders for their input. The extension of the school day could mark a revolutionary change in our educational delivery system and therefore must be examined carefully and thoroughly.

Your Committee on Education concurs with the intent and purpose of S.R. No. 180, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 180, S.D. 1.

Signed by all members of the Committee.

SCRep. 999 Education on S.R. No. 450

The purpose of this resolution is to request the Department of Education to expand its credit by exam program. Earlier this session your Committee heard testimony concerning a bill which would have made the credit by exam program mandated by law. The Department's position was that they had sufficient authority to carry out this program and could do so by regulation.

During that hearing your Committee learned that only one subject has the credit by exam option, Japanese language. As stated in the resolution, the credit by exam

program is not intended to undermine the regular instruction program but rather to enhance it by allowing students to take advantage of programs such as the early admission program at the University of Hawaii, and at the same time to relieve the boredom that some students experience in the classroom. We urge the Department to expand its program by offering the credit by exam option in more courses.

Your Committee on Education concurs with the intent and purpose of S.R. No. 450 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1000 Ecology, Environment and Recreation on S.C.R. No. 69

The purpose of this concurrent resolution is to endorse the intent and concept of an integrated district park-civic center complex to meet the present and future needs of the Greater Kahaluu area and the funding necessary to complete the district park-civic center complex incrementally over a period of years not to exceed ten years.

Your Committee finds that the development of land areas proposed for public recreation and a civic center in Kahaluu are in accord with the land use provisions of the City and County of Honolulu's proposed new general plan for Oahu, the State's suggested regional plan for Windward Oahu and other planning documents including the State Comprehensive Outdoor Recreation Plan.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 69 and recommends its adoption.

Signd by all members of the Committee.

SCRep. 1001 Ecology, Environment and Recreation on S.R. No. 197

The purpose of this resolution is to endorse the intent and concept of an integrated district park-civic center complex to meet the present and future needs of the Greater Kahaluu area and the funding necessary to complete the district park-civic center complex incrementally over a period of years not to exceed ten years.

Your Committee finds that the development of land areas proposed for public recreation and a civic center in Kahaluu are in accord with the land use provisions of the City and County of Honolulu's proposed new general plan for Oahu, the State's suggested regional plan for Windward Oahu and other planning documents including the State Comprehensive Outdoor Recreation Plan.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 197 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1002 Military and Civil Defense on Gov. Msg. No. 168

Recommending that the Senate advise and consent to the nomination of FRANCIS Y. SUGARI, to the Civil Defense Advisory Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1003 Economic Development on Gov. Msg. Nos. 341, 342 and 343

Recommending that the Senate advise and consent to the nominations to the Commission on the Year 2000, as follows: JOEL L. IRWIN, WILLIAM AMARAL and FRANCIS S. ODA, for terms ending December 31, 1980.

Signed by all members of the Committee except Senator Yim.

SCRep. 1004 Economic Development on Gov. Msg. Nos. 356, 357, 358, 359 and 360

Recommending that the Senate advise and consent to the nominations to the Commission on Population and the Hawaiian Future, as follows: GERALDINE Y. LEE, for term ending December 31, 1980; JAMES L. BACON, for term ending December 31, 1980; JUDITH S. MAGARIFUJI, for term ending December 31, 1980; SOPHIE K. GOMES, for term ending December 31, 1977; and HARVEY N. KAI, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1005 Economic Development on Gov. Msg. Nos. 361, 362 and 363

Recommending that the Senate advise and consent to the nominations to the Board of Planning and Economic Development, as follows: LLOYD T. SADAMOTO, for term ending December 31, 1980; TSUKASA MURAKAMI, for term ending December 31, 1980; and SEIJI NAYA, for term ending December 31, 1977.

Signed by all members of the Committee except Senator Yim.

SCRep. 1006 Economic Development on Gov. Msg. Nos. 364, 365, 366, 367, 368, 369, 370 and 371

Recommending that the Senate advise and consent to the nominations to the Advisory Committee on Pesticides, as follows: FRANK REDONDO, for term ending December 31, 1979; CHARLES C. YENT, for term ending December 31, 1980; HIROSHI IKENE, for term ending December 31, 1980; WILLIAM W. STEARNS, for term ending December 31, 1980; DR. HOWARD W. KLEMMER, for term ending December 31, 1980; DR. RONALD P. HATTIS, for term ending December 31, 1980; DR. FRANCIS G. HOWARTH, for term ending December 31, 1980; and WILLIAM H. SAGER, for term ending December 31, 1980.

Signed by all members of the Committee except Senator Yim.

SCRep. 1007 Economic Development on Gov. Msg. Nos. 394 and 396

Recommending that the Senate advise and consent to the nominations to the Land Use Commission, as follows: MITSUO OURA and SHINICHI NAKAGAWA, for terms ending December 31, 1980.

Signed by all members of the Committee except Senator Yim.

SCRep. 1008 Economic Development on Gov. Msg. Nos. 397 and 398

Recommending that the Senate advise and consent to the nominations to the Board of Land and Natural Resources, as follows: TAKEO YAMAMOTO, for term ending December 31, 1979; and MOSES W. KEALOHA, for term ending December 31, 1980.

Signed by all members of the Committee except Senator Yim.

SCRep. 1009 Economic Development on Gov. Msg. No. 428

Recommending that the Senate advise and consent to the nomination of SIDNEY G.U. GOO, to the Board of Agriculture, for term ending December 31, 1980.

Signed by all members of the Committee except Senator Yim.

SCRep. 1010 Human Resources on Gov. Msg. No. 169

Recommending that the Senate advise and consent to the nomination of FRANCIS YAMADA, to the Civil Service Commission, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1011 Human Resources on Gov. Msg. Nos. 179 and 180

Recommending that the Senate advise and consent to the nominations to the Hawaii Public Employees Health Fund, as follows: WALTER P. YIM, for term ending December 31, 1979; and BETTY F. HIROZAWA, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 1012 Human Resources on Gov. Msg. Nos. 223 and 224

Recommending that the Senate advise and consent to the nominations to the Board of Social Services and Housing, as follows: DENNIS C. AGUIAR, for term ending December 31, 1980; and JOSEPH PONTANILLA, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1013 Human Resources on Gov. Msg. Nos. 303 and 304

Recommending that the Senate advise and consent to the nominations to the Hawaii

Employment Relations Board, as follows: TOM CHINEN, for term ending December 31, 1980; and ALVIN K. KAIKAPU, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1014 Education on Gov. Msg. No. 199

Recommending that the Senate advise and consent to the nomination of DR. JEREMY LAM, to the School Health Services Advisory Committee, to serve at the pleasure of the Governor.

Signed by all members of the Committee.

SCRep. 1015 Intergovernmental Relations on S.R. No. 465

The purpose of this resolution is to request your Intergovernmental Relations Committee to submit a report twenty days prior to the Regular Session of 1978 on what the experience has been with the park dedication statute, including any suggested changes, either for improvement or deletion, by exploring statutes, ordinances, and regulations and implementation.

Your Committee took favorable action on S.B. No. 1369, S.D. 2, after much testimony and discussion. The bill passed Third Reading in the Senate, but the House of Representatives did not take action. This resolution would allow your Committee to conduct further study during the interim in regard to this matter.

Your Committee has amended this resolution to correct typographical errors.

Your Committee on Intergovernmental Relations concurs with the intent and purpose of S.R. No. 465, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 465, S.D. 1.

Signed by all members of the Committee.

SCRep. 1016 Education on S.R. No. 453

The purpose of this resolution is to request the Department of Education to explore the uses of detention as a means of responding to student misconduct. The problems of truancy, vandalism and other kinds of student misconduct are growing in our school system. Between the alternatives of a verbal reprimand and suspension or expulsion there seems to be a wide area into which detention fits. It certainly should be an alternative available to school personnel in responding to certain types of behavior.

In a public hearing on this matter, the Department stated that it had sufficient statutory authority to impose detention as a form of punishment. However, according to student testimony, detention is not frequently employed and in some areas seems not to be employed at all. Given the problems faced by most schools, detention should be a tool readily available to all school personnel. What may be necessary is for the Department to develop a statewide policy on detention or, perhaps all that is necessary is for the Department to make clear to school personnel that detention is permissible and outline certain minimal procedural safeguards. This your Committee leaves to the Department.

Your Committee on Education concurs with the intent and purpose of S.R. No. 453 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1017 Economic Development on H.B. No. 674

The purpose of this bill is to require that notice of proposed rule changes relating to change of the forest and water reserve boundaries or permitted uses of any subzone or to establish a subzone with certain permitted uses, whether on the application of a landowner or government agency or the Department of Land and Natural Resources, in addition to present statutory requirements, be published at least once in a newspaper of general circulation in the county in which the property is located.

The bill also proposes to exempt from the requirement of mailing such notice to all directly affected landowners, the first proposed amendment to Regulation No. 4, relating to forest and water reserves following the effective date of the bill. Your Committee finds that desirable notice of the changes contemplated by proposed amendment to Regulation No. 4 will be effectuated by publication.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 674, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Yim.

SCRep. 1018 Economic Development on H.B. No. 770

The purpose of this bill is to permit some variance to the minimum lot size standard in the subdivision of lands in a rural district in such cases where hardship is demonstrated by the landowner.

Your Committee finds that landowners have repeatedly requested the Land Use Commission to grant some variance to the minimum lot size standard. Under the present statutes, it has been interpreted that the Land Use Commission does not have the authority to permit the establishment of lots less than one-half acre within the Rural District.

This bill authorizes the Land Use Commission to allow for good cause, within a subdivision, construction of one dwelling on a lot of less than one-half acre, if all other dwellings in the subdivision have a minimum lot size of one-half acre, and if the lot in question is not less than 18,500 square feet or an equivalent residential density which would be determined under appropriate county ordinance.

As newly created lots must conform to present standards, this provision will apply solely to lots existing on record prior to January 1, 1977 and shall address hardship situations only. It is also not the intent of your Committee to further reduce the minimum lot size standard.

Your Committee on Economic Development is in accord with the intent and purpose of H.B. No. 770, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Yim.

SCRep. 1019 Legislative Management

Informing the Senate that S.R. Nos. 487 to 489 and Stand. Com. Rep. Nos. 1002 to 1018 and 1020 to 1137 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 1020 Judiciary on Gov. Msg. Nos. 118, 119, 120 and 121

Recommending that the Senate advise and consent to the nominations to the Board of Acupuncture, as follows: DR. GEORGE SHIMOMURA, for term ending December 31, 1980; DUANE M. MURRAY, for term ending December 31, 1977; YOSEI SHINSATO, for term ending December 31, 1979; and JOHN T. NAKAJIMA, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1021 Judiciary on Gov. Msg. Nos. 164 and 165

Recommending that the Senate advise and consent to the nominations to the Boxing Commission, as follows: EDWARD K. KALAHIKI, for term ending December 31, 1980; and WALTER CHO, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1022 Judiciary on Gov. Msg. Nos. 166 and 167

Recommending that the Senate advise and consent to the nominations to the Cemetery and Mortuary Board, as follows: MANUEL P. CABRAL AND RICHARD H. SAKUMA, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1023 Judiciary on Gov. Msg. Nos. 173 and 174

Recommending that the Senate advise and consent to the nominations to the Criminal Injuries Compensation Commission, as follows: ROLAND D. SAGUM, for term ending December 31, 1978; and ALEXANDER D. JAMILE, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1024 Judiciary on Gov. Msg. No. 183

Recommending that the Senate advise and consent to the nomination of DR. ELIZABETH M. ADAMS, to the Intake Service Center Advisory Board, for term ending December 4, 1978.

Signed by all members of the Committee.

SCRep. 1025 Judiciary on Gov. Msg. No. 189

Recommending that the Senate advise and consent to the nomination of ALBERT M. YOKOYAMA, to the Board of Massage, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1026 Judiciary on Gov. Msg. No. 190

Recommending that the Senate advise and consent to the nomination of ERIC G. ROMANCHAK, to the Motor Vehicle Repair Industry Board, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1027 Judiciary on Gov. Msg. No. 192

Recommending that the Senate advise and consent to the nomination of DR. M.E. BITTERMAN, to the Board of Certification of Practicing Psychologists, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1028 Judiciary on Gov. Msg. No. 193

Recommending that the Senate advise and consent to the nomination of BARRY GOODENOW, to the Board of Private Detectives and Guards, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1029 Judiciary on Gov. Msg. No. 196

Recommending that the Senate advise and consent to the nomination of JOHN M. URNER, to the Real Estate Commission, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1030 Judiciary on Gov. Msg. Nos. 216, 217, 218, 219 and 220

Recommending that the Senate advise and consent to the nominations to the Commission on the Status of Women, as follows: JOSEPHINE G. BUCANEG, PILIALOHA E. LEE LOY, RONALD K.K. SAKIMURA, GWENDOLYN Y. WAHILANI and LOIS ANDREWS, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1031 Judiciary on Gov. Msg. No. 225

Recommending that the Senate advise and consent to the nomination of WILLIAM KANUHA, to the Board of Registration, Island of Hawaii, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1032 Judiciary on Gov. Msg. No. 229

Recommending that the Senate advise and consent to the nomination of DR. BERTRAND BLOCK, to the Board of Osteopathic Examiners, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1033 Judiciary on Gov. Msg. No. 239

Recommending that the Senate advise and consent to the nomination of MITSUYUKI KIDO,

to the Commission for Judicial Qualification, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1034 Judiciary on Gov. Msg. Nos. 244, 245 and 246

Recommending that the Senate advise and consent to the nominations to the Board of Hearing Aid Dealers and Fitters, as follows: A. CHRISTINE WALTERS, DR. KAZUO TERUYA and D. THOMAS SMITH, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1035 Judiciary on Gov. Msg. Nos. 267, 268, 269, 270, 271 and 272

Recommending that the Senate advise and consent to the nominations to the Board of Registration of Professional Engineers, Architects, Land Surveyors and Landscape Architects, as follows: ROBERT S. TORIGOE, for term ending December 31, 1978; JULI M. KIMURA-WALTERS, for term ending December 31, 1979; EDWARD HARADA, for term ending December 31, 1980; ALBERT S.C. CHONG, for term ending December 31, 1978; MELVIN K.F. LAU, for term ending December 31, 1980; and WARREN UNEMORI, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1036 Judiciary on Gov. Msg. Nos. 274 and 275

Recommending that the Senate advise and consent to the nominations to the Board of Barbers, as follows: BARBARA M. YAMADA, for term ending December 31, 1979; and FERNANDO BATUNGBACAL, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1037 Judiciary on Gov. Msg. Nos. 276 and 277

Recommending that the Senate advise and consent to the nominations to the Board of Public Accountancy, as follows: GERALD Y. USHIJIMA and SIXTO B. BASCONCILLO, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1038 Judiciary on Gov. Msg. Nos. 288, 289 and 290

Recommending that the Senate advise and consent to the nominations to the Board of Cosmetology, as follows: LLOYD M. HORIBE, for term ending December 31, 1980; PAUL L. BROWN, for term ending December 31, 1980; and FLORENCE C. KAM, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1039 Judiciary on Gov. Msg. No. 299

Recommending that the Senate advise and consent to the nomination of LANI LIU EWART, to the Commission to Promote Uniform Legislation, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1040 Higher Education on Gov. Msg. No. 191

Recommending that the Senate advise and consent to the nomination of FRED B. SMALES, to the State Post-Secondary Education Commission, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1041 Judiciary on Gov. Msg. No. 351

Recommending that the Senate advise and consent to the nomination of A. SCOTT LEITHEAD, to the Board of Regents, University of Hawaii, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1042 Higher Education on Gov. Msg. No. 352

Recommending that the Senate advise and consent to the nomination of BRADLEY J. MOSSMAN, to the Board of Regents, University of Hawaii, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1043 Higher Education on Gov. Msg. No. 353

Recommending that the Senate advise and consent to the nomination of WALLACE S. FUJIYAMA, to the Board of Regents, University of Hawaii, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1044 Higher Education on Gov. Msg. No. 354

Recommending that the Senate advise and consent to the nomination of RUTH O. OSHIRO, to the Board of Regents, University of Hawaii, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1045 Higher Education on Gov. Msg. No. 355

Recommending that the Senate advise and consent to the nomination of ALBERT M. FELIX, to the Board of Regents, University of Hawaii, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1046 Higher Education on Gov. Msg. No. 440

Recommending that the Senate advise and consent to the nomination of DAVID L. FAIRBANKS, to the Western Interstate Commission for Higher Education, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1047 Ways and Means on Gov. Msg. No. 172

Recommending that the Senate advise and consent to the nomination of HUMIO OKIMOTO, to the Credit Union Review Board, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1048 Ways and Means on Gov. Msg. Nos. 201, 212, 213, 214 and 215

Recommending that the Senate advise and consent to the nominations to the Board of Taxation Review, as follows: NELL CAMACK, First Taxation District, Oahu; PEARL R. PETRO, Second Taxation District, Maui; KENNETH AH LO, Third Taxation District, Hawaii; and LUTISHA TESAREK and WALTER W. FRIEDLANDER, Fourth Taxation District, Kauai, for terms to expire December 31, 1980.

Signed by all members of the Committee.

SCRep. 1049 Ways and Means on Gov. Msg. Nos. 278, 279 and 280

Recommending that the Senate advise and consent to the nominations to the Stadium Authority, as follows: FRANK L. VALENTI, THEODORE N. KIMURA, and FRED E. TROTTER, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1050 Higher Education on S.C.R. No. 18

The purpose of this concurrent resolution is to request the University of Hawaii, through its community colleges, to assess the need to establish an educational program for the working farmer.

The Hawaii Farm Bureau Federation testified that while the University does provide educational programs for farmers, most of these are formal educational programs which

cannot be taken by the working farmer.

Your Committee feels that there is a need to provide some type of farming curriculum which would be available to the working farmer so he can keep abreast of the latest technological advances in farming and thereby run a more efficient operation.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 18 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1051 Higher Education on S.R. No. 78

The purpose of this resolution is to request the University of Hawaii, through its community colleges, to assess the need to establish an educational program for the working farmer.

The Hawaii Farm Bureau Federation testified that while the University does provide educational programs for farmers, most of these are formal educational programs which cannot be taken by the working farmer.

Your Committee feels that there is a need to provide some type of farming curriculum which would be available to the working farmer so he can keep abreast of the latest technological advances in farming and thereby run a more efficient operation.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 78 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1052 Higher Education on S.C.R. No. 20

The purpose of this concurrent resolution is to have the University of Hawaii's College of Tropical Agriculture coordinate existing research on storage and handling techniques for agricultural crops.

Your Committee on Higher Education recognizes the State's commitment towards the diversification of agriculture. The committee realizes the economic importance of achieving a thriving agricultural community. The problems of storing and handling locally-raised and consumed produce have deterred the achievement of a sound agricultural base. Your Committee understands that the College of Tropical Agriculture has been conducting research on these problems. The Committee feels that the College should work in conjunction with other agencies of the State to uniformly resolve these problems.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 20 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1053 Higher Education on S.R. No. 79

The purpose of this resolution is to have the University of Hawaii's College of Tropical Agriculture coordinate existing research on storage and handling techniques for agricultural crops.

Your Committee on Higher Education recognizes the State's commitment towards the diversification of agriculture. The committee realizes the economic importance of achieving a thriving agricultural community. The problems of storing and handling locally-raised and consumed produce have deterred the achievement of a sound agricultural base. Your Committee understands that the College of Tropical Agriculture has been conducting research on these problems. The Committee feels that the College should work in conjunction with other agencies of the State to uniformly resolve these problems.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 79 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1054 Higher Education on S.C.R. No. 101

The purpose of this concurrent resolution is to request the University of Hawaii to

give priority consideration to Western Interstate Commission for Higher Education (WICHE) applicants when considering the admission of non-resident students to its professional schools and graduate departments.

Through the WICHE Student Exchange Program, Hawaii residents are provided educational opportunities in several areas of study which are not available at the University of Hawaii such as dentistry, veterinary medicine, forestry, optometry, pharmacy, etc. Each WICHE school which accepts a Hawaii resident receives a support fee which is almost equivalent to the full cost of the education provided. Likewise, for each WICHE student the University of Hawaii accepts, support fees ranging from \$2,600 in law to \$12,000 in medicine would be received by the University.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 101 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1055 Higher Education on S.R. No. 281

The purpose of this resolution is to request the University of Hawaii to give priority consideration to Western Interstate Commission for Higher Education (WICHE) applicants when considering the admission of non-resident students to its professional schools and graduate departments.

Through the WICHE Student Exchange Program, Hawaii residents are provided educational opportunities in several areas of study which are not available at the University of Hawaii such as dentistry, veterinary medicine, forestry, optometry, pharmacy, etc. Each WICHE school which accepts a Hawaii resident receives a support fee which is almost equivalent to the full cost of the education provided. Likewise, for each WICHE student the University of Hawaii accepts, support fees ranging from \$2,600 in law to \$12,000 in medicine would be received by the University.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 281 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1056 Higher Education on S.C.R. No. 127

The purpose of this concurrent resolution is to request the Community College System and the College of Continuing Education and Community Services (CCECS) of the University of Hawaii to collaborate for the purpose of establishing and implementing a statewide pre-retirement training program.

Your Committee on Higher Education acknowledges the necessity of a statewide pre-retirement training program. There presently exists a limited version of such a program within the CCECS, and your Committee feels that a study should be undertaken to explore the expansion of current services.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 127 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1057 Higher Education on S.R. No. 331

The purpose of this resolution is to request the Community College System and the College of Continuing Education and Community Services (CCECS) of the University of Hawaii to collaborate for the purpose of establishing and implementing a statewide pre-retirement training program.

Your Committee on Higher Education acknowledges the necessity of a statewide pre-retirement training program. There presently exists a limited version of such a program within the CCECS, and your Committee feels that a study should be undertaken to explore the expansion of current services.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 331 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1058 Higher Education on S.C.R. No. 170

The purpose of this concurrent resolution is to request that a feasibility study be conducted regarding the acquisition of the present St. Francis High School for the University of Hawaii.

The study is to determine if the property is for sale, and if so, at what price and what is to be done jointly by the affected parties.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 170 and recommends that it be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 1059 Higher Education on S.R. No. 471

The purpose of this resolution is to request that a feasibility study be conducted regarding the acquisition of the present St. Francis High School for the University of Hawaii.

The study is to determine if the property is for sale, and if so, at what price and what is to be done jointly by the affected parties.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 471 and recommends that it be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yim.

SCRep. 1060 Higher Education on S.R. No. 49

The purpose of this resolution is to have the community college advisory councils reviewed as to their proper role and purpose. Your Committee is of the opinion that these councils should be made more effective in representing their community concerns and needs and presenting the same to the University administration.

Your Committee has amended the resolution by changing the requested reporting date from "prior to September 1, 1977" to "ten days prior to the convening of the Regular Session of 1978" and the body to receive the report from "Senate Higher Education Committee" to "Legislature".

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 49, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 49, S.D. 1.

Signed by all members of the Committee.

SCRep. 1061 Higher Education on S.R. No. 352

The purpose of this resolution is to request the University of Hawaii to develop a student health service policy for the entire university system.

At present, the Manoa Campus has a student health service program but the other campuses of the system do not have anything comparable.

The resolution also requests that the University study various means of financing the health service program.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 352 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1062 Higher Education on S.R. No. 466

The purpose of this resolution is to request the University of Hawaii to study and report to the Legislature on certain areas of concern in considering future budgets. The areas of concern are: energy usage, "articulation" between and among the separate campuses of the University, athletic department organization, and the organization coordinating the many efforts collectively called "Pacific and Asian Studies".

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 466 and recommends its adoption.

Signed by all members of the Committee except Senator Yim.

SCRep. 1063 Higher Education on S.R. No. 467

The purpose of this resolution is to request the University administration to review its consultation process with the faculties of the community college system and by implication, correct if necessary any deficiencies found which now makes the process less than satisfactory to the parties concerned.

Testimony presented on this subject indicates that an objective review would be helpful to both sides of the present controversy.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 467 and recommends its adoption.

Signed by all members of the Committee except Senator Yim.

SCRep. 1064 (Majority) Judiciary on S.R. No. 393

The purpose of this resolution is to request the Congress of the United States of America to include Crown Land claims as subject matter for the Study Commission Proposed by S. J. Res. 4, 95th Congress, 1st Session.

Upon the abdication of the throne by Queen Liliuokalani, the Crown Lands, or those lands distributed for the king's use under the Great Mahele of 1848, were deemed to be part of the public land of the Hawaii Republic. Upon the annexation of Hawaii by the United States of America, crown lands thereby became part of the public lands of the United States of America, thereby depriving the native Hawaiians of certain property or property rights.

Your Committee feels that reparation is due the Hawaiian people, either in the form of land or money, or both, for the damages the Hawaiian people have lived with since the time of annexation and that the Congress of the United States should be requested to include all current Crown Land claims as a part of the Hawaiian Aboriginal Claims Settlement Study (S.J. Res. 4) and make no limitation of taking into consideration direct grants for payment under any settlement of Crown Land claims.

Your Committee on Judiciary concurs with the intent and purpose of S. R. No. 393 and recommends its adoption.

Signed by all members of the Committee. Senator Kawasaki did not concur.

SCRep. 1065 Judiciary on H.C.R. No. 56

The purpose of this concurrent resolution is to request the Congress of the United States of America to enact legislation to compensate the aborigine or native Hawaiians for damages suffered by them at the time of the annexation of the Hawaiian Islands to the United States of America.

Upon the abdication of the throne by Queen Liliuokalani, the Crown Lands, or those lands distributed for the king's use under the Great Mahele of 1848, were deemed to be part of Hawaii by the United States of America, Crown Lands thereby became part of the public lands of the United States of America, thereby depriving the native Hawaiians of certain property or property rights.

Your Committee feels that reparation is due the Hawaiian people, either in the form of land or money, or both, for the damages the Hawaiian people have lived with since the time of annexation.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 56, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1066 Ways and Means on S.R. No. 319

The purpose of this Resolution is to request the director of the department of land and natural resources to select a site on state-owned property, preferably on the grounds of the State Capitol or Iolani Palace, where the display enclosure for the State's Liberty Bell replica may be situated. The Resolution also requests that the display enclosure be constructed to ensure the physical security and optimum visibility of the Liberty Bell

replica.

In 1950, each state and territory of the United States received a replica of the Liberty Bell from the federal government. Hawaii's replica, for the past twenty years, has been stored in various places and was oftentimes out of public view.

Your Committee finds that a permanent and protected exhibition site for the State's Liberty Bell replica will serve as a source of nationalism and pride for the people of Hawaii.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 319 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1067 Energy/Natural Resources on S.C.R. No. 162

The purpose of this concurrent resolution is to request the Governor to adopt energy conservation standards by executive order by January 1, 1978. This order should establish the following:

1. Energy efficient standards no less stringent than those set forth in standard 90-75, developed by the American Society of Heating, Refrigerating and Air Conditioning Engineers, Inc. (ASHRAE), are to be incorporated by each political subdivision of the State in its building codes.
2. All of the State's plans and specifications for the construction of public buildings and facilities shall be subject to the energy efficient standards of the respective political subdivisions.
3. Procurement practices by the State and its political subdivisions shall include energy efficient standards and policies including the application of life cycle costing whenever it is feasible.

This concurrent resolution further requests that the Department of Accounting and General Services, the University of Hawaii and other appropriate state agencies review all current and future construction and improvement projects in order to insure that all energy efficient measures possible are being taken.

Under P.L. 93-163, Hawaii is slated to receive approximately \$300,000 per year in 1978 and 1979, in addition to being eligible for supplemental funding under P.L. 94-385. In order to be eligible for this funding, the State must have a plan that addresses five specific areas, one being that of mandatory thermal and lighting efficiency standards for new and renovated buildings. P.L. 93-163 requires that the mandatory standards must be established for implementation by January 1, 1978. Otherwise, Hawaii will not be eligible for the federal funding mentioned above. In addition, no federal financial assistance shall be available or approved for construction of any new commercial or residential building in any areas of the State unless energy conservation performance standards are in effect. This stipulation could mean a possible loss of a wide range of federal monies in related areas such as support for FDIC, savings and loans associations and credit unions who lend monies for construction.

Your Committee has made the following minor amendments to the resolution:

1. References to the ASHRAE Standard 90-75 have been clarified to indicate that the latest edition to the 90-75 standard will be used.
2. Life cycle costing will be applied in all cases where it is feasible.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.C.R. No. 162, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 162, S.D. 1.

Signed by all members of the Committee.

SCRep. 1068 Energy/Natural Resources on S.R. No. 441

The purpose of this resolution is to request the Governor to adopt energy conservation standards by executive order by January 1, 1978. This order should establish the following:

1. Energy efficient standards no less stringent than those set forth in standard 90-75, developed by the American Society of Heating, Refrigerating and Air Conditioning

Engineers, Inc. (ASHRAE), are to be incorporated by each political subdivision of the State in its building codes.

2. All of the State's plans and specifications for the construction of public buildings and facilities shall be subject to the energy efficient standards of the respective political subdivisions.
3. Procurement practices by the State and its political subdivisions shall include energy efficient standards and policies including the application of life cycle costing whenever it is feasible.

This resolution further requests that the Department of Accounting and General Services, the University of Hawaii and other appropriate state agencies review all current and future construction and improvement projects in order to insure that all energy efficient measures possible are being taken.

Under P.L. 93-163, Hawaii is slated to receive approximately \$300,000 per year in 1978 and 1979, in addition to being eligible for supplemental funding under P.L. 94-385. In order to be eligible for this funding, the State must have a plan that addresses five specific areas, one being that of mandatory thermal and lighting efficiency standards for new and renovated buildings. P.L. 93-163 requires that the mandatory standards must be established for implementation by January 1, 1978. Otherwise, Hawaii will not be eligible for the federal funding mentioned above. In addition, no federal financial assistance shall be available or approved for construction of any new commercial or residential building in any areas of the State unless energy conservation performance standards are in effect. This stipulation could mean a possible loss of a wide range of federal monies in related areas such as support for FDIC, savings and loans associations and credit unions who lend monies for construction.

Your Committee has made the following minor amendments to the resolution:

1. References to the ASHRAE Standard 90-75 have been clarified to indicate that the latest edition to the 90-75 standard will be used.
2. Life cycle costing will be applied in all cases where it is feasible.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 441, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 441, S.D. 1.

Signed by all members of the Committee.

SCRep. 1069 Energy/Natural Resources on S.R. No. 440

The purpose of this resolution is to direct the department of planning and economic development and other state agencies to preserve the cultural and historical character of Hawaii's fishponds in formulating and implementing their aquaculture policies and program. Further, the State encourages and gives priority to single-family operations of local residents who possess particular competence in Hawaiian craftsmanship skills, when leases, loans, or any other kind of State participation is involved, in preference to capital intensive, labor unintensive mass-scale industrial operations.

Your committee held a public hearing on this resolution and testifying in favor of S.R. 440 were Mr. Hideto Kono, director of the department of planning and economic development and Mr. Russell A. Apple, Pacific Historian of the National Park Service, U.S. Department of the Interior.

Mr. Apple's interest in Hawaiian fishponds goes back to 1960 when he acted as steward and trustee of 2 small fishponds at Honaunau. More recently, he was co-author with Dr. William Kikuchi, anthropologist at Kauai Community College of Ancient Hawaii Shore Zone Fishponds: An Evaluation of Survivors for Historical Preservation. This study identified for public and private interest those surviving Hawaiian fishpond remnants worthy of preservation as part of the cultural heritage of the State of Hawaii and the United States of America.

Mr. Apple expressed to your Committee that the 56 surviving fishpond remnants represent true Hawaiian aquaculture, a major component of the prehistoric and early historic culture in all the major Hawaiian Islands. As archeological structures, some have yielded, and all are likely to yield, information important to Hawaiian prehistory and history.

Your Committee on Energy/Natural Resources concurs with the intent and purpose of S.R. No. 440 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1070 Education on H.C.R. No. 67

The purpose of this concurrent resolution is to re-emphasize the high priority which vocational education needs to be given in this State. This has been and continues to be a legislative commitment. This resolution asks the State Board of Vocational Education and the State Board of Education to rededicate themselves to the goal of providing a comprehensive vocational and technical education program to the citizens of Hawaii. Because of the number of agencies and councils which have been created in this area, the resolution further requests that continued work be done to refine coordination between these various bodies.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 67, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1071 Education on S.R. No. 208

The purpose of this resolution is to encourage the department of education to utilize the skills and talents of Hawaii's senior citizens. The department testified that they have been making use of this rich source of social and cultural history. This resolution is intended to foster this by supporting past efforts and suggesting new avenues which the department might examine in their search for these sources. The senior citizens of this state are a unique and valuable source of learning for our children. Hawaii has undergone fundamental changes in the twentieth century, changes which many of our citizens lived through and can share first-hand knowledge of. We cannot allow this resource to be lost.

Your Committee on Education concurs with the intent and purpose of S.R. No. 208 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1072 Education on S.R. No. 452

The purpose of this resolution is to request an interim study on various projects related to the Department of Education. All of these were matters which came before your Committee this session but because of the limits of the sixty day session, continuing work is needed during the interim. Among the projects listed for study are the minimum competency examination program, the driver education program, curriculum management (FPAIS), departmental reorganization, the Project Management System, the school-by-school budgeting approach, the school health services pilot project, and Iolani Palace.

All of these programs will be of continuing concern to the Legislature in the years to come and in order to deal effectively with these issues it is important that a solid foundation of knowledge be obtained. This is the task that can only be undertaken during the interim when thorough examination is possible.

Your Committee on Education concurs with the intent and purpose of S.R. No. 452 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1073 Education on S.R. No. 459

The purpose of this resolution is to urge the department of education to implement a program in first aid training. Accidental injury is the third major cause of death in this country and first aid care can be of the utmost importance in cases of such injury. Countless lives could be saved if there was a general understanding of first aid fundamentals by the public. Private efforts to provide such training have not reached sufficient numbers of people and the school setting appears to be the one place where such training might reach those numbers.

Your Committee has amended the resolution to include a request to the department that it report back to the 1978 session. This report should be able to provide the Legislature with a clearer understanding of current programs in this area, with the new plans that the department develops and with the implications of making such training a regular part of the high school curriculum. The resolution was also amended to provide that certified copies of the resolution be transmitted to the Chairman of the Board of Education

and to the Superintendent of Education.

Your Committee on Education concurs with the intent and purpose of S.R. No. 459, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 459, S.D. 1.

Signed by all members of the Committee.

SCRep. 1074 Ways and Means on S.R. No. 439

The purpose of this Resolution is to request the Senate Ways and Means Committee to study the investment tax credit concept during the interim in order to determine necessity, revenue implications, the appropriate tax against which such a credit should be allowed, and whether such a credit does in fact stimulate the economy and to submit its findings and recommendations to the Senate twenty days before the Regular Session of 1978.

Your Committee finds that during the 1977 legislative session, bills were introduced to provide an investment tax credit against the income tax, the general excise tax, the use tax, and the public service company tax. Such bills contained many different percentages of investment credit, limits, and carrybacks or carryforwards, or both. Your Committee finds that the federal Internal Revenue Code contains an investment tax credit against the federal income tax and that such a credit has been extended many times. Your Committee feels that the 1977 interim would be an appropriate time to determine if such a credit is needed, if it would stimulate business if adopted at the state level against any of the above named taxes, and if the possible revenue loss such a credit might involve would be acceptable.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 439 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1075 (Joint) Higher Education and Education on S.R. No. 386

The purpose of this resolution is to request the University of Hawaii and the Department of Education to meet to resolve the problem of developmental and remedial education.

Your Committees find that the University spends about 2.2 million dollars in general funds per year for the purpose of developmental and remedial education. It appears to your Committees that such education should not be the complete responsibility of an institution of advanced learning and that the Department of Education is at least partially responsible for the need for such education.

Your Committees on Higher Education and Education concur with the intent and purpose of S.R. No. 386 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1076 (Joint) Higher Education and Education on S.R. No. 409

The purpose of this resolution is to request the Senate Committee on Higher Education and the Senate Committee on Education to meet during the interim to examine the operations of the Waikiki Aquarium.

The University of Hawaii has had jurisdiction over the Waikiki Aquarium for several years. However, no clear priority for its operation and development has been established by the University.

Your Committees on Higher Education and Education are concerned about the future of the Waikiki Aquarium. It is a valuable educational asset of the State which has not realized its potential.

Several alternative proposals have been suggested for the future operation of the Waikiki Aquarium which the Committee were unable to fully investigate during the regular session.

Your Committees on Higher Education and Education concur with the intent and purpose of S.R. No. 409 and recommend its referral to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 1077 Education on Gov. Msg. No. 393

Recommending that the Senate advise and consent to the nomination of YAEKO ONO, to the Library Advisory Commission, County of Maui, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1078 Education on Gov. Msg. No. 446

Recommending that the Senate advise and consent to the nomination of MASAKO H. LEDWARD, to the Hawaii Education Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1079 Human Resources on Gov. Msg. No. 443

Recommending that the Senate advise and consent to the nomination of JAMES H. TAKUSHI, to the Labor and Industrial Relations Appeals Board, for term ending ten years from date of commissioning.

Signed by all members of the Committee.

SCRep. 1080 Human Resources on Gov. Msg. Nos. 344, 345 and 346

Recommending that the Senate advise and consent to the nominations to the Board of Vocational Rehabilitation, as follows: CHARMAINE BOWERS, ALVIN JITCHAKU and ERLINDA SALVADOR, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1081 Judiciary on Gov. Msg. Nos. 125, 126 and 127

Recommending that the Senate advise and consent to the nominations to the Hawaii Paroling Authority, as follows: SCHUYLER F. HOSS, for term ending January 17, 1979; SEIDO OGAWA, for term ending January 17, 1980; and THOMAS K. HUGO, JR., for term ending January 17, 1981.

Signed by all members of the Committee.

SCRep. 1082 Judiciary on Gov. Msg. No. 171

Recommending that the Senate advise and consent to the nomination of ROY S. ISHIDA, to the Collection Agency Board, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1083 Judiciary on Gov. Msg. No. 175

Recommending that the Senate advise and consent to the nomination of GEORGE UESATO, to the Board of Dental Examiners, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1084 Judiciary on Gov. Msg. No. 195

Recommending that the Senate advise and consent to the nomination of NOBUYUKI IINUMA, to the Board of Radiologic Technologists, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1085 Judiciary on Gov. Msg. Nos. 376, 377 and 378

Recommending that the Senate advise and consent to the nominations to the Motor Vehicle Industry Licensing Board, as follows: LEROY K. UJIMORI, EARL KALAWAIA, and AXEL J. SILEN, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1086 Judiciary on Gov. Msg. No. 399

Recommending that the Senate advise and consent to the nomination of JOSEPH C. CRAVALHO,

to the Intake Service Center Advisory Board, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1087 Judiciary on Gov. Msg. Nos. 422 and 423

Recommending that the Senate advise and consent to the nominations to the Electricians and Plumbers Board, as follows: EDWARD M. HASHIMOTO and SAMMY K. ARASHIRO, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1088 Judiciary on Gov. Msg. Nos. 429, 430, 431, 432, 433, 434 and 435

Recommending that the Senate advise and consent to the nominations to the Contractors License Board, as follows: TEOFILO TACBIAN, for term ending December 31, 1980; DAVID E. THOMPSON, for term ending December 31, 1980; GEORGE V. CLARK, for term ending December 31, 1977; RICHARD S. DUMANCAS, for term ending December 31, 1979; MASAYUKI YAMAMOTO, for term ending December 31, 1977; WILLIAM W. WILMORE, for term ending December 31, 1980; and WALLACE A. ENDO, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1089 Judiciary on Gov. Msg. No. 436

Recommending that the Senate advise and consent to the nomination of JAMES S. BURNS, to the First Circuit Court, for a term ending in 1987.

Signed by all members of the Committee.

SCRep. 1090 Judiciary on Gov. Msg. No. 437

Recommending that the Senate advise and consent to the nomination of KASE HIGA, to the Second Circuit Court, for a term ending in 1987.

Signed by all members of the Committee.

SCRep. 1091 Judiciary on H.B. No. 202

The purpose of this bill is to amend Section 338-18 relating to the disclosure of certain vital statistics records. This bill further restricts the disclosure of these records and criminalizes the act of presenting false information in order to obtain such records.

Your Committee concurs with the findings of your Committee on Health as expressed in Standing Committee Report No. 601.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 202 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1092 Judiciary on H.B. No. 575

The purpose of this bill is to exempt any loan wholly or partially secured by a guarantee or insurance under various Federal housing programs to eliminate the legal obstacle to implementing the innovative graduated mortgage payment programs.

Your Committee concurs with the findings of your Committee on Housing and Hawaiian Homes as expressed in Standing Committee Report No. 611.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 575, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1093 Judiciary on H.B. No. 927

The purpose of this bill is to repeal the statutory provision requiring wood alcohol containers to be labeled with the statement, "Poison: Laau Make".

Your Committee concurs with the findings of your Committee on Health as expressed

in Standing Committee Report No. 604.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 927 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1094 Judiciary on H.B. No. 929

The purpose of this bill is to include in the definition of "consumer commodities", meat and poultry products sold at retail in stores and restaurants. This bill also provides that: (1) regulations adopted by the Federal Food and Drug Administration relating to standards for food be adopted by the State Department of Health; (2) the provisions whereby the State standards of weights and measures are not affected by the Food, Drug, and Cosmetic Act are repealed.

Your Committee concurs with the findings of your Committee on Consumer Protection as expressed in Standing Committee Report No. 575.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 929, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1095 Judiciary on H.B. No. 999

The purpose of this bill is to clarify the rights of a bicyclist proceeding in a designated bicycle lane.

Your Committee concurs with the findings of your Committee on Transportation as expressed in Standing Committee Report No. 618.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 999, H.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1096 Judiciary on H.B. No. 1113

The purpose of this bill is to grant a temporary license to a motor vehicle salesman to allow him to commence employment immediately upon the filing of his application for a salesman's license with the Motor Vehicle Industry Licensing Board; provided that no patent disqualification of the applicant is disclosed or no valid objection to the granting of the temporary license is apparent and if all requirements relative to the filing of the application appear to have been met, including compliance with Section 437-21, Hawaii Revised Statutes, and the dealer files an affidavit certifying that this person is employed by and under the supervision of such dealer.

Your Committee concurs with the findings of your Committee on Consumer Protection as expressed in Standing Committee Report No. 576.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 1113, H. D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1097 Judiciary on H.B. No. 166

The purpose of this bill is to place the custodial functions and responsibilities for pre-trial detainees under the authority of the Community Correctional Centers.

Presently the physical facilities in each county serve both as Intake Service Centers and Community Correctional Centers. Since security, operations and other elements of inmate housing are already among the functions of the Community Correctional Centers, the assignment of those functions and responsibilities pertaining to residential detention for those persons awaiting trial should also be placed with the Community Correctional Centers. To place these custodial functions with another agency would be costly.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 166 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1098 Judiciary on H.B. No. 182

The purpose of this bill is to provide for more effective enforcement of the Hawaii Pesticides Law by amending Chapter 149A, Hawaii Revised Statutes, to conform with penalty provisions of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) of 1972, as amended.

Federal administrators of the Environmental Protection Agency (EPA) have cautioned the Department of Agriculture that its current pesticide program authorized under the existing statute (Part IV, Chapter 149A, Hawaii Revised Statutes) may not be certified by the EPA if penalties in the Hawaii's applicable statutes do not conform with FIFRA. Your Committee is aware that non-conformity with FIFRA may result in Federal take over and enforcement of the pesticide program in Hawaii.

Your Committee feels that the issuance of a warning notice for first violation rather than immediate prosecution will enhance the Department of Agriculture's educational effort and may result in good compliance.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 182, H. D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1099 Judiciary on H.B. No. 200

The purpose of this bill is to amend Chapter 329 of the Hawaii Revised Statutes in order to allow the Department of Health to add, delete, or reschedule controlled substances in accordance with changes in the federal controlled substances law on a temporary basis until approval by the Legislature and to revise the various schedules of controlled substances.

The House of Representatives Committee on Health amended the original form of the bill by deleting the section in the bill giving the Department of Health the authority to make additions and deletions to the controlled substance schedules on a temporary basis. Your Committee concurs with that amendment.

Your Committee further finds that the revisions to the various schedules of controlled substances are appropriate. Your Committee will, however, in the future request the Department of Health to furnish adequate support for their recommended additions and deletions to the schedules.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 200, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1100 Judiciary on H.B. No. 201

The purpose of this bill is to assure persons and organizations participating in the Health Surveillance Program that there will be no liability incurred by participating in the program. Furthermore, information given will be strictly confidential and cannot be used against them in any legal proceedings.

Your Committee finds that a health surveillance program, such as the present on-going household interview survey, is the most effective means of obtaining information on the health status of the community and the evaluation of health problems, health programs, delivery and utilization of medical care, analysis and interpretation of public health trends and forecasting long and short range public health needs.

This is the only on-going program in the State that collects census type data including demographic and socio-economic information on a routine basis.

Your Committee further recognizes that persons contacted refuse to participate or are reluctant to divulge certain information because of concern over the confidentiality of the data.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 201,

H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1101 Judiciary on H.B. No. 219

The purpose of this bill is to allow the Bureau of Conveyances to implement a 100 per cent microfilmed recording system.

The Department of Land and Natural Resources has advised that the present system which requires the recording and storing of entire literal copies of all instruments, necessitates the need for a considerable amount of storage area. A microfilm system which would accomplish the same purpose, has the advantage of saving both money and space.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 219 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1102 Judiciary on H.B. No. 228

The purpose of this bill is to eliminate the requirement that foreign corporations file certified copies of their articles of incorporation with the Department of Regulatory Agencies. Instead of requiring certified copies of such documents, a certificate of good standing from the appropriate state officer regarding the foreign corporation would be sufficient under this bill.

Section 418-1(2), Hawaii Revised Statutes, relating to foreign profit corporations, and Section 418-2(2), Hawaii Revised Statutes, relating to foreign nonprofit corporations, presently provide that every foreign corporation qualifying in Hawaii must file a copy of its articles of incorporation certified to by the proper officer where the corporation was organized together with a certificate of good standing by the same officer. In many cases, such corporations file voluminous documents showing all amendments, increases, reductions, etc. Over the years, the Department of Regulatory Agency has received few requests from the public to examine the corporate documents that are filed. Several other states no longer require that the corporate documents be filed.

Your Committee is in agreement that a certificate of good standing in place of these documents would be sufficient, and will greatly improve the efficiency of business registration activities while still providing adequate protection to the public. If necessary, the Director of Regulatory Agency may obtain complete corporate documents from the corporation or the appropriate officer of the state where the corporation was incorporated.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 228, H. D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1103 Judiciary on H.B. No. 250

The purpose of this bill is to amend the existing law to allow for the fingerprinting and photographing of juveniles by the police when the juvenile commits an act which, if committed by an adult, would be a felony.

Your Committee finds that juveniles are considered responsible for a great majority of burglary and larceny offenses; the persons responsible are often repeaters. Identification of these persons so that they may receive proper treatment to deter them from such activity is paramount.

In 1975, there was a total of 43,612 Part I offenses reported to the police in the City and County of Honolulu, of which 6,734 persons were arrested. Juveniles accounted for 4,320 or 64 per cent of those arrested. Only 170 juveniles had their fingerprints taken.

Also in 1975, there were 13,287 burglary cases reported in the City and County of Honolulu, 1,348 persons being arrested for the offense of burglary. Juveniles accounted for 838 or 62 per cent of these arrests. Burglary is one of the offenses in which fingerprints are often found at the scene of the crime. It is the police's contention that the fingerprinting

of these juveniles would be instrumental in the identification of responsible persons.

Rule 156 of the Hawaii Family Court Rules, promulgated by the Hawaii Supreme Court and effective February 15, 1977 provides for the seeking of the prior approval of a judge of the Family Court in order to fingerprint and photograph children. The rules also provide that a child may be fingerprinted or photographed without prior consent if an emergency exists requiring immediate action for the safety of the community or the child and a Family Court judge is not reasonably available. The Court rules also provide for retention of fingerprint cards and photographs of children with the court's permission. However, when the alleged offense is murder or non-negligent manslaughter, forceable rape, aggravated assault, robbery, burglary, purse-snatching, or malicious conversion, or where there is reasonable belief that fingerprints or photographs are required to prove the identity of the child and he or she is between 14 and 18 years of age, the Court's permission to retain the prints and photos is not necessary.

Your Committee received testimony from the police department that in actual practice, the Family Court judges require a written consent prior to the fingerprinting or photographing of any juvenile in each instance. This causes undue hardship on the investigating officer as he must interrupt his investigation to obtain the written permission of a judge. It often causes unreasonable confinement of the juvenile. When the case occurs in the rural area, the officer must travel all the way to Family Court in Honolulu to obtain permission to photograph or fingerprint. The juvenile remains in custody during this period.

Your Committee finds that the fingerprint or photograph could clear a juvenile suspected of an offense, and would prove detrimental to the juvenile only if he is responsible for further criminal activity. Police records are kept confidential and the photographs and fingerprints would be used only by police. Your Committee feels the restrictions as established by the Family Court on the use or circulation of a child's photographs or fingerprints should be maintained.

Your Committee is aware that there are philosophical differences in the need to protect against the stigmatization of juveniles and the need to protect society from the rising rate of juvenile crimes. Your Committee did allow time for police and the Family Court to get together and develop a workable arrangement but such meeting proved fruitless. Thus the need arose for your Committee to set the legislative policy of protecting society from the rising rate of juvenile crimes while indicating that fingerprints and photographs of juveniles acquitted of the charge are to be expunged which is the present practice.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 250, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1104 Judiciary on H.B. No. 251

The purpose of this bill is to resolve problems associated with the extradition of juveniles irrespective of whether Hawaii is the requisitioning or receiving state.

The bill also makes the Uniform Criminal Extradition Act in Chapter 832 of the Penal Code, applicable to the Family Court.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 251, H.D. 2 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1105 Judiciary on H.B. No. 253

The purpose of this bill is to amend the existing law by providing for tolling of the period of probation or suspension of sentence whenever a motion to revoke a probation or suspended sentence is filed or a motion to increase the requirements imposed is filed. The period of probation or suspended sentence is to be tolled pending the hearing upon the motion and the decision of the court. Your Committee was informed that under present law it is possible for a person's period of probation or suspended sentence to run out pending a revocation hearing, thus making him a free man, even though he may have committed acts justifying revocation of probation or suspended sentence. Your Committee believes that this bill will prevent such situations from occurring.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 253,

H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1106 Judiciary on H.B. No. 254

The purpose of this bill is to amend the existing law to allow the counties to seize motor vehicles which are subject to forfeiture because of their use in transporting controlled substances.

Your Committee finds that the county police departments are regularly involved in investigations of drug-trafficking, and that it is therefore reasonable to allow the counties to seize such vehicles in connection with their investigations and any arrests involving use of such vehicles. At present the Department of Health has the power to seize such vehicles.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 254, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1107 (Majority) Judiciary on H.B. No. 269

The purpose of this bill is to amend the existing law by reducing the residency requirement for divorce from one year to six months.

Your Committee feels that six months is a reasonable time of residency prior to the application for divorce. It is the opinion of your Committee that the reduction of the residency time period will not establish Hawaii as a divorce mecca and it is not the intention of this bill to do so.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 269 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Ching and Takitani did not concur.

SCRep. 1108 Judiciary on H.B. No. 372

The purpose of this bill is to delete the restriction that the word "saloon" not be used in any advertisements, posters, or signs to describe the liquor business or the licensed premises of any licensee.

Your Committee finds that the word "saloon" has no negative connotation today.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 372, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1109 Judiciary on H.B. No. 471

The purpose of this bill is to amend the existing law by allowing for the towing of vehicles parked without authorization on private property on a Statewide basis. During the past legislative session, the law permitting towing of such vehicles was amended to permit towing immediately in the City and County of Honolulu, while the neighbor island counties were excluded from the operation of the act because it was felt that unauthorized parking on private property was not a significant problem. In effect, property owners in the neighbor island counties were permitted to tow only where the vehicle had been parked for more than 24 hours.

Your Committee finds that there is no valid reason to treat the neighbor island counties any differently with respect to the illegal parking problem. Your Committee feels that the concept that private property should be available to the owner for his own use, business and quiet enjoyment should be determinative.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 471, H. D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1110 Judiciary on H.B. No. 618

The purpose of this bill is to give state chartered credit unions the same rights and privileges, benefits and immunities possessed by federal chartered credit unions in this State, contingent on the prior consent of the Commissioner of Credit Unions.

According to testimony presented by the Department of Regulatory Agencies, passage of this bill would give state chartered credit unions competitive equality with federally chartered credit unions which is a desirable result.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 618 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1111 Judiciary on H.B. No. 619

The purpose of this bill is to increase the maximum amount of life insurance permitted to be offered on the life of a credit union member from \$2,000 to \$4,000, and also amends Section 431-581 of the Hawaii Revised Statutes by including within the definition of credit union, credit unions chartered under the Federal Credit Union Act.

The maximum amount of coverage on the lives of credit union members has not been increased since this section was enacted in 1957. Since then, inflation has increased the cost of living.

It is the usual practice for credit unions to pay the cost of a member's life insurance premium, with the amount of coverage based on the amount of the individual's account. Therefore, this measure may provide an incentive for members to increase their deposits, thereby increasing the amount of coverage on their lives at no additional cost to the individual.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 619 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1112 Judiciary on H.B. No. 676

The purpose of this bill is to grant general rule-making authority to the Board of Medical Examiners by adding a new section to Chapter 453, Hawaii Revised Statutes.

The existing law does not specifically grant general rule-making power to the Board of Medical Examiners. Such authority, essential to effective regulations, is customarily granted to regulatory boards. This bill clarifies the power of said Board to adopt such rules.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 676 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1113 Judiciary on H.B. No. 679

The purpose of this bill is to provide for various remedies in the resolution of consumer complaints after a hearing by the Department of Regulatory Agencies. In addition, this bill empowers boards and commissions to effect and supervise voluntary, binding arbitration of consumer complaints.

Under present law, restitution may not be available if the violation is serious in nature and the board orders suspension or revocation of the licensee's right to practice. This bill would allow boards and commissions to order the suspension of a license pending the correction of the problem and would allow the board to fashion its order to suit the violation.

Regarding arbitration proceedings, arguably, boards and commissions already have

the power to supervise arbitration agreements. However, the machinery to effect such settlements has not been spelled out in the law. This bill provides procedures for the selection of arbitrators and enforcement of their award. The department believes such arbitration proceedings would expedite dispute resolution.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 679 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1114 Judiciary on H.B. No. 680

The purpose of this bill is to decrease the period of time allowed for license restoration from one year to sixty days. In addition, this bill will disallow claims against the contractors recovery fund if the person's injury was caused by a contractor whose license was inactive at the time of the injury.

Under existing law a contractor is allowed one year from the date of license renewal to pay his fees without suffering any legal disability. According to the testimony by the Department of Regulatory Agencies, many contractors continue to contract after their license has lapsed, often not completing their projects, without ever intending to pay their fees before the expiration of the one year "grace" period. After expiration, with the license cancelled as a matter of law, the Department is left without jurisdiction to proceed to any disciplinary hearing. By limiting the period to sixty days, the Department feels that the potential for consumer fraud will be reduced in this area.

This bill proposes to deny claims against the contractors recovery fund of persons injured by the acts of a contractor whose license has been placed in the "inactive" category. The Department of Regulatory Agencies rationalizes this amendment by equating the inactive status to a non-licensed status. Since contractors with an inactive license are prohibited from engaging in the contracting business during the period of inactivity and do not contribute to the recovery fund, the Department of Regulatory Agencies feels that the recovery fund, as in the case of claims against unlicensed contractors, shall not be liable for payment.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 680, H. D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1115 Judiciary on H.B. No. 730

The purpose of this bill is to provide the State with the right to immediate appeal to the supreme court from an order of the district or circuit courts denying a request by the State for a protective order for nondisclosure of witnesses for their personal safety under Rule 16(e)(4) of the Hawaii Rules of Penal Procedure. The Act also provides for giving priority to such an appeal and for staying the order pending outcome of the appeal.

Your Committee received testimony to the effect that such a measure is needed because of the reluctance of some witnesses to testify before the grand jury for fear of retaliation and serious bodily injury or death. In such cases, the safety of the witnesses is of great concern, and means for immediate appeal should be provided.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 730, H. D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1116 Judiciary on H.B. No. 776

The purpose of this bill is to provide a penalty for the removal, disturbance, or disposal of a corpse or remains of a human body which appears to have come to death under circumstances set forth in Section 841-3, Hawaii Revised Statutes, that is, as a result of violence, accident, suicide, or suddenly when in apparent good health, or unattended by a physician, or in prison, or in a suspicious or unusual manner, or within 24 hours after admission to a hospital or institution.

This bill provides that non-compliance with Section 841-12, Hawaii Revised Statutes, shall constitute a violation.

Your Committee finds that since no penalty is provided under present law, there is no way to enforce the present Section without first obtaining a court order. Your Committee has been informed that several cases have occurred where bodies have been moved, resulting in lengthy, complicated criminal investigations which finally resulted in a determination that the subjects had died of natural causes, accident or self-induced drugs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 776, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1117 Judiciary on H.B. No. 777

The purpose of this bill is to amend Section 841-3, Hawaii Revised Statutes, which requires the informing of the coroner of persons dying under circumstances defined within this Section by adding a penalty provision for violation of this mandate.

Under the present law, a person who becomes aware of the death of any person as a result of violence or as a result of any accident, or by suicide must immediately notify the coroner or deputy coroner of the known facts concerning the time, place, manner, and circumstances of the death. However the present law does not include any penalty provision to cover situations of noncompliance with the law. This bill provides that noncompliance with this law will be a violation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 777, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1118 Judiciary on H.B. No. 780

The purpose of this bill is to amend present law by imposing additional requirements on the transportation of used vehicles between counties or to any place out of State. The bill requires owners of vessels, airplanes or other means of transportation, and their agents or employees to physically inspect and record the vehicle identification number of used vehicles to be transported, and to maintain a record of the transporting of the vehicle together with its description and vehicle identification number for not less than three years. The records are to be available for inspection by Federal, State or County Police agencies during normal business hours.

This bill will provide a valuable tool to law enforcement agencies to help facilitate investigations of thefts of motor vehicles which have been shipped between counties or away from the State.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 780, H. D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1119 Judiciary on H.B. No. 786

The purpose of this bill is to permit members and subscribers of the Hawaii Insurance Rating Bureau as an advisory organization to furnish to the Motor Vehicle Insurance Commissioner basic standards, manuals of classification, endorsements and other materials not dealing with rates, for reference filings.

Prior to the advent of the no-fault law, the Hawaii Insurance Rating Bureau furnished these services to its members and subscribers. It was recognized that one organization could perform such functions collectively at less cost to the individual insurance company. Under existing law each company which is licensed to write motor vehicle insurance in Hawaii must file a copy of the basic insurance policy, endorsements, manuals of classification not prohibited by the no-fault law and other materials, including individual rates for such coverage, with the Motor Vehicle Insurance Commissioner's Office.

Section 294-13, Hawaii Revised Statutes, was amended in 1976 to permit the Hawaii Insurance Rating Bureau to act as an advisory organization to act for its members and subscribers for motor vehicle insurance. This bill clarifies the intent of said Section 294-13 to allow the advisory organization to make the filings enumerated above.

This bill does not abrogate the statutory responsibility of the Motor Vehicle Insurance Commissioner with respect to his regulation of the motor vehicle insurance industry in Hawaii. This bill will, in fact, provide a cost savings to the automobile insurance industry and the State.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 786 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1120 Judiciary on H.B. No. 930

The purpose of this bill is to clarify the law relating to credit card offenses by making it unlawful to attempt or conspire as well as actually consummate fraudulent transactions with credit cards obtained or retained in violation of Section 851 of the Hawaii Revised Statutes.

Without these provisions, a question of whether attempts or conspiracies are applicable to credit card offenses may be raised as Chapter 851 of the Hawaii Revised Statutes relating to Credit Card Offenses is not a part of the Penal Code, whereas, attempt and conspiracy sections are included in Chapters 701-713 of the Hawaii Penal Code. It is believed that these amendments will eliminate this doubt.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 930 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1121 Judiciary on H.B. No. 967

The purpose of this bill is to provide that any provision in a will which purports to subdivide a parcel of land and to devise the subdivided lots to specific devisees shall be unenforceable.

Under the Uniform Probate Code, upon the death of a person, his real property vests in the persons to whom it is devised by his last will. The devisees are entitled to the real property in accordance with the terms of a probated will. With respect to the disposition of real property, testators have exercised this power to effect subdivision of land in the will for the purpose of devising the subdivided lots to the devisees without proper governmental approval of the subdivision and without conformance with the applicable subdivision laws.

This bill provides that a provision in a will purporting to subdivide a parcel of land and devising the subdivided lots shall be unenforceable. The devisee under such a devise shall take an undivided interest in the whole parcel of land. The undivided interest would be in the same proportion that the size of the lot attempted to be devised bears to the whole parcel of land.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 967, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1122 Judiciary on H.B. No. 1061

The purpose of this bill is to provide that in actions to quiet title, the State may be joined as a defendant only when it is an adjoining property owner and the same is alleged by the plaintiff or if the party asserting the claim can show by way of a title search that the State has a clear and specific interest in the subject matter of the suit, adverse to the plaintiff's claim.

Your Committee finds that in quiet title actions the State is very often joined whether it has an interest or not, and is often required to expend funds and time merely to determine

that the State has no interest. Your Committee believes that the bill would clarify the State's position in quiet title actions and eliminate unnecessary expenditures where the State has no interest.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1061, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1123 Judiciary on H.B. No. 1151

The purpose of this bill is to permit banks to issue to savings depositors either a passbook or other record evidencing the savings account. Under existing law banks are required to issue a passbook to each of their savings depositors.

The existing law was enacted in 1931 and has remained substantially unchanged since then except for minor amendments. The existing law required a savings passbook to be issued to every savings depositor for recording of each deposit and withdrawal. Additionally, payment on the account is prohibited unless a passbook is presented. Excepting for good cause and acceptable assurance, failure to present a passbook means a savings customer may not be able to withdraw funds unless (1) a surety bond is given in favor of the bank; or (2) a notarized affidavit attesting to a lost or stolen passbook releases the bank of any liability. Obviously, such a situation is most inconvenient and may be costly to the savings customer.

This bill will place banks in parity with the savings and loan associations with respect to the issuance of passbooks. This bill will permit banks to issue a passbook or other record evidencing the depositor's account. Deposits could then be evidenced by the entry in the passbook or by a deposit receipt. Withdrawals would no longer require presentation of the passbook, but could be made upon direction of the depositor. Furthermore, this bill prescribes that if a passbook is not presented then the bank is to issue a written statement showing the balance in his account, including accrued interest, as of the date of the statement and all transactions since the date of the previous statement, to the depositor at least biannually.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1151, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1124 Judiciary on H.B. No. 1166

The purpose of this bill is to amend Section 275-9, Hawaii Revised Statutes, which prohibits the use, sale, or manufacturing of devices or equipment designed to fraudulently obtain telecommunication services, to include cable television systems.

Neither the mere possession, use, sale nor distribution of electronic equipment or the instructions for making or assembling such equipment constitutes prohibited conduct. Either the element of intent to obtain telecommunication or cable television services or transmissions without the payment of applicable charges therefor or the element of intent to conceal the existence, place, origin or destination of such services must also be present.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1166, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1125 Judiciary on H.B. No. 1224

The purpose of this bill is to remove the ceiling on the amount of life insurance coverage that may be provided to an individual under a group life insurance policy issued to an employee group.

The benefits resulting from the removal of maximum limits are several. Since many other states do not have ceilings on group life insurance coverage, employers in such states can offer greater fringe benefits and thus are in a more advantageous position to attract and retain employees in higher brackets. This bill should rectify that situation.

In the past, Hawaii groups with an office in a "no-ceiling" state often obtained group life coverage in that state. The net effect of this practice is a loss in revenue to the state, since the dollar value of the revenue generated by the premium tax is accordingly reduced when premiums resulting from the writing of such group policies flow to another state. This bill should reverse that flow.

A most important benefit is in the area of pension benefits. Many pension plans do not provide pension benefits to the surviving spouse if an employee dies prior to retirement, but higher group life coverage can partially offset this loss of pension benefits. It is often difficult to make the appropriate change in an established pension plan to provide for this situation, but it is fairly simple to change a group life plan.

Your Committee on Judiciary is in accord with the intent and purpose of H. B. No. 1224, H. D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1126 Judiciary on H.B. No. 1305

The purpose of this bill is to amend the present law dealing with the hearing in court of evidence of the prior sexual conduct of rape victims. This bill will amend the existing procedure by mandating the court to hear the evidence of the victim's prior sexual conduct out of the presence of the jury and everyone else except court personnel, the parties, the attorneys, and such other persons whose presence is determined by the court to be necessary for the hearing.

Your Committee believes that this bill will encourage the reporting of rape incidents by decreasing the public humiliation that a public scrutiny of the victim's character would create. The requirement, that scrutiny of the victim's prior sexual conduct be out of the presence of the jury and all other persons, except for court personnel, the parties, their attorneys, and such other persons whose presence is determined by the court to be necessary for the hearing, would prevent unnecessary embarrassment and humiliation and in effect encourage reporting and enforcement of rape cases.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1305 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1127 Judiciary on H.B. No. 1455

The purpose of this bill is to provide a defense for the lawful possession or distribution of drugs by pharmacists, doctors, dentists, veterinarians or other practitioners, or ultimate users who obtain drugs pursuant to lawful prescriptions, or other persons authorized by law to possess or distribute drugs. As presently worded, the law makes criminal any possession or distribution of drugs.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1455, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1128 Judiciary on H.B. No. 1472

The purpose of this bill is to amend Section 291-1, Hawaii Revised Statutes, relating to reckless driving or riding of animals by clarifying the act that constitutes a violation of this section.

Present statutory language requires that the person acts in "a wilful or wanton disregard for the safety of persons or property". This standard is so strict that only the most serious violations of this section can be proven in a court of law. The bill substitutes the word "recklessly" for the words, "with a wilful or wanton" in defining the prohibited type of conduct. This will broaden the application of the law and cover those alleged violations for which the law was intended.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1472, H.D. 1 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1129 Ways and Means on H.B. No. 11

The purpose of this bill is to appropriate moneys out of the general revenues of the State to compensate persons pursuant to chapter 351, Hawaii Revised Statutes, the Criminal Injuries Compensation Law.

This bill will compensate 162 victims, 33 attorneys, 37 doctors, hospitals and a funeral home and the total amount required is \$223,847.13.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 11, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1130 Ways and Means on H.B. No. 808

The purpose of this bill is to eliminate the time period for which an employee working on a federally funded research, special, or demonstration project shall be exempt from civil service.

Chapter 76, Hawaii Revised Statutes, the state civil service law, is based on the philosophy that all state positions are civil service positions unless specifically exempt. Section 76-16 relating to civil service exemptions now requires that an employee engaged in a federally funded research project approved by the governor shall be exempt from civil service for a period limited to one year. As a consequence of this provision, persons employed by federally funded projects extending beyond one year are being accorded civil service status.

This bill would enable the State to exempt employees of such federally funded special, research, or demonstration projects for the life of the project, thereby minimizing conversion of federally funded project employees to civil service status.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 808 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1131 Ways and Means on H.B. No. 1292

The purpose of this bill is to change the funding designation of certain capital improvement project authorizations contained in Acts 195 and 197, Session Laws of Hawaii 1975, as amended, from general revenue fund source to general obligation bond fund source. The funding changes recommended in this bill will make available \$28,362,000 in general revenue fund.

The allowable general obligation bond fund margin as of July 1, 1977 is \$349.5 million. General obligation bond fund authorizations of the Executive and Judiciary CIP budgets for the next fiscal biennium amount to \$218.5 million. The additional general obligation bond fund authorization of \$28,362,000 proposed in this bill is well within the limits of the available debt margin.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1292, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1132 Ways and Means on H.B. No. 1531

The purpose of this bill is to make certain amendments to section 246-10(g), Hawaii Revised Statutes, relating to the assessment of buildings.

Under the present building assessment law, buildings are assessed using average-basic replacement costs. These costs are divided into six factors--wood, masonry, metal, concrete 1 (buildings 1 to 4 stories), concrete 2 (buildings 5 stories or more), and miscellaneous. Your Committee finds that the Department of Taxation is using factors up to two years out of date. In a rising cost market such as we have had in Hawaii until recently, such a lag time helped the owner and hurt the State. During the present falling market such a lag time hurts the owner and helps the State. The amendment provided by this bill will require the Department of Taxation to use current average-basic replacement cost factors which will result in a more equitable application for both the owner and

the State. The bill further provides that in those instances where such a method is not applicable to the valuation of a building the assessor may use any other method more suitable in the valuation of such buildings. Such provision will add the necessary flexibility to the assessment of buildings.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1531, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1133 Human Resources on H.C.R. No. 53

The purpose of this resolution is to request all State government departments, agencies, boards and commissions to identify their policies, rules and regulations, procedures and performances which affect in-migration to the State.

Your Committee finds that the Department of Planning and Economic Development has estimated a population increase of 33.5% for the period, 1970-1985 in the State of Hawaii. The Department also reports that from 1970-1975, in-migration to Hawaii was responsible for over half of the State's population increase. The economic needs of the existing and future population is of great concern because it will directly affect the quality of living for Hawaii's residents. Population growth needs to be directed in a manner that will reflect Hawaii's economic, social and environmental capacities, therefore, it is necessary that a review of the in-migration policies of the State be made.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 53 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1134 Ways and Means on S.R. No. 41

The purpose of this resolution is to request the Senate Committee on Ways and Means to review the Executive Budget Act and to take appropriate steps to effectuate necessary changes, if any, thereto.

Your Committee finds that the Executive Budget Act was enacted by the Fifth Legislature of the State in 1970. This Act has now been in effect for seven years and it is necessary to review its workings in order to determine if any changes are necessary to more fully implement the direction taken by this Act. Your Committee finds that a review of this nature during the 1977 interim will assist the commitment of the legislature to this manner of budgeting and will result in better executive branch implementation.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 41 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1135 Higher Education on S.R. No. 468

The purpose of this resolution is to request the Legislative Auditor to study and report to the Legislature on the following areas of concern:

1. University faculty workload and salaries; and
2. Physical facilities management at the Manoa Campus.

Your Committee is of the opinion that the above mentioned areas of concern need to be studied now so that decisions on future budget requests covering these areas may be reviewed with more insight than is now the case.

Your Committee is especially concerned that where physical facilities are involved, the University appears to consider its buildings more temporary than permanent. In the past few years, several buildings have been removed because they were run-down and badly in need of repair. Other universities throughout the world manage to maintain facilities and many buildings still in use are over a century in age. Your Committee is of the opinion that the University should give more consideration to the maintenance of buildings instead of the construction of new buildings.

Your Committee is aware of the "budgetary constraints" which exist, but there is a question as to whether the University is making the best possible use of its maintenance

personnel and equipment.

Regarding faculty workload, your Committee is concerned because there is no clear statement of what faculty workload is, or should be.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 468 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1136 Ways and Means on S.C.R. No. 161

The purpose of this concurrent resolution is to request the office of the legislative reference bureau and the department of taxation to review the state income tax laws and to submit appropriate amendments to the chairmen of the senate ways and means and house finance committees.

Your Committee finds that prior to 1969, the adoption of federal income tax amendments for the purposes of the state income tax law could take place in the present piecemeal, section by section, method with a time lag of 2 to 3 years. Your Committee notes, however, that prior to 1969, major changes to the federal laws did not occur every 2 or 3 years as has been the case since 1969 with major revisions or amendments being made by Congress in 1969, 1971, 1973, 1975, and 1976, and with the Carter administration discussing further wholesale revision.

Your Committee further finds that the legislature recently passed House Bill No. 325 adopting amendments to the federal income tax law passed by Congress during 1976. In drafting this bill it became apparent that the adoption of prior amendments to the income tax law was also necessary. It was further noticed that in the one act which created the necessity for House Bill No. 325, the Tax Reform Act of 1976, there were many amendments made to the federal law which were called housekeeping amendments, deletion of obsolete language, and the like, which the legislature was unable to incorporate into House Bill No. 325 due to the time constraints involved.

Finally, your Committee notes that the income tax laws of the State, particularly with the adoption of House Bill No. 235, now consist of pages and pages of references to federal Public Laws and sections thereof, which are not easily available to the people of the State and are difficult even for the tax practitioner to follow. It appears this situation will continue. It therefore appears that it is time to determine if the method of adopting amendments to the federal tax law cannot be changed to one which will adopt all federal changes at the end of each year, except for those few with which the legislature or the executive branch do not concur. It appears that such an arrangement will facilitate adoption of the federal changes shortly after they occur, will reduce the provisions of the federal law not adopted, and will still retain the necessary independence of the legislature and the State from the economic whims of Congress.

Your Committee on Ways and Means concurs with the intent and purpose of S.C.R. No. 161 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1137 Ways and Means on S.R. No. 456

The purpose of this resolution is to request the office of the legislative reference bureau with the assistance of the departments of taxation and regulatory agencies to conduct a study of the taxation of insurance solicitors, subagents, and general agents.

Your Committee finds that at the present time persons in the insurance field may bear an inappropriate burden under the general excise tax due to the certain laws and the restrictions within the field itself. Each year bills are introduced to reduce or eliminate the general excise tax upon such persons; however, your Committee finds that without determining how many other occupations are similarly situated and without knowing the actual general excise tax burden in this area, such reduction or elimination is inappropriate. Your Committee finds that this subject matter has been before the legislature in one form or another since 1961, and that clarification and solution to the problems presented are long overdue.

Your Committee has amended this resolution by rewriting the seventh whereas clause to more appropriately reflect the general excise tax burden which may be borne by the various persons in the industry.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 456, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 456, S.D. 1.

Signed by all members of the Committee.

SCRep. 1138 Housing and Hawaiian Homes on S.R. No. 408

The purpose of this resolution is to request the Legislative Reference Bureau to undertake an in-depth study of the problems and alternatives to lease rent increases for elderly persons.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 408 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1139 Housing and Hawaiian Homes on S.R. No. 418

The purpose of this resolution is to request the Hawaii Housing Authority to place greater emphasis on development of reasonably priced rental housing within its Act 105 development assistance program.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 418 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1140 Housing and Hawaiian Homes on S.R. No. 419

The purpose of this resolution is to request the Governor to commit the \$1,000,000 budgeted by the 1976 Legislature for housing rehabilitation loans to that activity, by such means as he deems most appropriate to promote prompt use of the funds.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 419 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1141 Housing and Hawaiian Homes on S.R. No. 420

The purpose of this resolution is to request the Hawaii Housing Authority to establish the housing information system mandated by Act 225, Session Laws of Hawaii 1976, as a major priority for the fiscal year beginning July 1, 1977.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 420 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1142 Housing and Hawaiian Homes on S.R. No. 422

The purpose of this resolution is to request your Senate Committee on Housing and Hawaiian Homes to study the operations, policies and impacts of the programs of the Department of Hawaiian Home Land during the interim, and to carry out the following duties: (1) to identify the implicit and explicit policies of the Department; (2) to assess the Department's operations, and appropriately determine where legislative clarification is necessary to facilitate operations better serving the needs and aspirations of lessees and eligible Hawaiians; (3) to examine the existing and proposed rules of the Commission; (4) to determine the need for, and feasibility of recodifying the Hawaiian Homes Commission Act to better reflect current and future needs and priorities; (5) to discuss, and creatively involve all concerned in deliberation on, current and foreseeable issues related to the Department, including Department organization, the match of fiscal powers and capacities of the Department with future needs, possible need for amendment of lessee qualifying requirements, the suitability of loan programs with lessees' ability to pay, the conformity of Department administrative practice with the spirit of the Act, and the other problems and issues determined by the Committee in its work; and (6) to report its findings, conclusions, and recommendations to the Senate not less than 20 days prior to the first day of the Regular Session of 1978.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose

of S.R. No. 422 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1143 Housing and Hawaiian Homes on S.R. No. 423

The purpose of this resolution is to request your Committee on Housing and Hawaiian Homes to carry out the following duties during the interim: (1) to study the existing housing problems of the people of Hawaii; (2) to assess the impacts of housing and community development programs authorized by the Legislature, including, but not limited to Act 105 housing development assistance programs, the development and operation of public housing, county housing programs, federal housing activities affecting the State, the Hawaii Land Reform Act and related leasehold legislation, programs of cash payments for housing assistance, and the program of the Hawaii Community Development Authority; (3) to determine the feasibility of, and need for, recodification of Hawaii's housing laws into a more manageable format; (4) to study innovative techniques for housing construction, development financing, subsidies, and other reforms which promise to increase production of affordable housing, lower homebuyer costs, or otherwise enable Hawaii's people to economize on housing; (5) to identify new programs, or modifications of existing programs, necessary to better meet housing needs; (6) to report its findings on these matters, together with any conclusions and recommendations, to the Senate not less than 20 days prior to the first day of the Regular Session of 1978.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 423 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1144 Human Resources on Gov. Msg. Nos. 380, 381, 382, 383, 384, 385, 386, 387, 388 and 449

Recommending that the Senate advise and consent to the nominations to the Advisory Commission on Manpower and Full Employment, as follows: FLORENCE LAU, for term ending December 31, 1980; DANIEL AQUINO, for term ending December 31, 1980; VERLIEANN MALINA, Ed.D., for term ending December 31, 1980; RICHARD F. SPINGOLA, PH.D., for term ending December 31, 1979; EDWARD A. COLOZZI, ED.D., for term ending December 31, 1980; RICHARD AADLAND, for term ending December 31, 1977; TOM T. IKEDA, for term ending December 31, 1980; LILLIAN A. YAMANAKA, for term ending December 31, 1977; FRANK SKRIVANEK, for term ending December 31, 1977; and MASASHI ARINAGA, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1145 Housing and Hawaiian Homes on Gov. Msg. Nos. 178 and 418

Recommending that the Senate advise and consent to the nominations to the Hawaii Housing Authority, as follows: NOBUYOSHI TAMURA and WILBERT K. EGUCHI, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1146 Housing and Hawaiian Homes on Gov. Msg. Nos. 300, 301 and 315

Recommending that the Senate advise and consent to the nominations to the Factory-Built Housing Advisory Board, as follows: SHINJI SONEDA, NORMAN SAMSON and ERNEST T. YUASA, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1147 Human Resources on Gov. Msg. No. 450

Recommending that the Senate advise and consent to the nominations to the Policy Board on Elderly Affairs, as follows:

YASO ABE, representing those over 60, for term ending December 31, 1978;

EDWIN Y. CHUN, representing those over 60, for term ending December 31, 1979;

ROBERT W. CLOPTON, representing those over 60, for term ending December 31, 1978;

MERL W. HAWTHORNE, representing those over 60, for term ending December 31, 1977;
THEODORE D. HUSSEY, representing those over 60, for term ending December 31, 1977;
ROSE HORNER, representing those over 60, for term ending December 31, 1977;
SHIMEJI R. KANAZAWA, representing those over 60, for term ending December 31, 1977;
FRANCO MANUEL, representing those over 60, for term ending December 31, 1979;
ETHEL T. MORI, representing those over 60, for term ending December 31, 1978;
JAMES T. NISHI, representing those over 60, for term ending December 31, 1980;
SUNG DAI SEU, representing those over 60, for term ending December 31, 1979;
HARRY K. TAKARA, representing those over 60, for term ending December 31, 1978;
KIMIYO FUJIOKA, representing those At-large, for term ending December 31, 1980;
SATORU IZUTSU, Ph.D., representing those At-large, for term ending December 31, 1979;
MASAICHI TASAKA, representing those At-large, for term ending December 31, 1977;
ROSE DOMONDON, representing those At-large, for term ending December 31, 1978;
MASAICHI UEMURA, representing those over 60 - Hawaii, for term ending December 31, 1980;
FATHER ANTHONY E. O'BRIEN, representing those over 60 - Maui, for term ending December 31, 1980;
LOUIS GONSALVES, JR., representing those over 60 - Kauai, for term ending December 31, 1980; and
ELIZABETH L.K. TAKAO, representing those over 60, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 1148 Human Resources on Gov. Msg. No. 451

Recommending that the Senate advise and consent to the nominations to the State Advisory Council for Children and Youth, as follows:

DOROTHY C. HOE, for term ending December 31, 1980;
ALBERT K. SING, for term ending December 31, 1980;
GERALDINE UNG, for term ending December 31, 1978;
MICHELE A. BAL, for term ending December 31, 1979;
MEL FLANNAGAN, for term ending December 31, 1977;
JO ANN BUNG CAYAO, for term ending December 31, 1980;
HARRY KIM, for term ending December 31, 1979;
ROGER K. KATSUTANI, for term ending December 31, 1978;
HOALIKU L. DRAKE, for term ending December 31, 1980;
BETTY T. MATSUMURA, for term ending December 31, 1977;
RICHARD T. KATO, for term ending December 31, 1980;
KAREN OSHIRO, for term ending December 31, 1978;
STANLEY G. HEW LEN, for term ending December 31, 1979; and
DR. SHARON J. BINTLIFF, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1149 Transportation on H.B. No. 1070

The purpose of this bill is to provide in the Hawaii Revised Statutes, that in any proceeding for a violation of a statute or regulation governing the mooring or placing of a vessel, ownership of the vessel shall constitute prima facie evidence of responsibility for illegal mooring or placing.

Your Committee finds the proposed legislation necessary to effectuate the laws and regulations concerning illegal mooring or placing of a vessel. The department of transportation lacks the authority to adopt rules of evidence or create evidentiary presumptions. Evidence presented before your Committee by the department indicates that a problem arises when a vessel is left illegally moored or placed and the absent owner when later found and cited maintains that he did not moor or place the vessel at the time or place that the violation occurred. It is difficult under existing statutes to attribute responsibility to him. In such instances it should be assumed that the owner of the vessel committed the violation. This responsibility is similar to the responsibility placed on owners of motor vehicles.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1070 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1150 Transportation on H.B. No. 585

The purpose of this bill is to eliminate the practice of motorcycle and motor scooter permittees, to continuously renew temporary instruction permits and operate the vehicle without any intention of learning the machine well enough to pass the license examination.

Your Committee finds that many motorcycle and motor scooter riders are riding without being properly licensed to operate these vehicles on state highways. This practice defeats the purpose of the temporary instruction permit which is to provide for the learning of the safe operation of the vehicle. The present law allows a permittee to continue riding with a temporary instruction permit with no incentive to learn the machine well enough to successfully pass the license exam. This bill provides that an instruction permit for the operation of a motorcycle or motor scooter shall not be renewed more than once unless the holder has taken the examination for a license at least once prior to the expiration of the second permit and at least once prior to the expiration of each subsequent temporary permit.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 585, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1151 Transportation on H.B. No. 264

The purpose of this bill is to amend and clarify the existing statutes with regard to the maintenance of sidewalks by homeowners.

Presently, a homeowner is required to maintain, and keep clean and passable the whole of a sidewalk as may abut or front upon his property. Your Committee finds that this language exposes a homeowner to unnecessary risk when the property is so situated that physical obstacles must be surmounted to gain access to the abutting sidewalk. Your Committee concurs with the House Committee on Energy and Transportation, that an exception should be granted to homeowners whose property is situated such that there is no reasonable access from the property to the sidewalk or, when the maintenance of an abutting sidewalk would pose a hazard to the owner.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 264, H.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1152 (Majority) Higher Education on S.R. No. 410

The purpose of this resolution is to request a study of the faculty tenure system at

the University of Hawaii.

Your Committee finds that there is much confusion and concern regarding the tenure system and its application and that the confusion and concern has been increased since the establishment of collective bargaining rights for public employees. The idea of tenure; how it works in theory and in practice; its impact on collective bargaining and vice versa; and its impact on the University's faculty "mix" in terms of length of service needs to be studied.

Your Committee has amended the resolution by requesting that the Senate Committee on Higher Education conduct an interim study with the assistance of the Industrial Relations Center of the University of Hawaii.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 410, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 410, S.D. 1.

Signed by all members of the Committee.
Senators Chong, King and Leopold did not concur.

SCRep. 1153 Education on H.C.R. No. 3

The purpose of this concurrent resolution is to request that the Department of Education give teachers a larger role in the development and implementation of in-service training. Teachers are very often in the best position to know what kinds of training would best serve the needs of teachers and, because many of the innovative classroom techniques are developed by teachers, it is appropriate that teachers be encouraged to develop and conduct the in-service training.

The department projects its expenditure for in-service training at \$430,000 a year for the biennium so it is vital that the training offered be relevant to the teachers. One way to insure this is to include the teachers in the development and implementation of in-service training.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 3 and recommends its adoption.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1154 Education on S.R. No. 413

The purpose of this resolution is to request the Commission on Children and Youth to develop a medallion which could be used by Hawaii's young people when they are out of the State engaging in competition with other young people. The exchange of symbols such as a medallion is a common occurrence as is the collecting of souvenirs from such trips. The overseas competitive efforts of Hawaii's young people have brought our State a great deal of honor and the designing of this medallion is a fitting accompaniment to these achievements.

Your Committee has amended the resolution by adding two further requests. The resolution now requests that the Commission recommend guidelines for the administration of this program and recommend which State body would best be able to administer the program. Additionally, the Commission is requested to consider the use of this medallion by young people in other out-of-state activities such as speech, music, Future Farmers, 4-H, and other similar activities.

Your Committee has also amended the resolution by replacing the words "Director of the Office of" with the words "Commission on".

Your Committee concurs with the intent and purpose of S.R. No. 413, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 413, S.D. 1.

Signed by all members of the Committee.

SCRep. 1155 Economic Development on S.R. No. 161

The purpose of this resolution is to request the Senate Committee on Economic Development to study the Hui Mea Hana O'Hawaii situation to assess the need for a permanent location.

Your Committee finds that organizations such as the Hui Mea Hana O'Hawaii play an

important role in the State's tourism industry by providing economic opportunities for our residents and also by providing the tourists with a colorful alternative to Waikiki.

In most cases locations for roadside vending are somewhat temporary, usually on a month to month lease with the State Department of Land and Natural Resources. As a result, this barrier hinders roadside vendors from developing and improving the areas used. Roadside vending is not only advantageous to the tourist industry, but to the people of Hawaii as well. It provides income to individuals who cannot afford the high prices of renting a shop; it provides additional income to retired individuals and supplies the people of our State with crafts that are dying out.

Your Committee would like to amend this resolution by requesting the Department of Agriculture to conduct a study of roadside selling of agricultural, souvenir, and handi-craft goods in Hawaii.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 161, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 161, S.D. 1.

Signed by all members of the Committee.

SCRep. 1156 Health on Gov. Msg. No. 151

Recommending that the Senate advise and consent to the nomination of DANIEL D. ANDERSON, to the State Planning and Advisory Council on Developmental Disabilities, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1157 Health on Gov. Msg. Nos. 401, 402, 403, 404, 405, 406, 407, 408 and 409

Recommending that the Senate advise and consent to the nominations to the County Hospital Management Advisory Committee, City and County of Honolulu, as follows:

CONRAD W. HEWITT, for term ending December 31, 1977;

WILLIAM W.L. DANG, M.D., for term ending December 31, 1977;

BERNICE DUARTE, for term ending December 31, 1978;

MAURICE L. BRODSKY, M.D., for term ending December 31, 1978;

TSUNEO WATANABE, for term ending December 31, 1979;

NORMAN E.P. AWEAU, for term ending December 31, 1979;

DONALD G.K. AWONG, for term ending December 31, 1980;

DONALD I. DOI, for term ending December 31, 1980; and

MASAO WATANABE, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1158 Health on Gov. Msg. Nos. 410, 411, 412 and 413

Recommending that the Senate advise and consent to the nominations to the County Hospital Management Advisory Committee, Hawaii County Hospital System, as follows:

HITOSHI NISHIGUCHI, for term ending December 31, 1980;

ROBERT M. HARAGA, for term ending December 31, 1980;

PAUL J. MATSUMOTO, M.D., for term ending December 31, 1977; and

MOON SOON PARK, M.D., for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1159 Health on Gov. Msg. Nos. 414, 415, 416 and 417

Recommending that the Senate advise and consent to the nominations to the County Hospital

Management Advisory Committee, Kauai County Hospital System, as follows:

MARTHA REMITIO, for term ending December 31, 1980;
DORIS CROWELL, for term ending December 31, 1980;
ROBERT E. TAYLOR, for term ending December 31, 1978; and
PETER M. KIM, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1160 Health on Gov. Msg. Nos. 424, 425 and 426

Recommending that the Senate advise and consent to the nominations to the Medical Advisory Board, as follows:

FRED C. EVORA, M.D., for term ending December 31, 1980;
BUENAVENTURA REALICA, M.D., for term ending December 31, 1979; and
ROBERT F. LINDBERG, M.D., for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1161 Health on Gov. Msg. Nos. 441 and 442

Recommending that the Senate advise and consent to the nominations to the Board of Pharmacy, as follows: G. ROBERT CRAFT and FELIPA S. CRUCE, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1162 Health on Gov. Msg. No. 445

Recommending that the Senate advise and consent to the nominations to the Statewide Health Coordinating Council, as follows:

CYNTHIA G. AIU, for term ending December 31, 1977;
GEORGE A.L. YUEN, for term ending December 31, 1978;
DOROTHY L. DEVEREUX, for term ending December 31, 1977;
THOMAS H.D. KIM, for term ending December 31, 1980;
CALVIN C.J. SIA, M.D., for term ending December 31, 1979;
EDWIN L. CARTER, for term ending December 31, 1980;
SHARON S. McPHEE, for term ending December 31, 1978;
RALPH T. MIYASHIRO, JR., for term ending December 31, 1979;
REVEREND DAVID J. HARADA, for term ending December 31, 1977;
MONTA KINNEY, for term ending December 31, 1980;
ROBERT T. KUNICHIKA, for term ending December 31, 1979;
SISTER MAUREEN KELEHER, for term ending December 31, 1980;
ALDEN G. HATCH, for term ending December 31, 1978;
ALBERT H. YUEN, for term ending December 31, 1979;
HENRY E.K. LEE, for term ending December 31, 1977;
REVEREND DAVID K. KENNEDY, for term ending December 31, 1977;
CHESTER H. SEGAWA, for term ending December 31, 1980;

RUBY L. HARGRAVE, for term ending December 31, 1977;
IRA VANTERPOOL, for term ending December 31, 1978;
MANUEL BUENCONSEJO, for term ending December 31, 1979;
MARION A. METZ, for term ending December 31, 1978;
THEOLA SILVA, for term ending December 31, 1979;
RICHARD ENGLAR, for term ending December 31, 1977;
DAVID HOBBS, M.D., for term ending December 31, 1980;
MARK B. PERLMUTTER, for term ending December 31, 1979;
BARBARA DART, for term ending December 31, 1980;
MASAMI NAGASAKO, for term ending December 31, 1980;
KIMIE LANE, for term ending December 31, 1979;
HELEN S. PERCY, M.D., for term ending December 31, 1977; and
CAYETANO GERARDO, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1163 Health on Gov. Msg. No. 452

Recommending that the Senate advise and consent to the nominations to the West Honolulu Subarea Health Planning Council, as follows:

MAY ENOS, for term ending December 31, 1980;
HERMALINDA GOODWIN, for term ending December 31, 1979;
ANGELINE HEFNER, for term ending December 31, 1978;
ELSIE HO, for term ending December 31, 1977;
PETER M. KIM, for term ending December 31, 1977;
SYLVIA LOGUE, for term ending December 31, 1978;
HAZEL A. NAONE, for term ending December 31, 1979;
CAROL J. WOOD, for term ending December 31, 1977;
MONTA KINNEY, for term ending December 31, 1980;
LYNN BARRY MARIANO, for term ending December 31, 1978;
JAMES C. PACOPAC, for term ending December 31, 1979;
BEATRICE CARRINGER, for term ending December 31, 1980;
ANNA KEKUMU, for term ending December 31, 1980;
A. JORIS WATLAND, for term ending December 31, 1979;
SACHIKO TAKETA, for term ending December 31, 1978;
JOHN C. SWINDLE, for term ending December 31, 1977;
HARRIET S. TONAKI, for term ending December 31, 1980;
SISTER M. AILEEN GRIFFIN, for term ending December 31, 1979;
CHARLES S. JUDD, for term ending December 31, 1978; and

ROY M. KURISAKI, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 1164 Health on Gov. Msg. No. 453

Recommending that the Senate advise and consent to the nominations to the Central Oahu Subarea Health Planning Council, as follows:

DIANE M. AKAU, for term ending December 31, 1980;
SALLY AMANTIAD, for term ending December 31, 1977;
DANIEL GONSALVES, for term ending December 31, 1978;
FUKUE HIGASHINO, for term ending December 31, 1979;
HAROLD KIM, for term ending December 31, 1980;
ANNIE K. LOPEZ, for term ending December 31, 1977;
JOSEPHINE M. OCAMPO, for term ending December 31, 1978;
KENNETH SAKAI, for term ending December 31, 1979;
RUTH SENTER, for term ending December 31, 1980;
ROY QUICK, for term ending December 31, 1977;
SHIRLEY MATUTINO, for term ending December 31, 1978;
HENRY M. JOHNSON, for term ending December 31, 1980;
ARNULFO MANANGAN, for term ending December 31, 1977;
IRA VANTERPOOL, for term ending December 31, 1978;
THEODORE A. REMALY, for term ending December 31, 1978;
RUBY HARGRAVE, for term ending December 31, 1979;
DORIS BULOSAN, for term ending December 31, 1977;
FELICIDAD YORO, for term ending December 31, 1980;
RODMAN MILLER, for term ending December 31, 1979; and
BENSON H. ARAKI, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 1165 Health on Gov. Msg. No. 454

Recommending that the Senate advise and consent to the nominations to the Hawaii County Subarea Health Planning Council, as follows:

SUSUMU MAEDA, for term ending December 31, 1980;
WAYNE WOODEN, for term ending December 31, 1979;
ELLEN KUSANO, for term ending December 31, 1978;
LESTER SETO, for term bending December 31, 1977;
JULIA KAUPU, for term ending December 31, 1977;
GLADYS BOWELL, for term ending December 31, 1978;
BARBARA DART, for term ending December 31, 1980;
MABEL THOMAS, for term ending December 31, 1979;

ISABELLE TAGALI, for term ending December 31, 1977;
ANGELINO COSTORIO, for term ending December 31, 1978;
MARK PERLMUTTER, for term ending December 31, 1979;
PAUL TALLETT, for term ending December 31, 1979;
MIMI WARSH, for term ending December 31, 1978;
ANDREW SACKETT, for term ending December 31, 1980;
KENNETH R. HUGHES, for term ending December 31, 1979;
STEVEN L. RAISER, for term ending December 31, 1978;
MARK SPERRY, for term ending December 31, 1977;
WALLACE CHONG, for term ending December 31, 1980;
LESLIE WUNG, for term ending December 31, 1977; and
SHIGERU KATAOKA, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1166 Health on Gov. Msg. No. 455

Recommending that the Senate advise and consent to the nominations to the Kauai County Subarea Health Planning Council, as follows:

TAKEO FUJI, for term ending December 31, 1980;
CAYETANO GERARDO, for term ending December 31, 1978;
SUE KASHIWAEDA, for term ending December 31, 1977;
MaBEL FUJIUCHI, for term ending December 31, 1979;
WENDY WISWELL, for term ending December 31, 1977;
SOLOMON B. WILLIAMS, for term ending December 31, 1978;
CHIYOZO SHIRAMIZU, for term ending December 31, 1979;
SALVADOR CARVALHO, for term ending December 31, 1978;
EDWARD MORITA, for term ending December 31, 1980;
BARBARA DALY, for term ending December 31, 1979;
GILBERT N. FERNANDES, for term ending December 31, 1978;
NORMAN AKITA, for term ending December 31, 1978;
PAUL MATSUNAGA, for term ending December 31, 1979;
DAVID KAWATE, for term ending December 31, 1980;
JEFFREY GOODMAN, for term ending December 31, 1977;
BETTY BELL, for term ending December 31, 1979;
LARRY BROWN, for term ending December 31, 1978;
THATCHER MAGOUN, for term ending December 31, 1977;
VIOLET STROM, for term ending December 31, 1980; and
ROBERT MELTON, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1167 Health on Gov. Msg. No. 456

Recommending that the Senate advise and consent to the nominations to the East Honolulu Subarea Health Planning Council, as follows:

LYNNETTE ARAKI, for term ending December 31, 1979;
FAITH LEE, for term ending December 31, 1978;
WILLIAM R. ARBEIT, for term ending December 31, 1977;
RONALD T. IWATA, for term ending December 31, 1980;
STEPHANIE ARAKI, for term ending December 31, 1978;
MARGARET GIBBS, for term ending December 31, 1979;
JOHN HURRELL, for term ending December 31, 1977;
GENEVIEVE KAA NOI, for term ending December 31, 1980;
RALPH MIYASHIRO, for term ending December 31, 1979;
MARY VEGARA, for term ending December 31, 1978;
EDWARD PACHECO, for term ending December 31, 1980;
STEVEN J. FRANKENFIELD, for term ending December 31, 1977;
GERALD H.B. WONG, for term ending December 31, 1978;
STEPHEN TENBY, for term ending December 31, 1979;
DR. CESAR B. DEJESUS, for term ending December 31, 1977;
PHYLLIS FOX, for term ending December 31, 1980;
KELVIN SUNADA, for term ending December 31, 1977;
LELAND K.W. CHANG, for term ending December 31, 1978;
JANET MASON, for term ending December 31, 1979; and
CARL T. TAKAMURA, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1168 Health on Gov. Msg. No. 457

Recommending that the Senate advise and consent to the nominations to the Windward Subarea Health Planning Council as follows:

MIKE ATHAN, for term ending December 31, 1977;
KUHIO MAHAULU, for term ending December 31, 1978;
SANDRA BAERS, for term ending December 31, 1979;
SYLVIA CAREY, for term ending December 31, 1980;
HELEN CARROLL, for term ending December 31, 1977;
RAYMOND AKO, for term ending December 31, 1978;
MITSUE COOK, for term ending December 31, 1979;
MARY ELLEN ULII, for term ending December 31, 1980;
VIOLET VAN EPPS, for term ending December 31, 1977;
SYLVIA MITCHELL, for term ending December 31, 1978;

HENRY E.K. LEE, for term ending December 31, 1977;
CURTIN A. LESER, for term ending December 31, 1980;
RONALD R. TAKATSUKA, for term ending December 31, 1977;
SHERREL L. HAMMAR, for term ending December 31, 1978;
J.I. FREDERICK REPPUN, for term ending December 31, 1979;
BERNARD A.K.S. HO, for term ending December 31, 1980;
RICHARD S. MORIMOTO, for term ending December 31, 1978;
ANNA WAGNER, for term ending December 31, 1977;
LORRAINE STRINGFELLOW, for term ending December 31, 1979; and
FAITH P. EVANS, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1169 Health on Gov. Msg. No. 458

Recommending that the Senate advise and consent to the nominations to the Waianae Coast Subarea Health Planning Council, as follows:

HARVEY GOLDMAN, for term ending December 31, 1980;
THEOLA SILVA, for term ending December 31, 1979;
MABEL DeCAMBRA, for term ending December 31, 1978;
FLOYD LOVING, for term ending December 31, 1977;
PEGGY CHOY, for term ending December 31, 1980;
CHARLES WOTHKE, for term ending December 31, 1979;
BEVERLY CHAPMAN, for term ending December 31, 1978;
OLLNEY K. HOOPAI, for term ending December 31, 1977;
RICHARD BARTLETT, for term ending December 31, 1980;
DANNETTE SWAN, for term ending December 31, 1979;
FRENCHIE DeSOTO, for term ending December 31, 1978;
BILLIE HAUGE, for term ending December 31, 1977;
HUBERT MURAKAWA, for term ending December 31, 1980;
MARIAN METZ, for term ending December 31, 1978;
NEAL J. TIMON, for term ending December 31, 1977;
PATRICIA SPENCER, for term ending December 31, 1979;
DAVID HOBBS, for term ending December 31, 1980;
SARAH L. SOLOMON, for term ending December 31, 1977;
FAY AKI, for term ending December 31, 1980; and
JEANETTE MATSUMOTO, for term ending December 31, 1979.

Signed by all members of the Committee.

SCRep. 1170 Health on Gov. Msg. No. 459

Recommending that the Senate advise and consent to the nominations to the Maui County Subarea Health Planning Council, as follows:

SISTER MARY NAAB, for term ending December 31, 1980;
KIMIE LANE, for term ending December 31, 1979;
MASAICHI ONO, for term ending December 31, 1978;
A. DUANE BLACK, for term ending December 31, 1977;
VERNON G.F. TOM, for term ending December 31, 1980;
SARAH MALAQUI, for term ending December 31, 1980;
ERNEST G. LOUIS, for term ending December 31, 1979;
GREGORIO CABUSLAY, for term ending December 31, 1978;
SHIZUE SUYAMA, for term ending December 31, 1979;
RICHARD KIBE, for term ending December 31, 1978;
JOSEPH M. SOUKI, for term ending December 31, 1977;
EDWARD H. KAAHUI, for term ending December 31, 1980;
GLENN IZAWA, for term ending December 31, 1979;
SIDNEY CLARK, for term ending December 31, 1978;
EILEEN MACHENRY, for term ending December 31, 1977;
CHARLES L. KNOBEL, for term ending December 31, 1980;
GREGORY DAVIS, D.D.S., for term ending December 31, 1977;
SAKAE UEHARA, M.D., for term ending December 31, 1979;
DOROTHY ROMSON, for term ending December 31, 1978; and
HELEN S. PERCY, M.D., for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1171 Judiciary on Gov. Msg. Nos. 347, 348, 349 and 350

Recommending that the Senate advise and consent to the nominations to the Hawaii Public Broadcasting Authority, as follows: SHARON ANNE CENTER, ARTHUR R. HANSEN, ANNIE CORPUS and EDWIN T. SILVA, for terms ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1172 Judiciary on Gov. Msg. No. 444

Recommending that the Senate advise and consent to the nomination of REVEREND CHARLES T. CRANE, to the Commission for Judicial Qualification; for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1173 Judiciary on Gov. Msg. No. 448

Recommending that the Senate advise and consent to the nomination of ROBERT Y. MITO, to the Elevator Mechanics Licensing Board, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1174 Housing and Hawaiian Homes on Gov. Msg. Nos. 128, 129, 130, 131, 132, 133, 134, 135, 136, 137 and 139

Recommending that the Senate advise and consent to the nominations to the Advisory Council for Housing and Construction Industry, as follows:

MELVIN K. SOONG, for term ending December 31, 1980;
HOWARD RABACAL, for term ending December 31, 1979;
NANCY T. TAYLOR, for term ending December 31, 1978;
WALLACE S.J. CHING, for term ending December 31, 1980;
CHEW HOY LEE, for term ending December 31, 1978;
TAMOTSU KITAGAWA, for term ending December 31, 1979;
STANLEY K. ITO, for term ending December 31, 1977;
JOHN W. ANDERSON, JR., for term ending December 31, 1979;
ARTHUR B. HANSEN, for term ending December 31, 1978;
LARRY K. MATSUO, for term ending December 31, 1979; and
JAMES H. HARA, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1175 Housing and Hawaiian Homes on Gov. Msg. No. 400

Recommending that the Senate advise and consent to the nomination of WILLIAM S. CHEE, to the Advisory Council for Housing and Construction Industry, for term ending December 31, 1977.

Signed by all members of the Committee except Senators Kuroda and Anderson.

SCRep. 1176 Housing and Hawaiian Homes on Gov. Msg. No. 447

Recommending that the Senate advise and consent to the nominations to the Hawaii Community Development Authority, as follows:

KENNETH F. BROWN, for term ending December 31, 1980;
MITSUO SHIMIZU, for term ending December 31, 1979;
YOSHIO YANAGAWA, for term ending December 31, 1978;
MICHAEL J. COY, for term ending December 31, 1979;
HELEN K. GRIFFIN, for term ending December 31, 1978; and
CHARLES R. SUTTON, for term ending December 31, 1977.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1177 Health on S.R. No. 444

The purpose of this resolution is to request the Senate Health Committee to evaluate and assess the existing operational mechanisms and policy-making bodies that address the regulation and control of health care quality and costs during the interim.

Your Committee on Health concurs with the intent and purpose of S.R. No. 444, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1178 Health on H.C.R. No. 95

The purpose of this concurrent resolution is to urge the Congress of the United States

to provide construction grants for the improvement of Hawaii's public water systems in compliance with the Federal Safe Water Drinking Act.

Many of Hawaii's smaller public water and water delivery systems, especially those located on the Neighbor Islands, are in need of extensive improvement in order to comply with the standards of the Federal Safe Water Drinking Act which was enacted in 1974. The estimated costs of upgrading Hawaii's four county water systems to conform to the requirements of the Act are in excess of \$13,000,000. This figure represents capital improvements only required to bring the water systems into conformity with the Act, and does not include the additional costs to the counties which will be required to maintain and operate these improved and expanded water systems.

Funding such extensive improvements solely through county financing and increased water rates will have the effect of placing a disproportionate burden of the costs on the counties and the consumers which are served by such water systems. Because of this and the unusually heavy burdens which will fall upon the counties and the State of Hawaii in complying with the Act, your Committee feels that federal grants-in-aid in this matter are appropriate.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 95 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1179 Higher Education on H.C.R. No. 49

The purposes of this concurrent resolution are to request the University of Hawaii Board of Regents to investigate the possibility of using the old Federal Building to house the law school; and to request that the Governor withhold any allocation of funds for any construction project to house the law school on the Manoa campus until such time as the requested study is completed and a report submitted to the Legislature.

The University of Hawaii Board of Regents has designated that the law school be constructed above the parking structure on the Manoa campus. The present building program calls for 84,160 square feet of space as the ultimate need with a requirement of about \$6.97 million in capital funds. According to the American Bar Association accreditation team, the permanent law school facilities must be ready by Fall 1980.

A law school in the old Federal Building in downtown Honolulu, would have the advantages of proximity to courts and to governmental centers, and the majority of law offices and major Hawaii businesses, and accessibility to clients involved in the clinical program. The renovation and refurbishing of the old Federal Building which contains 100,000 square feet of space would also have a distinct advantage over the Manoa campus site as far as capital expenditures are concerned.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 49, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1180 Housing and Hawaiian Homes on H.C.R. No. 45

The purpose of this concurrent resolution is to urge the United States Congress to amend the U.S. Internal Revenue Code to enable voluntary and/or involuntary real property sales transactions under the Land Reform Act, Chapter 516, Hawaii Revised Statutes, without the prodigious tax impact that would now be imposed on landowners.

Your Committee finds that lessor-landowners, which includes both tax exempt institutions and profit corporations and persons, are extremely concerned that if they are required by statute to sell or transfer the fee simple title to their leasehold residential lots to any and all lessees, they may be regarded as holding all of such lots for sale in the usual course of business. They would thus be treated as dealers in the sale of real property, and profits realized upon the sale of or transfer of the fee title to lessees may be taxable as ordinary income at a rate of 48 per cent.

In view of this tremendous tax impact, your Committee feels that an amendment to the U.S. Internal Revenue Code to alleviate this tax burden would ameliorate problems caused by substantial lease rent increases, and would encourage the sale of residential lands now leased, thereby enhancing the opportunity of the citizens of Hawaii to own the lands upon which their homes are located.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose

of H.C.R. No. 45, H.D. 1 and recommends its adoption.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1181 Housing and Hawaiian Homes on S.R. No. 196

The purpose of this resolution is to request Congress to amend the National Housing Act to shorten the remaining lease term necessary for insuring mortgages on residences, preferably to a term not more than 2 years longer than the term of the mortgage applied for.

Your Committee has amended this resolution in order to clarify its intent and to distinguish between mortgage guarantees made by the Veterans Administration and mortgage insurance provided by the Federal Housing Administration.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 196, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 196, S.D. 1.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1182 Housing and Hawaiian Homes on S.R. No. 421

The purpose of this resolution is to request the Hawaii Housing Authority and the Department of Land and Natural Resources to work jointly to identify publicly owned lands, where available air rights or other developable partial land interests can be used for housing development which will provide a proper living environment for future residents.

Your Committee has amended this resolution by reversing the order of the state departments requested to perform the abovementioned tasks and including the Department of Transportation as among the departments responsible. This was done in order to clarify the intent of the resolution in that the responsibility for the identification of state lands mentioned in the resolution would be principally those of the Department of Land and Natural Resources, and since the Department of Transportation is expected to be integrally involved.

Your Committee on Housing and Hawaiian Homes concurs with the intent and purpose of S.R. No. 421, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 421, S.D. 1.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1183 Economic Development on H.C.R. No. 78

The purpose of this concurrent resolution is to request the Governor to support Castle & Cooke Inc.'s proposal to market Hawaiian papayas on the Mainland and Canada.

Your Committee finds that the Governor and the Department of Agriculture were actively involved in the negotiations between the papaya industry and Castle & Cooke to finalize an agreement that would have been beneficial to all. Due to previous contract commitments by one of the major papaya producers, the Castle & Cooke proposal has since been rescinded. However, the Department of Agriculture is continuing efforts to assist the industry in organizing a unified marketing program and will continue to explore similar market arrangements for other Hawaiian agricultural products.

Your Committee on Economic Development is in accord with the intent and purpose of H.C.R. No. 78, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1184 Economic Development on H.C.R. No. 92

The purpose of this concurrent resolution is to request the Department of Agriculture to study the feasibility of establishing an agricultural park at Waimanalo.

Your Committee finds that the 500 to 600 acres in Waimanalo held in fee simple are subject to covenants which will be expiring in 1980 or 1981. This land represents the most productive acreage in Waimanalo. The loss of these lands would have a major detrimental impact on agricultural production in the Windward area.

Your Committee on Economic Development is in accord with the intent and purpose of H. C. R. No. 92 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1185 Economic Development on H.C.R. No. 94

The purpose of this concurrent resolution is to request the inclusion of the Director of the Department of Labor and Industrial Relations in the meetings, activities, and deliberations of the State Plan Policy Council.

Your Committee finds that the State Plan Policy Council is presently composed of a total of fifteen members. These include four County planning directors and the directors of eleven State agencies. In addition, the Council would expand to include four members from the general public upon adoption of a bill before the Legislature this session. Agencies such as the Department of Labor and Industrial Relations have all been invited to attend the meetings of the Policy Council which are conducted on an informal basis and are open to comments from others in attendance. The Department of Planning and Economic Development testified that while there are opportunities for input to the Council from the Department of Labor and Industrial Relations, they would have no objections to formally including the Director of the Department as a member on the Policy Council.

Your Committee on Economic Development is in accord with the intent and purpose of H.C.R. No. 94 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1186 Economic Development on S.C.R. No. 173

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development, as part of the Hawaii Coastal Zone Management Program, in cooperation with the Council of Housing and Construction Industry, to study and review existing Federal and State permit and hearing requirements for land and water use control. The County Planning Departments of the Counties of Hawaii, Kauai and Maui, and the Department of Land Utilization of the City and County of Honolulu are similarly requested to study and review their County's existing permit and hearing requirements. These agencies are further requested to evaluate and propose an appropriate "coordinated approval procedures" for such permit or hearing processes.

Your Committee finds that this concurrent resolution is part of the Coastal Zone Management program being undertaken by the Department of Planning and Economic Development. Based on their findings to date and upon their review of the experiences of other states in attempting to unify the approval procedures for land and water use control permits and hearing processes, it will take considerable time and effort to undertake this project. The purpose of the resolution, however, is to provide a legislative mandate for the State on its own to undertake this kind of investigation hopefully leading to a legislative package for the next legislative session.

The Department also reported that on a local level, such as those studies being conducted by the Council of Housing and Construction Industry, there have been considerable constraints due to limited financial resources. This resolution makes the distinction between State and local efforts to bring about a coordinated approval procedure and would allow the State to carry on its investigation through the use of those CZM funds available to the Department.

Your Committee on Economic Development is in accord with the intent and purpose of S.C.R. No. 173 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1187 Economic Development on S.C.R. 25

The purpose of this concurrent resolution is to request the Hawaii Congressional delegation to actively seek to establish and expand development and assistance programs designed to accelerate immediate and proper economic development.

Your Committee finds that the visitor industry is Hawaii's primary growth industry, which attracted 3,200,000 visitors, produced \$1.45 billion in visitor expenditures, and generated over \$200 million in State tax revenues in 1976. The Hawaii hotel industry is a vital part of the overall visitor industry in our State and accounts for about 30 per cent of the total visitor expenditures or approximately \$435 million annually.

The Federal Trade Commission is currently conducting a lengthy investigation of the national travel industry under the supervision of the Boston Region Office. In the course of the investigation, which began in 1976, investigators have determined that hotel overbooking is a principal source of consumer complaints concerning the travel industry. Moreover, recent newspaper reports have quoted FTC investigators as designating Hawaii as one of the worst areas in the nation in regard to hotel overbooking.

Lest the overbooking problem in Hawaii be inappropriately magnified in the on-going programs inadequately recognized, your Committee feels that the hotels in Hawaii should be given an opportunity to provide information and comment to the Federal Trade Commission should hold future investigative hearings concerning overbooking in Hawaii's hotels in Hawaii.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 25, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 25, S.D. 1.

Signed by all members of the Committee.

SCRep. 1188 Economic Development on S.R. No. 13

The purpose of this resolution is to request the Hawaii Congressional delegation to actively seek to establish and expand development and assistance programs designed to accelerate immediate and proper economic development.

Your Committee finds that the visitor industry is Hawaii's primary growth industry, which attracted 3,200,000 visitors, produced \$1.45 billion in visitor expenditures, and generated over \$200 million in State tax revenues in 1976. The Hawaii hotel industry is a vital part of the overall visitor industry in our State and accounts for about 30 per cent of the total visitor expenditures or approximately \$435 million annually.

The Federal Trade Commission is currently conducting a lengthy investigation of the national travel industry under the supervision of the Boston Region Office. In the course of the investigation, which began in 1976, investigators have determined that hotel overbooking is a principal source of consumer complaints concerning the travel industry. Moreover, recent newspaper reports have quoted FTC investigators as designating Hawaii as one of the worst areas in the nation in regard to hotel overbooking.

Lest the overbooking problem in Hawaii be inappropriately magnified and the on-going programs inadequately recognized, your Committee feels that the hotels in Hawaii should be given an opportunity to provide information and comment to the Federal Trade Commission regarding on-going efforts to minimize this problem. For this reason, your Committee feels that the Federal Trade Commission should hold future investigative hearings concerning overbooking in Hawaii's hotels in Hawaii.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 13, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 13, S.D. 1.

Signed by all members of the Committee.

SCRep. 1189 Economic Development on S.C.R. 112

The purpose of this concurrent resolution is to request the Legislature of the State of Hawaii, Regular Session of 1977, to adopt the Windward Oahu Regional Plan as a guide for decision making by State and County agencies whose programs have an impact on the Windward Oahu Region.

Your Committee finds that the Windward Oahu Regional Plan expresses the particular concerns of the neighborhoods of the Windward area of Oahu. There has been unusually good citizen participation in the planning and adoption, by resolution of the City Council, of the new General Plan for Oahu. This plan is already being implemented by work on the new Community Development Plan. The Windward Oahu Regional Plan is an intermediate and concomitant step in the direction of establishing an overall State Plan. The Windward Oahu Regional Plan is seen as helping to bring Community Development Plans into relationship with each other on the Windward side of Oahu. This Plan could set a precedent and an example for other communities on Oahu and then could be expanded to include the other counties and islands.

Your Committee heard testimony from various community groups of the Windward area in addition to the Department of Planning and Economic Development. The Plan focused on the changing economic and environmental concerns of the many communities in the Windward

Oahu Region which extended from Makapuu Point to the northern limits of Waimea. Then specific policies were recommended for the Windward Region in the plan and, overall, the study suggests that a rural development strategy is appropriate for the Windward area north of Kaneohe since it is designated for a rural scale of development in the City's General Plan. It calls for the redesignation of certain Windward Region urban lands to a rural classification.

Your Committee, based on testimony, has amended the third WHEREAS to delete "Kahalu'u" at the end of the fourth line. This phrase now reads, ". . . to limit the scale of growth and confine urban growth to the communities of Kailua and Kaneohe;".

Your Committee on Economic Development is in accord with the intent and purpose of S.C.R. No. 112, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 112, S.D. 1.

Signed by all members of the Committee.

SCRep. 1190 Economic Development on S.R. No. 295

The purpose of this resolution is to request the Legislature of the State of Hawaii, Regular Session of 1977, to adopt the Windward Oahu Regional Plan as a guide for decision making by State and County agencies whose programs have an impact on Windward Oahu.

Your Committee finds that the Windward Oahu Regional Plan expresses the particular concerns of the neighborhoods of the Windward area of Oahu. There has been unusually good citizen participation in the planning and adoption, by resolution of the City Council, of the new General Plan for Oahu. This plan is already being implemented by work on the new Community Development Plans. The Windward Oahu Regional Plan is an intermediate and concomitant step in the direction of establishing an overall State Plan. The Windward Oahu Regional Plan is seen as helping to bring Community Development Plans into relationship with each other on the Windward side of Oahu. This Plan could set a precedent and an example for other communities on Oahu and then could be expanded to include the other counties and islands.

Your Committee heard testimony from various community groups of the Windward area in addition to the Department of Planning and Economic Development. The Plan focused on the changing economic and environmental concerns of the many communities in the Windward and Oahu Region which extends from Makapuu Point to the northern limits of Waimea. Ten specific policies were recommended for the Windward Region in the Plan and, overall, the study suggests that a rural development strategy is appropriate for the Windward area north of Kaneohe since it is designated for a rural scale of development in the City's General Plan. It calls for the redesignation of certain Windward Region urban lands to a rural classification.

Your Committee, based on testimony, has amended the third WHEREAS to delete "Kahulu'u" at the end of the fourth line. This phrase now reads, ". . . to limit the scale of growth and confine urban growth to the communities of Kailua and Kaneohe;".

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 295, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 295, S.D. 1.

Signed by all members of the Committee.

SCRep. 1191 Economic Development on S.R. No. 475

The purpose of this resolution is to request the Department of Land and Natural Resources to enter into a program of land exchanges with Castle and Cooke and other owners, for lands in the North Kohala district of the island of Hawaii to facilitate creation of an agricultural park in the district.

Your Committee finds that a series of land exchanges between the State of Hawaii and Castle and Cooke would enable both parties to attain a rational pattern of land ownership, and lead to creation of a sizeable tract of public lands suitable for an agricultural park.

Your Committee on Economic Development is in accord with the intent and purpose of S.R. No. 475 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1192 Ecology, Environment and Recreation on S.C.R. No. 156

The purpose of this concurrent resolution is to request the Congress to amend PL 92-500,

or by other means grant to Hawaii the authority to issue, cancel, modify and amend permits under the National Pollution Discharge Elimination System, including the right to extend permits past the date of June 30, 1977 when the evidence shows clearly that public funds to complete the projects are not available and/or that a waiver of the mandated treatment is justified because the beneficial uses of the receiving waters are not compromised by the discharge.

Your Committee has considered testimony in support of the concurrent resolution from the Department of Health; Environmental Center, University of Hawaii; and the Office of Environmental Quality Control and has noted that approximately 25 percent of all permitted dischargers in the State will not meet the deadline of June 30, 1977.

The Department of Health testified that the State's administrative mechanisms can properly and fairly dispose of non-compliance dischargers on a case by case basis after holding enforcement hearings to determine proper environmental and legal disposition.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 156 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1193 Ecology, Environment and Recreation on S.R. No. 414

The purpose of this resolution is to request the congress to amend PL 92-500, or by other means grant to Hawaii the authority to issue, cancel, modify and amend permits under the National Pollution Discharge Elimination System, including the right to extend permits past the date of June 30, 1977 when the evidence shows clearly that public funds to complete the projects are not available and/or that a waiver of the mandated treatment is justified because the beneficial uses of the receiving waters are not compromised by the discharge.

Your Committee has considered testimony in support of the Resolution from the Department of Health; Environmental Center, University of Hawaii; and the Office of Environmental Quality Control and has noted that approximately 25 percent of all permitted dischargers in the State will not meet the deadline of June 30, 1977.

The Department of Health testified that the State's administrative mechanisms can properly and fairly dispose of non-compliance dischargers on a case by case basis after holding enforcement hearings to determine proper environmental and legal disposition.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 414 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1194 Ecology, Environment and Recreation on S.C.R. No. 159

The purpose of this concurrent resolution is to request the Director of Health to exercise his authority to abate excessive noise from major roadways in urban Honolulu and that the director immediately initiate an investigation of the effects of roadway noise upon public health, with respect to residents living adjacent to major roadways.

The concurrent resolution further requests the Director of Health to work closely with the Department of Transportation, State of Hawaii; the Department of Transportation Services, City and County of Honolulu; and other State and County agencies and community groups having an interest in roadway noise.

Your Committee has amended the concurrent resolution by changing the RESOLVED clause referring to an investigation by the Director of Health of the effects of roadway noise upon public health to an investigation of ways to bring about an abatement of roadway noise including such possibilities as road surfaces, vehicle speeds, truck and bus route changes, noise barriers, a noise tax on excessively loud vehicles and, above all, better ways of public education.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 159, as amended herein, and recommends its adoption in the form attached hereto, as S.C.R. No. 159, S.D. 1.

Signed by all members of the Committee.

SCRep. 1195 Ecology, Environment and Recreation on S.R. No. 436

The purpose of this resolution is to request the Director of Health to exercise his authority to abate excessive noise from major roadways in urban Honolulu and that the director immediately initiate an investigation of the effects of roadway noise upon public health, with respect to residents living adjacent to major roadways.

The resolution further requests the Director of Health to work closely with the Department of Transportation, State of Hawaii; the Department of Transportation Services, City and County of Honolulu; and other State and County agencies and community groups having an interest in roadway noise.

Your Committee has amended the resolution by changing the RESOLVED clause referring to an investigation by the Director of Health of the effects of roadway noise upon public health to an investigation of ways to bring about an abatement or roadway noise including such possibilities as road surfaces, vehicle speeds, truck and bus route changes, noise barriers, a noise tax on excessively loud vehicles and, above all, better ways of public education.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 436, as amended herein, and recommends its adoption in the form attached hereto, as S.R. No. 436, S.D. 1.

Signed by all members of the Committee.

SCRep. 1196 Ecology, Environment and Recreation on S.R. No. 446

The purpose of this resolution is to request the Senate Committee on Ecology, Environment and Recreation to examine methods of public planning which explicitly relate the capacity of public services to proposed development, taking into account the feasibility of instituting such methods in Hawaii and the probable effects of such action; to examine the degree to which existing public service capacities are considered in land use planning decisions; to determine how such considerations can be better used in planning decisions and in the implementation of State policies; and to submit a report of the Committee's findings, together with any conclusions and recommendations to the Senate for its consideration during the Regular Session of 1978.

Your Committee finds that increases in residential population contributes to strain on the capacity of public services such as roads, schools, parks, and sewers; and there is a recognition that the environmental and service capacity of land and facilities are finite.

Your Committee further notes that planning approaches which relate the existence of public services capacity to State policies and the feasibility of continued development, would tend to minimize strains for those living and working in developing areas.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 446 and recommends its referral to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1197 Ecology, Environment and Recreation on S.R. No. 474

The purpose of this resolution is to encourage the Department of Land and Natural Resources to increase their efforts in tree planting in the State.

Your Committee is in full accord with the intent and purpose of S.R. 474 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1198 Judiciary on S.R. No. 470

The purpose of this resolution is to request the Senate Committee on Judiciary to study and review the progress and direction of the Juvenile Justice Master Plan, including the roles of the Juvenile Justice Coordinating Council, the State Law Enforcement and Juvenile Delinquency Planning Agency, the Department of Social Services and Housing, and other governmental agencies in the development of the Master Plan, and the problems and incidence of juvenile justice in the community generally.

Your Committee finds that the young people of the State are one of its most valuable assets, and the rehabilitation of juvenile offenders is of vital concern to the community,

involving many different services from various public and private agencies. The juvenile justice system can be more effectively implemented if there is a Juvenile Justice Master Plan to provide guidelines and cohesiveness in planning, and a State of Hawaii Juvenile Justice Plan was developed by the State Law Enforcement and Juvenile Delinquency Planning Agency in 1974 to provide a coordinated State strategy in preventing and treating delinquency.

The 1974 Juvenile Justice Plan was never adopted by the Legislature. Pursuant to legislative action the Governor was requested to create by executive order the Juvenile Justice Coordinating Council, and the Council was recently created by executive order.

Your Committee finds that a satisfactory Juvenile Justice Master Plan still has to be developed, and the roles of the State Law Enforcement and Juvenile Delinquency Planning Agency, the Juvenile Justice Coordinating Council, the Department of Social Services and Housing, and other governmental agencies in the development of the Master Plan are unclear. Your Committee feels that a study of the progress of the direction of the Juvenile Justice Master Plan in the interim may lead to greater input from the Legislature and other governmental agencies and may lead to a more efficient and satisfactory Master Plan.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 470 and recommends its referral to Legislative Management.

Signed by all members of the Committee except Senator O'Connor.

SCRep. 1199 (Joint) Health and Judiciary on S.R. No. 442

The purpose of this resolution is to request the Senate Health Committee and the Senate Judiciary Committee to investigate and hold a hearing on the implementation of Hawaii's Civil Commitment law during the interim.

The amended chapter 334 has been in effect for nearly a year. During that time, problems have arisen concerning the implementation and effectiveness of chapter 334. It is therefore appropriate for the two Committees to review the developments in the first year of operation of Hawaii's Civil Commitment law.

Your Joint Committee on Health and Judiciary concurs with the intent and purpose of S.R. No. 442 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 1200 Ecology, Environment and Recreation on S.C.R. No. 94

The purpose of this concurrent resolution is to request the Senate Committee on Ecology, Environment and Recreation to hold public hearings to define and establish standards and criteria for a "living park" including discussion of the problems involved in accepting the concept of a "living park" and determine the present status and future direction of Kahana Valley Park.

Your Committee conducted a public hearing at the Kahana Youth Center in Kahana Valley and heard from the Hui O Kanani O Kahana, the resident's association of Kahana Valley; Hui Malama Aina O Kahana; Hui O Koolauloa Canoe Club of Kahana Bay; Kaaawa Community Association; Ohana O Hawai'i; The Council of Hawaiian Organizations; and many persons testifying as individuals.

Your committee subsequently held a decision making meeting at the State Capitol, which was attended by residents of the Valley and Ohana as well as the State Parks Administrator. Your Committee dispensed with usual procedure because of the nature of the concurrent resolution and invited the public to participate in the deliberations.

It is the feeling of the Committee that rather than to follow the Kahana Valley State Park plan prepared by H. Mogi Planning and Research, Inc. for the Department of Land and Natural Resources, Division of State Parks, it would be preferable at this time to incorporate only the parts of the Mogi plan that would fit into the first phase of development as determined by the Legislature and the residents. Future phases would evolve rather than being pre-cast.

The Committee recommends that Phase I be limited to immediate needs and a modest program for the public. It would begin with an assessment of present houses to inventory what needs to be done to upgrade them to an acceptable standard and to make these improvements, with an occasional new house should such be required by displacement. The mauka section of the Valley would be opened as soon as possible for hiking, with the necessary improvement or construction of trails to begin promptly.

Your Committee further recommends that the living park program include an education program, conducted by Valley residents, to demonstrate and talk about native Hawaiian culture for the benefit of visitors, as a commitment on the part of the residents for the privilege of residing in the living park. Their lifestyle in the Valley shall continue though it shall embody where possible native Hawaiian values such as the Ohana system in repairing their homes; their educational program shall deal with native Hawaiian culture and values.

Phase I would also include work to restore the fishpond, a historic site. It is the intent of your Committee that people of the Valley knowledgeable about such matters be used as consultants, with a State archaeologist engaged to the degree necessary.

It is the intent of your Committee that the Department of Land and Natural Resources compile reasonably accurate data as to the current extent in acres of existing residences to preclude indefinite expansion. It is not the intent of your Committee that any additional houses be added.

Your Committee recommends that any expansion of a given program, such as taro planting, first be approved by the residents of the Valley and then presented to the Board of Land and Natural Resources for approval.

It is your Committee's firm intent that no road be built going into the Valley, that access to the village be by a minimal road, that access beyond the village be by walking. The road beyond the village shall be chained or otherwise encumbered to prevent access by vehicles.

In discussing trail access, it was pointed out by the State Parks Administrator that individuals raising cattle and papaya, now in the Valley on thirty-day revocable permits, would have to phase out their activities to make way for the trails. It is the recommendation of the Committee that although only thirty days' notice is required by law, six months' notice prior to the need to open access to the mauka areas be given to these individuals. It is further your Committee's intent that this Committee Report serve to begin the six months and alert these individuals to the necessity of moving. It is your Committee's desire that the State Parks Administrator send copies of this Committee Report upon its adoption to the individuals involved.

It is your Committee's intent that the State Parks Administrator, working with the residents, devise a system for people who plan to hike in the Valley checking in and out to enhance their safety, though this may be by as simple a means as persons just phoning in that they will be hiking in the Valley that day, as is the present practice at Moanalua Valley.

Danger from falling coconuts, removal of rocks and hapuu from the Valley and target shooting of firearms were mentioned as recurring problems. Your Committee requests that signs be posted in appropriate places reminding visitors that this is State land and that plants not be removed. Signs warning of falling coconuts should be posted in the coconut grove area.

It is the recommendation of your Committee that when leaving the Valley, an individual or a family's commitment to fulfill the requirement of participation in the purpose of the living park shall be passed on to the immediate family member who succeeds in their place. Should the immediate family member, such as a son or daughter, not wish to carry on that activity, your Committee recommends that the residents of the Valley select someone of their choosing, willing and able to carry on that task, to replace the departed resident. First priority in such instances shall be given to descendants of those who reside or once resided in the Valley, and the choice shall be approved by the Board of Land and Natural Resources.

Kahana Valley presently is under Land Management and your Committee suggests that land be turned over to the Parks Division on an incremental basis as the living park program develops.

Your Committee sensed from the discussion with those attending the decision-making meeting that there was a general consensus on the matters set forth in this report.

Your Committee has amended the concurrent resolution by changing the first RESOLVE to read that the purpose of a "living park" in Hawaii is to nurture and foster native Hawaiian culture and spread knowledge of its values and ways; and that in such a living park, the individuals living there shall participate in the purposes of the park by helping in the education of the public and by incorporating into the structure of their daily lives such values and ways.

Your Committee has further amended the concurrent resolution by adding a RESOLVE

clause requesting the Hui O Kanani O Kahana to report to the Legislature twenty days prior to the convening of the Ninth State Legislature twenty days prior to the convening of the Ninth State Legislature, Regular Session of 1978 as to what they have done in the intervening period and their proposed plans for the coming year .

Your Committee also has amended the final RESOLVE clause to provide for transmittal of certified copies of this resolution to the Department of Land and Natural Resources and the Hui O Kanani O Kahana as well as to the Senate Committee on Ecology, Environment and Recreation.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.C.R. No. 94, as amended herein and recommends its adoption as S.C.R. No. 94, S.D. 1.

Signed by all members of the Committee.

SCRep. 1201 Ecology, Environment and Recreation on S.R. No. 264

The purpose of this resolution is to request the Senate Committee on Ecology, Environment and Recreation to hold public hearings to define and establish standards and criteria for a "living park" including discussion of the problems involved in accepting the concept of a "living park" and determine the present status and future direction of Kahana Valley Park.

Your Committee conducted a public hearing at the Kahana Youth Center in Kahana Valley and heard from the Hui O Kanani O Kahana, the resident's association of Kahana Valley; Hui Malama Aina O Kahana; Hui O Koolauloa Canoe Club of Kahana Bay; Kaaawa Community Association; Ohana O Hawai'i; The Council of Hawaiian Organizations; and many persons testifying as individuals.

Your committee subsequently held a decision making meeting at the State Capitol, which was attended by residents of the Valley and Ohana as well as the State Parks Administrator. Your Committee dispensed with usual procedure because of the nature of the resolution and invited the public to participate in the deliberations.

It is the feeling of the Committee that rather than to follow the Kahana Valley State Park plan prepared by H. Mogi Planning and Research, Inc. for the Department of Land and Natural Resources, Division of State Parks, it would be preferable at this time to incorporate only the parts of the Mogi plan that would fit into the first phase of development as determined by the Legislature and the residents. Future phases would evolve rather than being pre-cast.

The Committee recommends that Phase I be limited to immediate needs and a modest program for the public. It would begin with an assessment of present houses to inventory what needs to be done to upgrade them to an acceptable standard and to make these improvements, with an occasional new house should such be required by displacement. The mauka section of the Valley would be opened as soon as possible for hiking, with the necessary improvement or construction of trails to begin promptly.

Your Committee further recommends that the living park program include an education program, conducted by Valley residents, to demonstrate and talk about native Hawaiian culture for the benefit of visitors, as a commitment on the part of the residents for the privilege of residing in the living park. Their lifestyle in the Valley shall continue though it shall embody where possible native Hawaiian values such as the Ohana system in repairing their homes; their educational program shall deal with native Hawaiian culture and values.

Phase I would also include work to restore the fishpond, a historic site. It is the intent of your Committee that people of the Valley knowledgeable about such matters be used as consultants, with a State archaeologist engaged to the degree necessary.

It is the intent of your Committee that the Department of Land and Natural Resources compile reasonably accurate data as to the current extent in acres of existing residences to preclude indefinite expansion. It is not the intent of your Committee that any additional houses be added.

Your Committee recommends that any expansion of a given program, such as taro planting, first be approved by the residents of the Valley and then presented to the Board of Land and Natural Resources for approval.

It is your Committee's firm intent that no road be built going into the Valley, that access to the village be by a minimal road, that access beyond the village be by walking. The road beyond the village shall be chained or otherwise encumbered to prevent access by vehicles.

In discussing trail access, it was pointed out by the State Parks Administrator that individuals raising cattle and papaya, now in the Valley on thirty-day revocable permits, would have to phase out their activities to make way for the trails. It is the recommendation of the Committee that although only thirty days' notice is required by law, six months' notice prior to the need to open access to the mauka areas be given to these individuals. It is further your Committee's intent that this Committee Report serve to begin the six months and alert these individuals to the necessity of moving. It is your Committee's desire that the State Parks Administrator send copies of this Committee Report upon its adoption to the individuals involved.

It is your Committee's intent that the State Parks Administrator, working with the residents, devise a system for people who plan to hike in the Valley checking in and out to enhance their safety, though this may be by as simple a means as persons just phoning in that they will be hiking in the Valley that day, as is the present practice at Moanalua Valley.

Danger from falling coconuts, removal of rocks and hapuu from the Valley and target shooting of firearms were mentioned as recurring problems. Your Committee requests that signs be posted in appropriate places reminding visitors that this is State land and that plants not be removed. Signs warning of falling coconuts should be posted in the coconut grove area.

It is the recommendation of your Committee that when leaving the Valley, an individual or a family's commitment to fulfill the requirement of participation in the purpose of the living park shall be passed on to the immediate family member who succeeds in their place. Should the immediate family member, such as a son or daughter, not wish to carry on that activity, your Committee recommends that the residents of the Valley select someone of their choosing, willing and able to carry on that task, to replace the departed resident. First priority in such instances shall be given to descendants of those who reside or once resided in the Valley, and the choice shall be approved by the Board of Land and Natural Resources.

Kahana Valley presently is under Land Management and your Committee suggests that land be turned over to the Parks Division on an incremental basis as the living park program develops.

Your Committee sensed from the discussion with those attending the decision-making meeting that there was a general consensus on the matters set forth in this report.

Your Committee has amended the resolution by changing the first RESOLVE to read that the purpose of a "living park" in Hawaii is to nurture and foster native Hawaiian culture and spread knowledge of its values and ways; and that in such a living park, the individuals living there shall participate in the purposes of the park by helping in the education of the public and by incorporating into the structure of their daily lives such values and ways.

Your Committee has further amended the resolution by adding a RESOLVE clause requesting the Hui O Kanani O Kahana to report to the Legislature twenty days prior to the convening of the Ninth State Legislature twenty days prior to the convening of the Ninth State Legislature, Regular Session of 1978 as to what they have done in the intervening period and their proposed plans for the coming year.

Your Committee also has amended the final RESOLVE clause to provide for transmittal of certified copies of this resolution to the Department of Land and Natural Resources and the Hui O Kanani O Kahana as well as to the Senate Committee on Ecology, Environment and Recreation.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 264, as amended herein and recommends its adoption as S.R. No. 264, S.D. 1.

Signed by all members of the Committee.

SCRep. 1202 Ecology, Environment and Recreation on S.R. No. 229

The purpose of this resolution is to expand Lapakahi State Historical Park to include the Kohala mountain trail and to request the Department of Planning and Economic Development and the Department of Land and Natural Resources to work cooperatively to obtain available Federal funds for this project under the Land and Water Conservation Fund Act of 1965, if possible, or other source.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of S.R. No. 229 and recommends its adoption.

Signed by all members of the Committee except Senator George.

SCRep. 1203 Ecology, Environment and Recreation on Gov. Msg. Nos. 372, 373, 374 and 375

Recommending that the Senate advise and consent to the nominations to the Natural Area Reserves System Commission, as follows:

ROBERT A. KINZIE III, for term ending December 31, 1980;

DR. KENNETH Y. KANESHIRO, for term ending December 31, 1980;

DR. DIETER MUELLER-DOMBOIS, for term ending December 31, 1979; and

DR. DERRAL HERBST, for term ending December 31, 1977.

Signed by all members of the Committee.

SCRep. 1204 Ecology, Environment and Recreation on Gov. Msg. No. 421*

Recommending that the Senate advise and consent to the nomination of DONALD D. RIETOW, to the Environmental Council, for term ending December 31, 1980.

Signed by all members of the Committee.

SCRep. 1205 Ecology, Environment and Recreation on Gov. Msg. No. 420

Recommending that the Senate advise and consent to the nomination of LARRY K.K. SAITO, to the Fish and Wildlife Advisory Committee, County of Kauai, for term ending December 31, 1978.

Signed by all members of the Committee.

SCRep. 1206 Ways and Means on H.B. No. 1175

The purpose of this bill is to increase the public employer's monthly contribution to the Health Fund's Dental Plan from \$3.26 to \$3.74 for each child under age 19, in order to maintain the current level of benefits for the children of state and county employee-beneficiaries enrolled for dental benefits.

Your Committee finds that an appropriation of \$354,000 is necessary to fund the State's share of the anticipated 15% increase in dental insurance premiums for the 1977-1979 biennium; \$175,000 for fiscal year 1978 and \$179,000 for fiscal year 1979.

Current Dental Plan benefits consist of a 100 per cent payment for diagnostic services which include annual exams, semi-annual teeth cleaning, x-rays as required, emergency care, and a 60/40 per cent co-payment for other dental services excluding orthodontics.

Your Committee further finds that without additional funding, employee beneficiaries will be required to pay a higher portion of their family's dental bills because benefits will be reduced to a 100 per cent payment for diagnostic services and a 50/50 per cent co-payment for other dental services.

Based upon the intent of past legislative sessions, the Health Fund has neither diminished nor impaired the level of employee benefits originally funded by the Legislature. Through its Board of Trustees, it has continuously maintained a uniform level of benefits over the years as well as improved the scope of such benefits only after evaluating and determining the medical, dental and group life insurance needs of all employee-beneficiaries.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1175 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1207 Housing and Hawaiian Homes on S.B. No. 71

The purpose of this bill is to recodify, with substantive changes, Hawaii's housing laws.

It is your Committee's intent to completely restructure Hawaii's housing laws. Many times, legislation is enacted on a piecemeal basis, without regard for clarity or organization, with administrative and program provisions scattered throughout several chapters. Many times, language enacted years ago becomes archaic or obsolete. Such is the case with much of our housing statutes.

Your Committee has not made any major substantive changes in this draft of the bill.

Additions and deletions are simply transfers of language from existing sections or chapters, made for the purposes of clarifying and consolidating existing law.

Your Committee plans to do extensive interim study on this matter, and further amend the bill.

Your Committee on Housing and Hawaiian Homes is in accord with the intent and purpose of S.B. No. 71, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 71, S.D. 1, and be recommitted to your Committee on Housing and Hawaiian Homes for further study.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1208 Ways and Means on H.B. No. 1713

The purpose of this bill is to sustain the momentum generated by the aquaculture planning program by insuring that immediate actions will be initiated to encourage and promote commercial development of aquaculture in Hawaii and to undertake the culture of species with potential for Hawaii.

It is also the purpose of this bill to qualify Hawaii for participation in federally assisted programs and projects in aquaculture by providing funds and in-kind services to match such federal funds as may become available.

Your Committee feels this bill would eliminate the problem that nothing can be done during the next fiscal year because of the lack of legislative authorization. The aquaculture plan is scheduled for completion by the end of this fiscal year, while the legislature will not be meeting again until January 1978. Your Committee feels it would be imprudent to allow any slippage of time to occur in that interval of time. Therefore, this bill provides the means to continue interim actions that are vital to promoting and sustaining aquaculture development.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1713, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1209 Legislative Management

Informing the Senate that S.R. Nos. 490 to 500, Conf. Com. Rep. Nos. 40 to 44, Gov. Msg. No. 467 and Stand. Com. Rep. Nos. 1138 to 1208 and 1210 and 1211 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 1210 Health on findings pursuant to the provision of Student Health Services in the University of Hawaii System

Your Committee on Health, which held a public hearing on March 10, 1977 on the health services provided to students in the University of Hawaii system, begs leave to report as follows:

Background and Findings

The purpose of this hearing was to acquaint Senate Health Committee members with the health services and facilities available to students in the University of Hawaii system. In accord with this purpose, representatives from the community colleges as well as from the University of Hawaii at Manoa provided testimony to your Committee regarding health services for students at their respective colleges.

Although the original Student Health Service began serving students at the University of Hawaii's Manoa campus in 1932, it served primarily as an emergency clinic until 1960. At that time, the demands of the growing university community called for leadership and organization in the determination of policy direction for student health services. This resulted in the Legislative Reference Bureau Report of 1964 on the Student Health Services at the University of Hawaii. Specific recommendations were made at that time which even today have not been implemented.

An additional attempt to assess the student health services began in 1971 with the formation of a Health Advisory Committee composed of students, faculty, and administrators from all the colleges, and physicians from the community. Although this Committee discussed the

expansion of student health services beyond the Manoa Campus, neither the director of the Student Health Service nor anyone else was charged with the responsibility of developing a coordinated system of health services for all students within the University system. The Health Advisory Committee essentially reiterated the findings of the 1964 Legislative Reference Bureau Report and made additional recommendations for expansion, which also have not been acted upon.

Today, the Student Health Service at the Manoa campus provides limited primary medical care for the total student body, as well as emergency medical care for the entire academic community at Manoa. In addition, the Family Planning Clinic, which operates on the premises of the Student Health Service, provides services to all clients, regardless of student status, under a federal grant which is subject to annual review for renewal of funds.

However, with the exception of Leeward Community College and the Hilo campus of the University of Hawaii, which have nurse educators, no health services are available to students at the community colleges. Your Committee finds this lack of uniformity in the provision of health services to students to be a discriminatory practice. Moreover, testimony provided to your Committee indicates that the community colleges have an older student population which may be more in need of health services than the younger student population at Manoa.

Your Committee on Health feels that physical and mental well-being are essential prerequisites to student self-actualization, and that the university system has a responsibility to provide primary emergency care for those disabled by injury or illness on the college campuses.

Recommendations

Your Committee on Health, after a careful review and assessment of the health services provided to students in the University of Hawaii system, offers two principal recommendations. First, that the University of Hawaii be requested by the Legislature to develop a coordinated student health services policy for the entire University of Hawaii system that is non-discriminatory in nature. The second recommendation, in recognition of the fact that the University of Hawaii cannot cope with expanded responsibilities in the area of student health services without generating additional funding, is that the University of Hawaii be requested by the Legislature to explore options and alternatives as to the funding of a student health service program, including such options as the assessment of a fee as part of the student fees paid at registration, the assessment of a fee for service at any student health services center, the seeking of reimbursements from private medical insurance carriers, and the seeking of federal funds in whatever form.

Appropriate legislation has been introduced which will accomplish the intent of this standing committee report.

Signed by all members of the Committee except Senator Ching.

SCRep. 1211 (Majority) Education on S.R. No. 258

The purpose of this resolution is to request the department of education to explore the possibilities of eye exercises. Eye exercises are compulsory in the Republic of China and are considered one of the principal reasons for the large number of its citizens not having to wear glasses. Vision problems have become a major concern in our school system yet little is being done which is preventative in nature. Eye exercises should be explored with this in mind, so that if during the study of such exercises, other preventative techniques are discovered, these too should be explored.

The resolution has been amended to change the title of the recipient to superintendent and to clarify when the report to the legislature is to come in.

Your Committee on Education concurs with the intent and purpose of S.R. No. 258, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 258, S.D. 1.

Signed by all members of the Committee.
Senators Kuroda and Anderson did not concur.

SCRep. 1212 Higher Education on H.C.R. No. 5

The purpose of this concurrent resolution is to request the House and Senate Committees on Higher Education to jointly review, during the interim, the University of Hawaii's athletic program, giving special attention to the financial aspects and sources of funding for the program.

The University of Hawaii's athletic program has been plagued with financial and administrative problems in recent years and has been a target for much public criticism regarding the proper intentions and priorities of the program.

Your Committee feels that a legislative review of the fiscal and program management of intercollegiate athletics is necessary to insure that students needs are met and to enable the University, as well as the Legislature, to better plan for future funding requirements.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 5, H.D. 1 and recommends its adoption.

Signed by all members of the Committee except Senator Saiki.

SCRep. 1213 Transportation on H.C.R. No. 52

The purpose of this concurrent resolution is to expedite the implementation and expansion of express bus service from the Leeward-Central Oahu area to the Honolulu central business district.

It is your Committee's findings that the growth of population in the Leeward-Central Oahu area justifies an increase in the transportation services for that area. Testimony submitted by the Department of Transportation reveals that studies are currently underway to provide exclusive high occupancy vehicle lanes on Moanalua freeway, Route H-1 and Route H-2. Expansion of the present express bus service to the areas at the Leeward termini of these routes is necessary to demonstrate the need for these highway lanes as well as confirm the demand for these services.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 52 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1214 Transportation on S.R. No. 360

The purpose of this resolution is to request the Department of Transportation to accelerate the completion of Piilani Highway, Island of Maui.

Your Committee finds the growth in population from Kihei to Ulupalakua, Maui, and the resultant increase in vehicle traffic have posed a threat to the safety of motorists who must make use of an existing public road not designed to accommodate the present level of traffic. Continued growth will worsen an already bad situation. As it is the responsibility of the State through the Department of Transportation to construct Piilani Highway, your Committee concurs with the content of this resolution as it is written in this respect.

Your Committee has amended this resolution by deleting the request for a status report on this project. Testimony presented by the Department of Transportation on this subject included an updated status report indicating construction of the first segment from Kihei to Kilohana Street in early 1978.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 360, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 360, S.D. 1.

Signed by all members of the Committee.

SCRep. 1215 Transportation on S.R. No. 395

The purpose of this resolution is to request Hawaii's Congressional delegation to examine all facets of the Air Transportation Regulatory Reform Act of 1977.

Your Committee concurs with testimony submitted by the Department of Transportation and the airlines serving Hawaii, that, given the uniqueness of our island situation and our dependence on air travel as a major factor influencing our largest industry, any change in current air transportation practices will have considerable effect on our population as well as our economy. The proposed Air Transportation Regulatory Reform Act deserves a special amount of attention and, where applicable, Hawaii's special interests should be brought up. Hawaii's Congressional delegation is the proper vehicle for this.

Your Committee has amended this resolution by deleting certain statements thought to be unsubstantiated. Additionally, the resolved has been amended to urge Hawaii's Congressional delegation to work toward and recommend changes which will be beneficial

to the residents and visitors of Hawaii.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 395, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 395, S.D. 1.

Signed by all members of the Committee.

SCRep. 1216 Transportation on S.R. No. 424

The purpose of this resolution is to request the U.S. Court of Appeals, Ninth Circuit, to permit connection of the completed segment of H-3 to Kamehameha Highway so that the citizens of the State of Hawaii can benefit from the construction that has already taken place.

Design and construction of the H-3 Interstate-Defense Highway system has been enjoined by the court. The completed Windward segment cannot be utilized until a 3/10th mile connection to the Kamehameha Highway is constructed. Use of the completed portion of the H-3 would relieve traffic congestion in the area. In addition, regular public use of this portion of highway would prevent further acts of vandalism, which up to the present time have been extensive.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 424 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1217 Transportation on S.R. No. 458

The purpose of this resolution is to request the Department of Transportation to reevaluate their policy on selection of names for use on highway marking signs and to modify the policy to include names easily recognizable by the general public.

At the present time, marking signs are not allowed to reflect privately named areas, but must, instead, designate areas by geographical features or original village and street names. This situation presents difficulties for the motoring public who often identify a prominent area, such as a shopping center, by a private name.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 458 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1218 Transportation on S.R. No. 461

The purpose of this resolution is to request a study by the interim Committee on Transportation into the areas of insurance coverage and regulation of motor-driven bicycles.

Your Committee finds the increased popularity of these vehicles deserves the attention of an interim study to determine their proper regulation and classification as a motor vehicle. The present law provides only that an operator must be over 15 years of age, while legislation introduced this session would create a definition for these vehicles in the statutes as well as impose additional operating restrictions and regulations. Questions yet to be explored include the possible creation of a special licensing category and the requirement that the users of these vehicles carry insurance.

Testimony received indicates that the Department of Transportation and the Hawaii Motorized Bicycle Association would be willing to assist your Committee with interim work in this area.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 461 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1219 Higher Education on H.C.R. No. 136

The purpose of this concurrent resolution is to request the University of Hawaii to further demonstrate its concern and support for students who seek employment in consonance with career objectives by utilizing the present delivery mechanism that it created for servicing student employment.

Your Committee finds that in the past, the functions of the Student Employment Office were under the purview of the University of Hawaii Financial Aids Office. However, to service increasing numbers of students, and to fulfill job classification, equal pay for equal work, and equal employment opportunity requirements, and in response to legislative directives, the Student Employment Office was established as a separate office in 1975.

Your Committee is pleased with the success of the Student Employment Office in meeting the needs for part-time employment. Your Committee urges the University of Hawaii to continue the present Student Employment Office at Manoa in its present form.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 136 and recommends its adoption.

Signed by all members of the Committee except Senator Saiki.

SCRep. 1220 Transportation on S.C.R. No. 167

The purpose of this concurrent resolution is to provide for the establishment of a Kalaniana'ole Highway Improvements Committee to be set up under the auspices of the Department of Transportation. This committee will advise the Department towards a planning approach to the future development of Kalaniana'ole Highway to coordinate any future and unplanned improvements with actual and planned vehicular population increases. Prior action on Senate Resolution No. 383 and Senate Concurrent Resolution No. 138 is anticipated.

Your Committee finds the mountain to ocean sprawl of homes along Kalaniana'ole Highway will limit any future expansion along this corridor. The newly adopted General Plan for Oahu anticipates a population of 65,000 in the Aina Koa to Hawaii Kai area by the year 2000, an increase over the 1975 population of 39,374. This increase will have a corresponding increase on the number of cars travelling along the corridor. The solution to the problem this will create may lie in an approach to planning which includes citizen input.

Your Committee has amended this Concurrent Resolution so as to better identify the intent of your Committee with respect to the duties and powers of the Kalaniana'ole Highway Improvements Committee.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 167, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 167, S.D. 1.

Signed by all members of the Committee.

SCRep. 1221 Transportation on S.R. No. 460

The purpose of this resolution is to provide for the establishment of a Kalaniana'ole Highway Improvements Committee to be set up under the auspices of the Department of Transportation. This committee will advise the Department towards a planning approach to the future development of Kalaniana'ole Highway to coordinate any future and unplanned improvements with actual and planned vehicular population increases. Prior action on Senate Resolution No. 383 and Senate Concurrent Resolution No. 138 is anticipated.

Your Committee finds the mountain to ocean sprawl of homes along Kalaniana'ole Highway will limit any future expansion along this corridor. The newly adopted General Plan for Oahu anticipates a population of 65,000 in the Aina Koa to Hawaii Kai area by the year 2000, an increase over the 1975 population of 39,374. This increase will have a corresponding increase on the number of cars travelling along the corridor. The solution to the problems this will create may lie in an approach to planning which includes citizen input.

Your Committee has amended this Resolution so as to better identify the intent of your Committee with respect to the duties and powers of the Kalaniana'ole Highway Improvements Committee.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 460, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 460, S.D. 1.

Signed by all members of the Committee.

SCRep. 1222 Ways and Means on H.B. No. 7

The purpose of this bill is to establish a legislative economic advisory council to guide and assist legislative decision making.

The bill will establish a five-member economic advisory council composed of representatives from the business, academic, and financial community, selected from a list of ten names submitted by the ombudsman, the legislative auditor, and the director of the legislative reference bureau. The council will provide necessary financial advice and information to both houses of the legislature at the joint request of the president of the senate and the speaker of the house of representatives.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 7, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Anderson.

SCRep. 1223 Public Utilities on Gov. Msg. No. 210

Recommending that the Senate advise and consent to the nomination of SUNAO KIDO, to the Public Utilities Commission, term to expire June 1, 1978.

Signed by all members of the Committee.

SCRep. 1224 Public Utilities on Gov. Msg. No. 210

Recommending that the Senate advise and consent to the nomination of ROBERT H. RATH, SR., to the Public Utilities Commission, term to expire June 1, 1980.

Signed by all members of the Committee.

SCRep. 1225 Public Utilities on Gov. Msg. No. 210

Recommending that the Senate advise and consent to the nomination of ALBERT Q.Y. TOM, to the Public Utilities Commission, term to expire June 1, 1982.

Signed by all members of the Committee.

SCRep. 1226 Economic Development on Gov. Msg. No. 177

Recommending that the Senate advise and consent to the nomination of MASAMI NIIMI, to the Advisory Committee on Flowers and Foliage, term to expire December 31, 1980.

Signed by all members of the Committee except Senators Hara and Nishimura.

SCRep. 1227 Legislative Management

Informing the Senate that S.R. No. 501 and Stand. Com. Rep. Nos. 1212 to 1226 and 1228 to 1230 have been printed and are ready for distribution.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1228 (Joint) Human Resources and Higher Education on H.C.R. No. 112

The purpose of this resolution is to request the Departments of Budget and Finance and Personnel Services and the University of Hawaii to submit a report relative to the problem of functional duplication among these three State departments in the areas of statewide and multi-department in-service training. The report shall accomplish a clear delineation of the functional and jurisdictional relationships of these departments and shall be submitted to the Legislature prior to the convening of the regular session of 1978.

The three aforementioned units of State government are presently involved in statewide in-service training programs. Your Committees find that functional duplication among these three State departments impedes the operational effectiveness and efficiency of these programs.

The Department of Personnel Services is responsible for administering the State personnel program which includes employee development and training. Your Committees find that any joint delineation of statewide and multi-department in-service training functions, responsibilities and authorities among the three departments should be conducted in relation to the functions of the department of Personnel Services with the specific objective of eliminating duplication of services, programs and manpower, and with specific attention to fiscal resources.

The Hawaii Institute for Management and Analysis in Government was created by Act 86, SLH 1974 and assigned very specific and restricted duties and responsibilities. The

Government Development Center at the University was created by Act 190, SLH 1967 as amended by Act 149, SLH 1970 as the educational arm for state employees and as an agency for development and improvement. The Department of Personnel Services is responsible for initiating and providing suitable in-service training programs and for coordinating all in-service training activities of all departments of government with related activities.

Your Committees are of the opinion that any joint delineation of functions, responsibilities and authorities should take cognizance of the above mentioned roles of HIMAG, the Government Development Center and the Department of Personnel Services.

Your Committees have amended this resolution to provide for the submittal of the aforementioned report to the Senate Committees on Human Resources and Higher Education, and to the House Committee on Public Employment and Government Operations on or before November 15, 1977.

Your Committees on Human Resources and Higher Education concur with the intent and purpose of H.C.R. No. 112 as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 112, S.D. 1.

Signed by all members of the Committees.

SCRep. 1229 Human Resources on H.C.R. No. 132

The purpose of this concurrent resolution is to request the House of Representatives to approve the State Policy on Senior Centers contained in the report entitled: "Reviewing Existing Senior Center Systems in the State and State Policy on Senior Centers."

Your Committee finds that Hawaii's elderly population has unique individual and group needs involving their physical, socio-cultural, and economic well-being and that the State bears an important responsibility to meet these needs. The "State Policy on Senior Centers" suggests the establishment and operation of multipurpose senior center programs to deliver a wide range of elderly services in specific geographic areas. In addition, the policy establishes standards and delineates responsibilities for the establishment and operation of multi-purpose senior centers and programs utilizing public funds.

Your Committee believes that the adoption of this State policy will correct the deficiencies cited by the 1975 House Interim Committee, the Ad Hoc Committee on Senior Centers and the elderly's growing need as evidenced by testimony presented to the 1977 legislative session.

Your Committee on Human Resources concurs with the intent and purpose of H.C.R. No. 132 and recommends its adoption.

Signed by all members of the Committees.

SCRep. 1230 Economic Development on H.C.R. No. 55

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to conduct a management and program audit of the Forestry Division and the State Parks Division of the Department of Land and Natural Resources.

Your Committee finds that a complete and detailed program audit has not been conducted on either the department's State Parks Division or Forestry Division in recent years to determine program accountability. A financial audit of the department is presently being conducted in addition to a management and program audit of the Land Management Division of the department.

Your Committee agrees that the scope of this audit should be limited to a management and program audit of the State Parks and Forestry Divisions of the Department of Land and Natural Resources.

Your Committee on Economic Development concurs with the intent and purpose of H.C.R. No. 55, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hara and Nishimura.

SCRep. 1231 Economic Development on H.C.R. No. 91

The purpose of this concurrent resolution is to urge the Governor and the Department of Land and Natural Resources to act expeditiously to process a long-term lease renewal of at least 20 years duration, to follow the current lease expiration on August 31, 1977, for the Waimanalo Experiment Station, College of Tropical Agriculture of the University of Hawaii.

Your Committee finds that the Waimanalo Experiment Station is required for field research on projects of statewide significance to a broad segment of the State's farmers and others engaged in agriculture. Research on a wide variety of crops occurs at this Experiment Station and because of this Waimanalo is a top priority location.

Your Committee on Economic Development concurs with the intent and purpose of H.C.R. No. 91 and recommends its adoption.

Signed by all members of the Committee except Senator Saiki.

SCRep. 1232 (Majority) Judiciary on H.C.R. No. 128

The purpose of this concurrent resolution is to request a study to review the existing functions and responsibilities of the Real Estate Commission, as well as the increasing workload, and to provide recommendations for changes in manpower or organizational structure of the Commission. Further, the study is to determine the feasibility of developing a real estate division within the Department of Regulatory Agencies. The study is to be conducted by the Office of the Legislative Reference Bureau and to be funded by the Real Estate Education Fund.

The growth of the State, the increase in the number of real estate licensees, and the increase in the amount of real estate activity has resulted in an unmanageable workload at the Commission, according to testimony by the Commission and the Hawaii Association of Realtors.

To ensure the adequate regulation of real estate licensees under Chapter 467 of the Hawaii Revised Statutes, and the enforcement of the Horizontal Property Regimes under Chapter 514, Hawaii Revised Statutes, your Committee agrees that this study and the implementation of the resulting recommendations would benefit the consumer and the real estate industry.

Your Committee recommends that the Office of the Legislative Reference Bureau submit to the Real Estate Commission for its approval a budget detailing the expenses it anticipates will be necessary to conduct this study. No general fund revenues will be used for the study.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 128, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.
Senator Kawasaki did not concur.

SCRep. 1233 Ecology, Environment and Recreation on H.C.R. No. 111

The purpose of this concurrent resolution is to establish a joint Iolani Palace Centennial Committee for the interim period of 1977 to prepare for the December 31, 1979 celebration of the official reopening of the Palace on its one hundredth anniversary. The joint Iolani Palace Centennial Committee shall recommend to the Ninth Legislature of the State of Hawaii, Regular Session of 1978, any legislation or appropriations necessary for the December 31, 1979 celebration.

Your Committee on Ecology, Environment and Recreation concurs with the intent and purpose of H.C.R. No. 111, H.D. 1 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1234 Legislative Management

Informing the Senate that S.R. Nos. 502 to 512, Gov. Msg. No. 471, Conf. Com. Rep. Nos. 45 to 51 and Stand. Com. Rep. Nos. 1231 to 1233 and 1235 and 1236 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 1235 Economic Development on S.C.R. No. 171

This concurrent resolution is to encourage the State government and the private sector of the State to make all efforts to attract capital to the State and to present suggestions before the Regular Session of 1978 for appropriate legislation.

Your Committee finds that capital must be encouraged to flow into the State in greater

quantities in order to utilize the multiplier effect of such investment to create needed employment for our people and to create revenues from such employment. This will greatly benefit the people of Hawaii.

Your Committee has amended this Concurrent Resolution to cite additional economic indicators in support of the intention of this Resolution. They are inserted after the third WHEREAS.

Your Committee on Economic Development concurs with the intent and purpose of S.C.R. No. 171, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 171, S.D. 1.

Signed by all members of the Committee.

SCRep. 1236 Economic Development on S.R. No. 472

The purpose of this resolution is to encourage the State government and the private sector of the State to make all efforts to attract capital to the State and to present suggestions before the Regular Session of 1978 for appropriate legislation.

Your Committee finds that capital must be encouraged to flow into the State in greater quantities in order to utilize the multiplier effect of such investment to create needed employment for our people and to create revenues from such employment. This will greatly benefit the people of Hawaii.

Your Committee has amended this Concurrent Resolution to cite additional economic indicators in support of the intention of this Resolution. They are inserted after the third WHEREAS.

Your Committee on Economic Development concurs with the intent and purpose of S.R. No. 472, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 472, S.D. 1.

Signed by all members of the Committee.

SCRep. 1237 Legislative Management

Informing the Senate that S.R. Nos. 513 to 522 and Stand. Com. Rep. No. 1238 have been printed and are ready for distribution.

Signed by all members of the Committee.

SCRep. 1238 Higher Education on S.R. No. 288

The purpose of this resolution is to request the University of Hawaii to conduct a study to determine the feasibility of establishing a four-year college on the Island of Maui.

Your Committee has amended the title of the resolution to specify that a study and not the establishment of a four-year college is being requested and has also amended the resolution to specify that the study be conducted by a committee composed of the University of Hawaii Board of Regents, representatives of the Maui community, representatives of the educational community and members of the Legislature.

Your Committee, after its deliberations, has concluded that the time has come for a comprehensive study to determine not only the feasibility of establishing a four-year college on the Island of Maui, but also its nature. It also feels that such a school should include as an integral part the present community college on Maui.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 288, as amended herein, and recommends its referral to the Committee on Legislative Management in the form attached hereto as S.R. No. 288, S.D. 1.

Signed by all members of the Committee.