

ELEVENTH DAY

Wednesday, January 30, 1985

The Senate of the Thirteenth Legislature of the State of Hawaii, Regular Session of 1985, convened at 11:30 o'clock a.m., with the Vice President in the Chair.

The Divine Blessing was invoked by Bishop Yoshiaki Fujitani, Honpa Hongwanji Mission of Hawaii State, after which the Roll was called showing all Senators present with the exception of Senator Cobb who was excused.

The Chair announced that he had read and approved the Journal of the Tenth Day.

Senator Kuroda then introduced to the members of the Senate Mr. Steve Self, Hawaii Marketing Manager, and Mrs. Alicia Miller, Marketing Research Representative, of United Airlines, Chicago, who were accompanied by Mrs. Evelyn Richardson from the Hawaii Visitors Bureau Research Division.

MESSAGES FROM THE GOVERNOR

The following messages from the Governor (Gov. Msg. Nos. 91 to 93) were read by the Clerk and were disposed of as follows:

Gov. Msg. No. 91, transmitting the "Kekaha Flood Control Management Plan, Island of Kauai," prepared by the Department of Land and Natural Resources, pursuant to S.R. No. 146 (1984), was referred to the Committee on Economic Development.

Gov. Msg. No. 92, transmitting a report prepared by the Governor's Agriculture Coordinating Committee, in response to H.R. No. 26 (1984), Requesting an Investigation into the Feasibility of Establishing Consolidation Facilities for the Storage and Distribution of Agricultural Products, was referred to the Committee on Agriculture.

Gov. Msg. No. 93, transmitting the Annual Report of the Governor's Agriculture Coordinating Committee, FY 1983 - 1984, pursuant to Sec. 164-3, HRS, was referred to the Committee on Agriculture.

INTRODUCTION OF SENATE BILLS

On motion by Senator Kuroda, seconded by Senator Soares and carried, the following bills passed First Reading by title, were referred to print and were placed on the calendar for further consideration on Thursday, January 31, 1985:

Senate Bills

No. 237 "A BILL FOR AN ACT

RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 238 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 239 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 240 "A BILL FOR AN ACT RELATING TO AN EMERGENCY AND BUDGET STABILIZATION FUND."

Introduced by: Senator Wong, by request.

No. 241 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 242 "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE XVIII, SECTION 6, OF THE HAWAII CONSTITUTION, TO ALLOW THE COUNTIES TO TAX THE REAL PROPERTY OF PUBLIC SERVICE COMPANIES."

Introduced by: Senator Wong, by request.

No. 243 "A BILL FOR AN ACT RELATING TO A STATE LOTTERY."

Introduced by: Senator Wong, by request.

No. 244 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 245 "A BILL FOR AN ACT RELATING TO THE HAWAII REVISED STATUTES."

Introduced by: Senator Wong, by request.

No. 246 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 247 "A BILL FOR AN ACT

RELATING TO TAXATION."

Introduced by: Senator Wong, by request.

No. 248 "A BILL FOR AN ACT RELATING TO RETIREMENT OF ELECTED OFFICERS AND JUDGES."

Introduced by: Senator Wong, by request.

No. 249 "A BILL FOR AN ACT RELATING TO THE CONFIDENTIALITY OF ADULT PROBATION RECORDS."

Introduced by: Senator Wong, by request.

No. 250 "A BILL FOR AN ACT RELATING TO THE JUDICIARY."

Introduced by: Senator Wong, by request.

No. 251 "A BILL FOR AN ACT RELATING TO OPTIONAL DISPOSITION OF TRAFFIC CHARGES."

Introduced by: Senator Wong, by request.

No. 252 "A BILL FOR AN ACT RELATING TO LAND COURT FEES."

Introduced by: Senator Wong, by request.

No. 253 "A BILL FOR AN ACT RELATING TO FAMILY COURT."

Introduced by: Senator Wong, by request.

No. 254 "A BILL FOR AN ACT RELATING TO DRIVERS' EDUCATION FUND UNDERWRITERS' FEE."

Introduced by: Senator Wong, by request.

No. 255 "A BILL FOR AN ACT RELATING TO COMPLIANCE WITH COURT ORDERS IN TRAFFIC CASES."

Introduced by: Senator Wong, by request.

No. 256 "A BILL FOR AN ACT RELATING TO THE JUDICIARY."

Introduced by: Senator Wong, by request.

No. 257 "A BILL FOR AN ACT RELATING TO THE JUDICIARY."

Introduced by: Senator Wong, by request.

No. 258 "A BILL FOR AN ACT RELATING TO VOLUNTEERS."

Introduced by: Senator Wong, by request.

No. 259 "A BILL FOR AN ACT RELATING TO WORKERS' COMPENSATION."

Introduced by: Senator Wong, by request.

No. 260 "A BILL FOR AN ACT RELATING TO FINANCIAL DISCLOSURES."

Introduced by: Senator Wong, by request.

No. 261 "A BILL FOR AN ACT RELATING TO THE SALARY OF THE EXECUTIVE DIRECTOR OF THE ETHICS COMMISSION."

Introduced by: Senator Wong, by request.

No. 262 "A BILL FOR AN ACT RELATING TO GOVERNMENT MINERAL RIGHTS."

Introduced by: Senators Matsuura and Aki.

No. 263 "A BILL FOR AN ACT RELATING TO THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM."

Introduced by: Senators Matsuura and Toguchi.

No. 264 "A BILL FOR AN ACT RELATING TO GEOTHERMAL RESOURCES."

Introduced by: Senators Matsuura and Aki.

No. 265 "A BILL FOR AN ACT RELATING TO EDUCATION."

Introduced by: Senators Matsuura and Toguchi.

No. 266 "A BILL FOR AN ACT RELATING TO BOARDS AND COMMISSIONS."

Introduced by: Senators Matsuura and Chang.

No. 267 "A BILL FOR AN ACT ESTABLISHING A JOINT SENATE AND HOUSE INTERIM COMMITTEE TO STUDY OVERLAPPING STATE AND COUNTY FUNCTIONS."

Introduced by: Senators Matsuura and Kawasaki.

No. 268 "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 4, AND ARTICLE IV, SECTION 8, OF THE CONSTITUTION OF THE STATE OF HAWAII TO AMEND THE DATE OF ELECTION OF A CANDIDATE FOR THE LEGISLATURE WHO IS UNOPPOSED AFTER THE PRIMARY ELECTION."

Introduced by: Senators Matsuura and Toguchi.

No. 269 "A BILL FOR AN ACT RELATING TO EXEMPTING COUNTIES FROM THE GENERAL EXCISE TAX."

Introduced by: Senators Matsuura and Kuroda.

No. 270 "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX."

Introduced by: Senators Matsuura and Kuroda.

No. 271 "A BILL FOR AN ACT RELATING TO HILO HOSPITAL."

Introduced by: Senators Matsuura, Solomon and Henderson.

No. 272 "A BILL FOR AN ACT RELATING TO HISTORIC PRESERVATION."

Introduced by: Senators Matsuura and Holt.

No. 273 "A BILL FOR AN ACT RELATING TO TRAFFIC."

Introduced by: Senators Matsuura, Cayetano and Chang.

No. 274 "A BILL FOR AN ACT RELATING TO BUSINESS DEVELOPMENT."

Introduced by: Senators Matsuura and Aki.

No. 275 "A BILL FOR AN ACT RELATING TO THE CAPITAL LOAN PROGRAM."

Introduced by: Senators Matsuura and Mizuguchi.

No. 276 "A BILL FOR AN ACT RELATING TO FISHING."

Introduced by: Senators Matsuura and Mizuguchi.

No. 277 "A BILL FOR AN ACT RELATING TO COUNTY TORT LIABILITY ACT."

Introduced by: Senators Matsuura and Kuroda.

No. 278 "A BILL FOR AN ACT RELATING TO TAX INCREMENT FINANCING."

Introduced by: Senators Matsuura and Aki.

No. 279 "A BILL FOR AN ACT RELATING TO PUBLIC LANDS."

Introduced by: Senators Matsuura and Aki.

No. 280 "A BILL FOR AN ACT RELATING TO PUBLIC LANDS."

Introduced by: Senators Matsuura and Aki.

No. 281 "A BILL FOR AN ACT RELATING TO THE ESTABLISHMENT OF A STATE REVENUE SHARING PROGRAM FOR THE SEVERAL COUNTIES."

Introduced by: Senators Matsuura and Mizuguchi.

No. 282 "A BILL FOR AN ACT RELATING TO THE GENERAL EXCISE TAX."

Introduced by: Senators Matsuura and Mizuguchi.

No. 283 "A BILL FOR AN ACT RELATING TO TORT ACTIONS."

Introduced by: Senators Matsuura and Hagino.

No. 284 "A BILL FOR AN ACT RELATING TO TAXATION."

Introduced by: Senators Chang, A. Kobayashi, Abercrombie, Mizuguchi, Yamasaki, Aki, Solomon, Matsuura, Fernandes Salling, Hee, Holt, Soares, Hagino, Cayetano, Toguchi, McMurdo and Machida.

No. 285 "A BILL FOR AN ACT RELATING TO CAPITAL CRIMES."

Introduced by: Senators Kawasaki, Kuroda, Aki, A. Kobayashi, Matsuura and McMurdo.

No. 286 "A BILL FOR AN ACT RELATING TO REAL PROPERTY LEASES."

Introduced by: Senators Young and McMurdo.

No. 287 "A BILL FOR AN ACT RELATING TO THE HAWAII COMMUNITY DEVELOPMENT AUTHORITY."

Introduced by: Senator Young.

No. 288 "A BILL FOR AN ACT RELATING TO DRUGS."

- Introduced by: Senator Abercrombie.
- No. 289 "A BILL FOR AN ACT RELATING TO CHILD CARE AT THE UNIVERSITY OF HAWAII."
- Introduced by: Senator Abercrombie.
- No. 290 "A BILL FOR AN ACT RELATING TO AFTER-SCHOOL PROGRAMS."
- Introduced by: Senator Abercrombie.
- No. 291 "A BILL FOR AN ACT RELATING TO ADOPTION."
- Introduced by: Senator Abercrombie.
- No. 292 "A BILL FOR AN ACT RELATING TO DISCRIMINATION."
- Introduced by: Senator Abercrombie.
- No. 293 "A BILL FOR AN ACT RELATING TO DRIVING UNDER THE INFLUENCE OF INTOXICATING LIQUOR."
- Introduced by: Senator Abercrombie.
- No. 294 "A BILL FOR AN ACT RELATING TO CORRECTIONS."
- Introduced by: Senator Abercrombie.
- No. 295 "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR."
- Introduced by: Senator Abercrombie.
- No. 296 "A BILL FOR AN ACT RELATING TO RAISING THE AGE OF MAJORITY AND CONFORMING AMENDMENTS TO THE HAWAII REVISED STATUTES."
- Introduced by: Senator Abercrombie.
- No. 297 "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE II, SECTION 1, OF THE HAWAII CONSTITUTION, TO CHANGE THE AGE QUALIFICATION FOR VOTING."
- Introduced by: Senator Abercrombie.
- No. 298 "A BILL FOR AN ACT RELATING TO CIVIL DEFENSE."
- Introduced by: Senator Abercrombie.
- No. 299 "A BILL FOR AN ACT RELATING TO PUBLIC RECORDS."
- Introduced by: Senator Abercrombie.
- No. 300 "A BILL FOR AN ACT RELATING TO MANOA FINANCE AND GREAT HAWAIIAN FINANCIAL CORPORATION."
- Introduced by: Senator Abercrombie.
- No. 301 "A BILL FOR AN ACT RELATING TO THE AQUARIUM."
- Introduced by: Senator Abercrombie.
- No. 302 "A BILL FOR AN ACT RELATING TO THE ATTORNEY GENERAL."
- Introduced by: Senator Abercrombie.
- No. 303 "A BILL FOR AN ACT RELATING TO POLITICAL PARTIES."
- Introduced by: Senator Abercrombie.
- No. 304 "A BILL FOR AN ACT RELATING TO THE RESIDENTIAL LANDLORD-TENANT CODE."
- Introduced by: Senator Abercrombie.
- No. 305 "A BILL FOR AN ACT RELATING TO SECURITY DEPOSITS."
- Introduced by: Senator Abercrombie.
- No. 306 "A BILL FOR AN ACT RELATING TO REAL PROPERTY TAXATION."
- Introduced by: Senator Abercrombie.
- No. 307 "A BILL FOR AN ACT RELATING TO TIME SHARING PLANS."
- Introduced by: Senator Abercrombie.
- No. 308 "A BILL FOR AN ACT RELATING TO NO-FAULT INSURANCE."
- Introduced by: Senator Abercrombie.
- No. 309 "A BILL FOR AN ACT RELATING TO INSURANCE FOR MOTOR VEHICLES AND OTHER VEHICLES."
- Introduced by: Senator Abercrombie.
- No. 310 "A BILL FOR AN ACT RELATING TO RECONSTRUCTED VEHICLES."
- Introduced by: Senator Abercrombie.
- No. 311 "A BILL FOR AN ACT PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 8, OF THE HAWAII CONSTITUTION, TO CHANGE LEGISLATIVE DISQUALIFICATIONS."
- Introduced by: Senator Abercrombie.
- No. 312 "A BILL FOR AN ACT RELATING TO THE RESEARCH AND TRAINING REVOLVING FUND."
- Introduced by: Senator Abercrombie.

No. 313 "A BILL FOR AN ACT
RELATING TO THE WESTERN
INTERSTATE COMMISSION FOR HIGHER
EDUCATION."

Introduced by: Senator Abercrombie.

No. 314 "A BILL FOR AN ACT
RELATING TO A TOURIST DESTINATION
AREA IMPROVEMENT FEE."

Introduced by: Senator Abercrombie.

No. 315 "A BILL FOR AN ACT
RELATING TO TAXATION."

Introduced by: Senator Abercrombie.

No. 316 "A BILL FOR AN ACT
RELATING TO EMPLOYMENT
PRACTICES."

Introduced by: Senator Abercrombie.

No. 317 "A BILL FOR AN ACT
RELATING TO JOINT TORTFEASORS."

Introduced by: Senators Matsuura and
Toguchi.

No. 318 "A BILL FOR AN ACT
RELATING TO THE RIGHT OF
CONTRIBUTION AMONG JOINT
TORTFEASORS."

Introduced by: Senators Matsuura and
Toguchi.

No. 319 "A BILL FOR AN ACT
RELATING TO CHAPTER 237, HAWAII
REVISED STATUTES."

Introduced by: Senators Matsuura and
Aki.

STANDING COMMITTEE REPORT

Senator Young, for the Committee on
Legislative Management, presented a report
(Stand. Com. Rep. No. 1) informing the
Senate that S.B. Nos. 1 to 148 have been
printed and have been distributed to the
members of the Senate.

On motion by Senator Young, seconded by
Senator George and carried, the report of
the Committee was adopted.

ORDER OF THE DAY

REFERRAL OF SENATE BILLS

The Chair then made the following
committee assignments of bills that were
introduced on Tuesday, January 29, 1985:

Senate Bills Referred to:

No. 1 Committee on Ways and

Means

No. 2 Committee on Ways and
Means

No. 3 Committee on Judiciary,
then to the Committee on Ways and Means

No. 4 Committee on Human
Services, then to the Committee on Ways
and Means

No. 5 Committee on Labor and
Employment

No. 6 Committee on Labor and
Employment, then to the Committee on
Ways and Means

No. 7 Committee on Judiciary

No. 8 Committee on Judiciary

No. 9 Committee on Government
Operations

No. 10 Committee on Government
Operations

No. 11 Committee on Government
Operations

No. 12 Committee on Government
Operations

No. 13 Committee on Government
Operations

No. 14 Committee on Agriculture

No. 15 Committee on Agriculture

No. 16 Committee on Agriculture

No. 17 Committee on Agriculture

No. 18 Committee on Agriculture

No. 19 Committee on Agriculture

No. 20 Committee on Agriculture,
then to the Committee on Ways and Means

No. 21 Committee on Agriculture,
then to the Committee on Ways and Means

No. 22 Committee on Judiciary

No. 23 Committee on Judiciary

No. 24 Committee on Labor and
Employment

No. 25 Committee on Judiciary

No. 26 Committee on Judiciary

No. 27 Committee on Government
Operations, then to the Committee on Ways
and Means

No. 28	Committee on Judiciary	Ways and Means
No. 29 Services	Committee on Human	No. 49 Committee on Labor and Employment, then to the Committee on Ways and Means
No. 30	Committee on Education	No. 50 Committee on Labor and Employment, then to the Committee on Ways and Means
No. 31	Committee on Judiciary	No. 51 Committee on Labor and Employment, then to the Committee on Ways and Means
No. 32	Committee on Education, then to the Committee on Judiciary	No. 52 Committee on Labor and Employment, then to the Committee on Ways and Means
No. 33	Committee on Tourism and Recreation, then to the Committee on Judiciary	No. 53 Committee on Government Operations
No. 34	Committee on Ways and Means	No. 54 Committee on Government Operations, then to the Committee on Ways and Means
No. 35	Committee on Ways and Means	No. 55 Committee on Education
No. 36	Committee on Human Services, then to the Committee on Ways and Means	No. 56 Committee on Judiciary
No. 37	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 57 Committee on Economic Development, then to the Committee on Ways and Means
No. 38	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 58 Committee on Economic Development
No. 39	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 59 Jointly to the Committee on Education and the Committee on Health
No. 40	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 60 Committee on Health
No. 41	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 61 Committee on Health, then to the Committee on Ways and Means
No. 42	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 62 Committee on Health
No. 43	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 63 Committee on Health
No. 44	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 64 Jointly to the Committee on Health and the Committee on Human Services, then to the Committee on Ways and Means
No. 45	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 65 Committee on Health
No. 46	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 66 Committee on Health
No. 47	Committee on Labor and Employment, then to the Committee on Ways and Means	No. 67 Committee on Health
No. 48	Committee on Labor and Employment, then to the Committee on	No. 68 Committee on Health
		No. 69 Committee on Health, then to the Committee on Ways and Means
		No. 70 Committee on Economic Development
		No. 71 Committee on Judiciary
		No. 72 Committee on Health
		No. 73 Committee on Health, then

to the Committee on Judiciary

No. 74 Committee on Health, then
to the Committee on Judiciary

No. 75 Committee on Agriculture

No. 76 Committee on Health

No. 77 Committee on Labor and
Employment, then to the Committee on
Ways and Means

No. 78 Committee on Labor and
Employment

No. 79 Committee on Labor and
Employment

No. 80 Committee on Economic
Development

No. 81 Committee on Economic
Development

No. 82 Committee on Economic
Development, then to the Committee on
Ways and Means

No. 83 Committee on Agriculture,
then to the Committee on Ways and Means

No. 84 Committee on Tourism and
Recreation

No. 85 Committee on Labor and
Employment, then to the Committee on
Ways and Means

No. 86 Committee on Agriculture,
then to the Committee on Economic
Development

No. 87 Committee on Agriculture,
then to the Committee on Ways and Means

No. 88 Committee on Agriculture

No. 89 Committee on Agriculture,
then to the Committee on Economic
Development

No. 90 Committee on Economic
Development

No. 91 Committee on Economic
Development

No. 92 Committee on Economic
Development

No. 93 Committee on Economic
Development

No. 94 Committee on Economic
Development

No. 95 Committee on Economic
Development

No. 96 Committee on Economic

Development

No. 97 Committee on Economic
Development, then to the Committee on
Judiciary

No. 98 Committee on Economic
Development

No. 99 Committee on Human
Services

No. 100 Committee on Housing and
Community Development, then to the
Committee on Ways and Means

No. 101 Committee on Human
Services, then to the Committee on
Judiciary

No. 102 Committee on Human
Services

No. 103 Committee on Judiciary,
then to the Committee on Ways and Means

No. 104 Committee on Judiciary

No. 105 Committee on Judiciary

No. 106 Committee on Judiciary

No. 107 Committee on Labor and
Employment, then to the Committee on
Judiciary

No. 108 Committee on Labor and
Employment, then to the Committee on
Judiciary

No. 109 Committee on Housing and
Community Development

No. 110 Committee on Housing and
Community Development

No. 111 Committee on Housing and
Community Development

No. 112 Committee on Housing and
Community Development

No. 113 Committee on Human
Services, then to the Committee on Ways
and Means

No. 114 Committee on Human
Services, then to the Committee on
Judiciary

No. 115 Committee on Ways and
Means

No. 116 Committee on Ways and
Means

No. 117 Committee on Ways and
Means

No. 118 Committee on Ways and
Means

No. 119 Means	Committee on Ways and	No. 141 Education, then to the Committee on Ways and Means	Committee on Higher
No. 120 Means	Committee on Ways and	No. 142 Employment	Committee on Labor and
No. 121	Committee on Judiciary	No. 143 Employment	Committee on Labor and
No. 122	Committee on Judiciary	No. 144 Employment	Committee on Labor and
No. 123 Transportation, then to the Committee on Ways and Means	Committee on	No. 145 Employment	Committee on Labor and
No. 124	Committee on Judiciary	No. 146 Employment	Committee on Labor and
No. 125 Transportation, then to the Committee on Judiciary	Committee on	No. 147 Employment	Committee on Labor and
No. 126 Transportation	Committee on	No. 148 Employment	Committee on Labor and
No. 127 Transportation	Committee on	By unanimous consent, consideration of Senate Bill Nos. 149 to 236 was deferred until Thursday, January 31, 1985.	
No. 128 Transportation	Committee on	At 11:45 o'clock a.m., the Senate stood in recess subject to the call of the Chair.	
No. 129 Transportation	Committee on	The Senate reconvened at 11:46 o'clock a.m.	
No. 130 Protection and Commerce	Committee on Consumer	At this time, the Chair announced that two additional members have been appointed to the Majority leadership, as follows:	
No. 131 Operations	Committee on Government	Senator Gerald T. Hagino as Assistant Majority Leader, and	
No. 132 Transportation	Committee on	Senator Norman Mizuguchi as Assistant Majority Floor Leader.	
No. 133 Transportation	Committee on	Senator Soares then rose on a point of personal privilege and remarked:	
No. 134 Transportation, then to the Committee on Ways and Means	Committee on	"Mr. Vice President, I want to enter into the Journal this morning a point-by-point rebuttal to the package of seven amendments to the Land Reform Act, which the Bishop Estate says it intends to bring before the Legislature for action, it announced at a press conference yesterday.	
No. 135 Education, then to the Committee on Ways and Means	Committee on Higher	"The issue of conversion of leasehold land to fee, Mr. Vice President, impacts heavily on the people of Hawaii and is of critical concern to residents of my district.	
No. 136 Education, then to the Committee on Ways and Means	Committee on Higher	"Number 1, the Bishop Estate proposes that the Hawaii Housing Authority should be required to be 'neutral' in the leased fee conversion process.	
No. 137 Education, then to the Committee on Ways and Means	Committee on Higher	"Mr. Vice President, the Hawaii Housing Authority is charged by law to file condemnation proceedings against the lessor whenever negotiations fail. In the court,	
No. 138 Education, then to the Committee on Ways and Means	Committee on Higher		
No. 139 Education, then to the Committee on Ways and Means	Committee on Higher		
No. 140 Education, then to the Committee on Ways and Means	Committee on Higher		

they are the plaintiff, the lessees and a lessors are both defendants. To fulfill the law, the Hawaii Housing Authority is representing the people and are committed to obtaining the lowest possible price consistent with the law. While respecting the legal rights of the lessor, the Hawaii Housing Authority must, if the law is to work, be the advocate for the lessees. It is the court's duty to insure that the proceedings are conducted fairly and justly for both sides.

"The second proposal, once the court sets a value, etc., lessees have two years to pay, etc.

"The lessees do not pay the lessor after the valuation is made by the court. As the plaintiff, the Hawaii Housing Authority does. There should be no delay at all in this area.

"Number 3, lessees who drop out should pay more of Bishop Estate's costs incident to the trial.

"Mr. Vice President, lessees who drop out will usually do so because the valuation is so high they cannot afford it. It is only fair that they should pay only those fees directly attributable to their involvement in the trial.

"Number 4, the Estate wants the option to buy back lots sold to lessees.

"There is no equity in giving the Estate first refusal on buying back lots from lessees who may be forced to sell for personal reasons or any other reason. They have already...the Estate that is...in such cases received just compensation for their interest in the land and have no further claims on it.

"Number 5, Mr. Vice President, setting a value on leasehold property should be based on comparable value of similar residential lots. Condominiums and other types of leasehold property have been used, etc.

"Mr. Vice President, this is a very misleading statement. The leased fee interest in the land under any residence whether a condominium, a duplex, or a single family residence consists of two elements which are financially identical:

a. The present value of the rental income.

b. The present value of the reversion of the land.

In effect, the lessee is not buying his land, he is buying his lease document which says he must pay rent and give back the land after using it for 50 years or so.

"Further, if any restriction is made on what is used as evidence in the valuation

process, attention should be given to the stipulation in the law that says that leased fee interests should be valued as if they were traded in the open market. This recognizes that sales of leased fee interests between lessees and lessors in the past have not been 'open market' transactions. If any restrictions were to be passed in this area it might be to make this provision of the Land Reform Act more specific.

"Number 6, if lease rents are to be controlled by state law then the controlled rents should not be used to establish a purchase price on lots.

"Mr. Vice President, Bishop Estate has not objected to the use of the current version of the law in arriving at purchase prices which are heavily weighted in their favor. Now that there is the prospect of relief for lessees who are being financially crushed by so-called 'renegotiated' lease rents 20 to 40 times higher than their original rent, they want to change the rules.

"Number 7, restrictions on who participates in the lease-to-fee program should be tightened.

"Mr. Vice President, how this is of any concern to Bishop Estate is a question. We passed the various qualifications for lease-to-fee conversion for the protection of the state and the people of Hawaii for several reasons:

a. To protect the taxpayers against any losses incident to the proceedings.

b. To insure that the land was for the bona fide use of residents and not speculators.

c. To insure that the land would not be added to existing estates.

In the eighteen years that the law has been in effect, the qualifications contained in the law have served these purposes well and there have been few if any complaints.

"Mr. Vice President, I realize that our Housing Committee has worked long and hard in the interim on another part of our leasehold problems. They had hearings, lot of hearings in the past, discussing the issue of leasehold reform.

"I take these announcements on these seven points to be a strategy on the part of the Estate to stymie the process, to cloud all the issues, and to further complicate what is now moving ahead in proper fashion.

"I ask this body to consider these issues and the rebuttal that I've made as you go ahead in the coming session. Thank you."

The Chair then made the following observation:

"The Chair has allowed your comments on a personal privilege point in the interest of providing information to the body here. I trust that you will attend the committee hearings of the Senate Judiciary Committee and make your points further."

Senator Young then remarked:

"Mr. Vice President, just for the record, this is to inform the body that no one from

the Estate has come to the chairperson to discuss the introduction of the measures to amend the Land Reform Act."

ADJOURNMENT

At 11:54 o'clock a.m., on motion by Senator Kuroda, seconded by Senator Soares and carried, the Senate adjourned until 11:00 o'clock a.m., Thursday, January 31, 1985.